City of Keizer

Housing Needs Analysis

June 2019

Prepared for:

City of Keizer

FINAL REPORT

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Executive Summary

This report presents a housing needs analysis consistent with requirements of Statewide Planning Goal 10 and OAR 660-008. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The primary goals of the housing needs analysis were to (1) project the amount of land needed to accommodate the future housing needs of all types within the Keizer-portion of the shared Keizer-Salem Urban Growth Boundary (UGB), (2) evaluate the existing residential land supply within the Keizer-portion of the shared UGB to determine if it is adequate to meet that need, (3) to fulfill state planning requirements for a twenty-year supply of residential land, and (4) identify policy and programmatic options for the City to meet identified housing needs.

What are the key housing needs in Keizer?

Following are several key issues identified in the housing needs analysis:

- **Keizer's housing market is strongly impacted by the regional market.** Keizer is relatively small, accounting for 11% of Marion County's population. Almost half of residents who live in Keizer work in either Keizer or Salem (48%). Keizer households tend to have higher incomes than those living in Salem and Marion County as a whole.

  Home sales prices in Keizer are higher than in Salem and Woodburn, but lower than in Dallas. In comparison with other Marion County cities, Keizer has seen a particularly strong recovery since the housing market crash. Rental costs in Keizer are higher than in Salem or Marion County as a whole. Keizer has a relatively small share of housing that is multifamily housing (less than a third of the City's housing stock), and there are very few vacant units.

  Given these factors, Keizer will continue to have demand for affordable lower-income and workforce housing.

- **Demographic and economic trends will drive demand for relatively affordable attached single-family housing and multifamily housing in Keizer.** 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 the Latinx population.

  - *Baby Boomers.* By 2040, people 60 years and older will account for 25% of the population in Marion County (up from 21% in 2017). As the Baby Boomers age, growth of retirees will drive demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted living facilities, or age-restricted developments.

  - *Millennials.* Growth in this population will result in increased demand for both ownership and rental opportunities. Between 2017 and 2040, Millennials will be a

key driver in demand for housing that is comparatively affordable and housing for families with children. Keizer's ability to attract and retain people in this age group will depend on whether the city has opportunities for housing that both appeals to and is affordable to Millennials.

  - *Latinx population.* Growth in the number of Latinx 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. Latinx households are more likely to be larger than average, with more children and possibly with multigenerational households.

- **Keizer has an existing deficit of affordable housing.** Keizer's key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types of housing, from lower-cost single-family housing to market-rate multifamily housing.
  - About 28% of Keizer's households cannot afford a two-bedroom apartment at HUD's fair market rent level of $886.
  - In 2018, a household needed to earn $17.04 an hour to afford a two-bedroom rental unit in Marion County.
  - Keizer currently has a deficit of housing units that are affordable to households earning between $10,000 and $25,000.
  - About 35% of Keizer's households are cost burdened, with 53% of renters and 25% of owners paying more than 30% of their income on housing.

How much growth is Keizer planning for?

A 20-year population forecast (in this instance, 2019 to 2039) is the foundation for estimating the number of new dwelling units needed. Exhibit 1 shows a population forecast for Keizer for the 2019 to 2039 period. It shows that Keizer's population will grow by about 9,923 people over the 20-year period.

Exhibit 1. Forecast of Population Growth, Keizer's portion of the Shared Keizer-Salem 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

How much buildable residential land does Keizer currently have?

Exhibit 2 shows buildable residential acres by plan designation, after excluding constrained and unbuildable land. The results show that Keizer has about 253 net buildable acres in residential plan designations. Of this, about 34% are in tax lots classified as vacant, and 66% are in tax lots classified as partially vacant. Buildable land in the Medium Density Plan Designations is limited, comprising only 0.8% (two acres) of total remaining buildable lands.

Exhibit 2. Residential acres by classification and Plan Designation, Keizer's portion of the Shared Keizer-Salem UGB, 2018

Source: Data from Mid-Willamette Council of Governments, Analysis by ECONorthwest.

Plan Designation	Vacant	Partially Vacant	Total
Low Density Residential (LDR)	41	141	182
Medium Density Residential (MDR)	1	1	2
Medium-High Density Residential (MDHR)	9	17	27
Mixed-Use (MU)	21	2	23
Commercial (C)	13	5	18
Total	86	167	253

How much housing will Keizer need?

Keizer will need to provide about 8,820 new dwelling units to accommodate forecast population growth between 2019 and 2039. Approximately 63% of new housing is forecast to be single-family detached housing, 10% single-family attached housing, and 27% multifamily housing. After accounting for housing accommodated by infill and redevelopment, Keizer will have demand for 3,610 dwelling units on vacant or partially vacant lands.

Keizer's housing mix represents a shift from the existing mix of housing, in which more housing is planned to be single-family attached. The shift in mix is in response to the need for a wider range of relatively affordable housing types, including missing middle housing types such as duplexes, townhouses, and apartments / condominiums.

How much land will be required for housing?

Exhibit 3 shows that Keizer's 253 acres of vacant land has the capacity to accommodate 1,362 new dwelling unit. Keizer's forecasted demand for 3,610 new dwelling units means that Keizer has a deficit of capacity for about 2,248 dwelling units, over the 2019 to 2039 period. The following summarizes Keizer's deficit of capacity by plan designations:

- **Low-Density Residential:** Keizer has a deficit of capacity for about 981 dwelling units, or 200 gross acres of land to accommodate growth.

- **Medium-Density Residential:** Keizer has a deficit of capacity for about 750 dwelling units, or 188 gross acres of land to accommodate growth.
- **Medium-High Density Residential:** Keizer has a deficit of capacity for about 494 dwelling units, or 81 gross acres of land to accommodate growth.
- **Mixed-Use:** Keizer has a deficit of capacity for about 23 dwelling units, or two gross acres of land to accommodate growth.
- **Commercial:** Keizer has no surplus or deficit of capacity to accommodate growth.

Keizer's portion of the shared Keizer-Salem UGB does not have enough land to accommodate residential growth over the 20-year period.

Exhibit 3. Comparison of capacity of existing residential land with demand for new dwelling units and land surplus or deficit, Keizer's portion of the Shared Keizer-Salem UGB, 2019 to 2039
Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: DU is dwelling unit.*

Plan Designation	Capacity (Dwelling Units)	Need (Dwelling Units)	Remaining Capacity (Dwelling Units)	Land Sufficiency (Gross Acres)
Low Density Residential (LDR)	893	1,874	(981)	(200)
Medium Density Residential (MDR)	7	757	(750)	(188)
Medium-High Density Residential (MDHR)	163	657	(494)	(89)
Mixed-Use (MU)	230	253	(23)	(2)
Commercial (C)	69	69	0	0
Total	**1,362**	**3,610**	**(2,248)**	**(479)**

What are the Key Findings of the Housing Needs Analysis?

Assuming that Keizer accommodates roughly the same percentage of population in the Salem-Keizer UGB as it did in 2010 (15.6%), Keizer's portion of the UGB is forecast to grow from 39,395 people in 2019 to 49,318 people in 2039, an increase of 9,923 people. This population growth will occur at an average annual growth rate of 1.13%. In addition to population growth, Keizer's households have grown larger on average. After considering a number of factors, including household size, and vacancy, Keizer will have demand for about 3,820 new dwelling units over the 20-year planning period. To meet this need, Keizer will need to accommodate an average development trajectory of 191 *new* dwelling units (to include eight redeveloped units and three accessory dwelling units per year).

In the future, Keizer will need to plan for more single-family attached dwelling units to meet the City's housing needs. Historically, about 4% of Keizer's housing stock was single-family attached (69% was single-family detached and 27% was multifamily). The City will need to shift away from single-family detached housing (63% of new housing stock) to provide opportunities for single-family attached housing (10% of new housing). Keizer has a larger share of multifamily housing than the greater region (Marion County), so the share of new multifamily housing will stay static (27% of new housing stock).

The 2019 Keizer HNA concludes that Keizer needs slightly higher average residential densities than it has in the past. Keizer's average housing density (for new housing units) will need

increase from 6.8 dwelling units per net acre to 7.3 dwelling units per net acre. When analyzing future densities by zone, Keizer's average density declines from 5.9 dwelling units per gross acre (historic average) to 5.4 dwelling units per gross acre due to (1) limited supply of vacant residential land, (2) buildable residential land by plan designation, and (3) an insufficient supply of buildable lands in higher density plan designations. Thus, the HNA concludes Keizer will not achieve the needed densities without adopting measures to achieve the needed density as required by ORS 197.296(7). The Keizer Housing Strategy outlines the types of measures the city will consider to meet housing needs broadly, and to achieve the needed housing density and mix.

~~Keizer is planning for slightly higher densities than it has in the past. As Keizer shifts towards more single-family attached housing, Keizer's average housing density (for new housing units) will increase from 6.8 dwelling units per net acre to 7.3 dwelling units per net acre.~~

Keizer's existing deficit of housing on both sides of the affordability spectrum indicates a need for a wider range of housing types, for renters and homeowners. About 36% of Keizer's households (overall) are cost burdened (paying more than 30% of their income on housing). Further, about 53% of renter households are cost burdened. Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions about:

- **1,013 of the forecasted new households will have incomes of $33,650 or less.** These households often cannot afford market rate housing without government subsidy.
- **1,485 new households will have incomes between $33,650 and $80,760.** These households will need access to affordable housing, such as single-family detached housing (e.g. tiny homes, cottages, small-lot, and "traditional"), single-family attached housing, and multifamily products (particularly "middle" housing types such as duplexes, tri- and quad-plexes, and smaller apartments).
- **1,161 new households will have incomes over $80,760.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

Keizer's portion of the shared Salem-Keizer Urban Growth Boundary will not accommodate all of Keizer's housing needs. Keizer has a capacity deficit of about 1,399 dwelling units which means the City has an approximate deficit of 479 gross acres.

1. Introduction

This report presents a Housing Needs Analysis (HNA) for the City of Keizer. Consistent with state requirements, the HNA uses a 20-year planning period from 2019 to 2039. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing), ORS 197.296, OAR 660 Division 8, and other applicable statutes and rules. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The City of Keizer adopted its Comprehensive Plan in 1987. The city has changed considerably since then. Keizer grew from 21,884 people in 1990 to 38,505 people in 2018. This is an addition of 16,621 people or 76% growth. Since 2000, Keizer's population has grown a little older on average and has become slightly more ethnically diverse, consistent with statewide trends. Keizer last completed a housing needs assessment in 2013 (conducted by Johnson Economics). Since 2013, housing costs have increased, and in 2018, Keizer was identified as a rent-burdened community (e.g., more than 50% of households that rent in Keizer pay more than 30% of the income for housing). Under HB 4006, the state legislature provided funding for housing needs studies as part of the Department of Land Conservation and Development's (DLCD) Technical Assistance grant program. Keizer applied for and received funding to conduct a housing needs analysis.

This report provides Keizer with a factual basis to update the Housing Element of the City's Comprehensive Plan and zoning code, in addition to supporting future planning efforts related to housing and options for addressing unmet housing needs in Keizer. This report provides information that informs future planning efforts, including development and redevelopment. This report provides the City with information about the housing market in Keizer and describes the factors that will affect future housing demand in Keizer, such as changing demographics. This analysis will help decision makers understand whether Keizer has enough land to accommodate growth over the next 20 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services which people are willing to pay, including shelter, proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make trade-offs. What they can get for their money is influenced both by economic forces and government policy. Moreover, households will value what they can get for their money differently. They will have different preferences, which in turn are a function of many factors like income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing markets in Marion County and Keizer are the result of the individual decisions of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in Keizer between 2019 and 2039.

The complex nature of the housing market, demonstrated by the unprecedented boom-and-bust during the past decade, does not eliminate the need for some type of forecast of future housing demand and need. This includes resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need. Thus, we start our housing analysis with a framework for thinking about housing and residential markets and how public policy affects those markets.

Statewide Planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land-use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[1] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes." ORS 197.303 defines needed housing types:

(a) Housing that includes, but is not limited to, attached and detached single-family housing and multifamily housing for both owner and renter occupancy.

(b) Government assisted housing.[2]

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.

[1] ORS 197.296 only applies to cities with populations over 25,000.

[2] Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

(e) Housing for farmworkers.

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the Workbook.

Keizer must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementation of administrative rules and statutes.

Public Process

At the broadest level, the purpose of the project is to understand how much Keizer will grow over the next 20 years. The project can be broken into two components: (1) technical analysis and (2) housing strategies. Both benefit from public input. The technical analysis requires a broad range of assumptions that influence the outcomes; the housing strategy is a series of high-level policy choices that will affect Keizer residents.

The intent of the project is to establish broad public engagement throughout the project as work occurs. Public engagement was accomplished through various avenues. We discuss the two primary avenues below.

Project Advisory Committee Engagement

The City of Keizer and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met four times[3] to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to review draft products and provide input at key points (e.g., before recommendations and decisions were made and before draft work products were finalized).

The project required many assumptions and policy choices that the committee needed to vet and agree upon, as these choices affect current and future residents. In short, local review and community input were essential to developing a locally appropriate and politically viable housing needs analysis and housing strategy.

Public Engagement

The City of Keizer and ECONorthwest solicited input from the general public at two public meetings. The first meeting, held on February 21, 2019, solicited comments on the preliminary results of the housing needs analysis. The second public meeting, held on May 29, 2019, solicited comments on the final results of the housing needs analysis and housing strategy.

[3] Project Advisory Committee meeting dates: January 14, 2019; February 21, 2019; March 25, 2019; and May 29, 2019.

Organization of this Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Keizer's inventory of residential land.
- **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, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within Keizer** estimates Keizer's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A. Residential Buildable Lands Inventory** provides an overview of the buildable land inventory methodology and results.
- **Appendix B. Keizer UGB Population Forecast Memorandum** presents historical assumptions about Keizer's share of the population in the joint Salem-Keizer UGB and proposes a population forecast for the Keizer portion of the UGB based on the official population forecast.

2. Residential Buildable Lands Inventory

This chapter provides a summary of the residential buildable lands inventory (BLI) for the Keizer portion of the Salem-Keizer UGB. This buildable land inventory analysis complies with statewide planning Goal 10 policies that govern planning for residential uses. Methods used for the buildable lands inventory completed by ECONorthwest are presented in Appendix A.

The analysis established the residential land base (parcels or portion of parcels with appropriate zoning), classified parcels by buildable status, identified/deducted environmental constraints, and summarized total buildable area by Plan Designation.

Definitions

ECONorthwest developed the buildable lands inventory with a tax lot database from the Mid-Willamette Council of Governments Geographic Information Systems (GIS) through the City of Keizer. Maps produced for the buildable lands inventory used a combination of GIS data, adopted maps, and visual verification to verify the accuracy of county data. The tax lot database is current as of December 2018. The inventory builds from the database to estimate buildable land within Plan Designations that allow residential uses. The following definitions were used to identify buildable land for inclusion in the inventory:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes).
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use but contain enough land to be developed further. Consistent with the safe harbor established in OAR 660-024-0050 (2)(a), tax lots that are one-half acre or larger are considered partially vacant.[4] This was refined through visual inspection of recent aerial photos.
- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.

[4] Under the safe harbor established in OAR 660-024-0050 (2)(a), the infill potential of developed residential lots of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling, assuming that the remainder is buildable land. While Keizer is not eligible for this safe harbor, the Project Advisory Committee recommended using this method to identify infill potential.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted the following constraints from the buildable lands inventory and classified those portions of tax lots that fall within the following areas as constrained, unbuildable land:

- *Lands within floodways and floodplains*. Flood Insurance Rate Maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways and 100-year floodplains.
- *Land within wetlands*. Keizer does not have a local wetlands inventory, thus the BLI uses data from the National Wetlands Inventory (NWI) to identify wetland constraints.
- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.
- *Land within landslide hazards*. The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with "very high" or "high" susceptibility to landslides in the constrained area.

Buildable Lands Inventory Results

Land Base

Exhibit 4 shows residential land in Keizer by classification (development status). The results show that the Keizer UGB has 2,751 total acres in residential Plan Designations and an additional 335 acres in mixed and commercial designations that allow residential development outright. Of the 3,086 acres in the UGB, about 2,561 acres (83%) are classified as developed or public and do not have development capacity, and the remaining 450 acres (17%) are vacant or partially vacant and have development capacity (not including development constraints).

Exhibit 4. Residential Acres by Classification and Plan Designation, Keizer UGB, 2018
Source: Data from Mid-Willamette Council of Governments, Analysis by ECONorthwest.

		Lots with Development Capacity		Lots with No Development Capacity	
Plan Designation	Total Acres	Acres in Vacant Tax Lots	Acres in Partially Vacant	Acres in Developed Taxlots	Acres in Public Tax Lots
Low Density Residential (LDR)	2,283	76	289	1,882	37
Medium Density Residential (MDR)	101	2	2	32	0
Medium-High Density Residential (MDHR)	367	12	19	97	0
Mixed-Use (MU)	138	29	3	336	0
Commercial (C)	197	13	6	178	0
Total	3,086	131	318	2,525	37

Note 1: Lots with development capacity include constrained areas of lots.
Note 2: The numbers in the table may not sum to the total as a result of rounding.

Exhibit 5 shows land in all residential Plan Designations by development and constraint status. After development constraints have been applied, about 80% of Keizer's total residential land (2,470 acres) has no development capacity, 12% (364 acres) is constrained, and 8% (253 acres) is unconstrained buildable.

Exhibit 5. Residential Land by Comprehensive Plan Designation and Constraint Status, Keizer UGB, 2018
Source: Data from Mid-Willamette Council of Governments, Analysis by ECONorthwest.

Plan Designation	Number of Tax Lots	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Low Density Residential (LDR)	9,410	2,283	1,808	293	182
Medium Density Residential (MDR)	371	101	85	14	2
Medium-High Density Residential (MDHR)	784	367	323	17	27
Mixed-Use (MU)	217	138	86	29	23
Commercial (C)	313	197	167	11	18
Total	**11,095**	**3,086**	**2,470**	**364**	**253**

Note 1: "Committed Acres" consists of developed parcels and the built portion of partially vacant parcels.
Note 2: The numbers in the table may not sum to the total as a result of rounding.

Vacant Buildable Land

Exhibit 6 shows buildable acres (e.g., acres in tax lots after constraints are deducted) for vacant and partially vacant land by Plan Designation. Of Keizer's 253 unconstrained buildable residential acres, about 33% are in tax lots classified as vacant and 38% are in tax lots classified as partially vacant. About 72% of Keizer's buildable residential land is in the Low-Density Residential Plan Designation.

Exhibit 6. Buildable Acres in Vacant and Partially Vacant Tax lots by Plan Designation and Zoning, Keizer UGB, 2018

Source: Data from Mid-Willamette Council of Governments, Analysis by ECONorthwest.

Plan Designation	Vacant	Partially Vacant	Total
Low Density Residential (LDR)	41	141	182
Medium Density Residential (MDR)	1	1	2
Medium-High Density Residential (MDHR)	9	17	27
Mixed-Use (MU)	21	2	23
Commercial (C)	13	5	18
Total	86	167	253

Note: The numbers in the table may not sum to the total as a result of rounding.

Exhibit 7 and 5 (upcoming pages) show the results of the Keizer BLI.

Exhibit 7. Residential Land by Development Status with Constraints, Keizer UGB, 2018

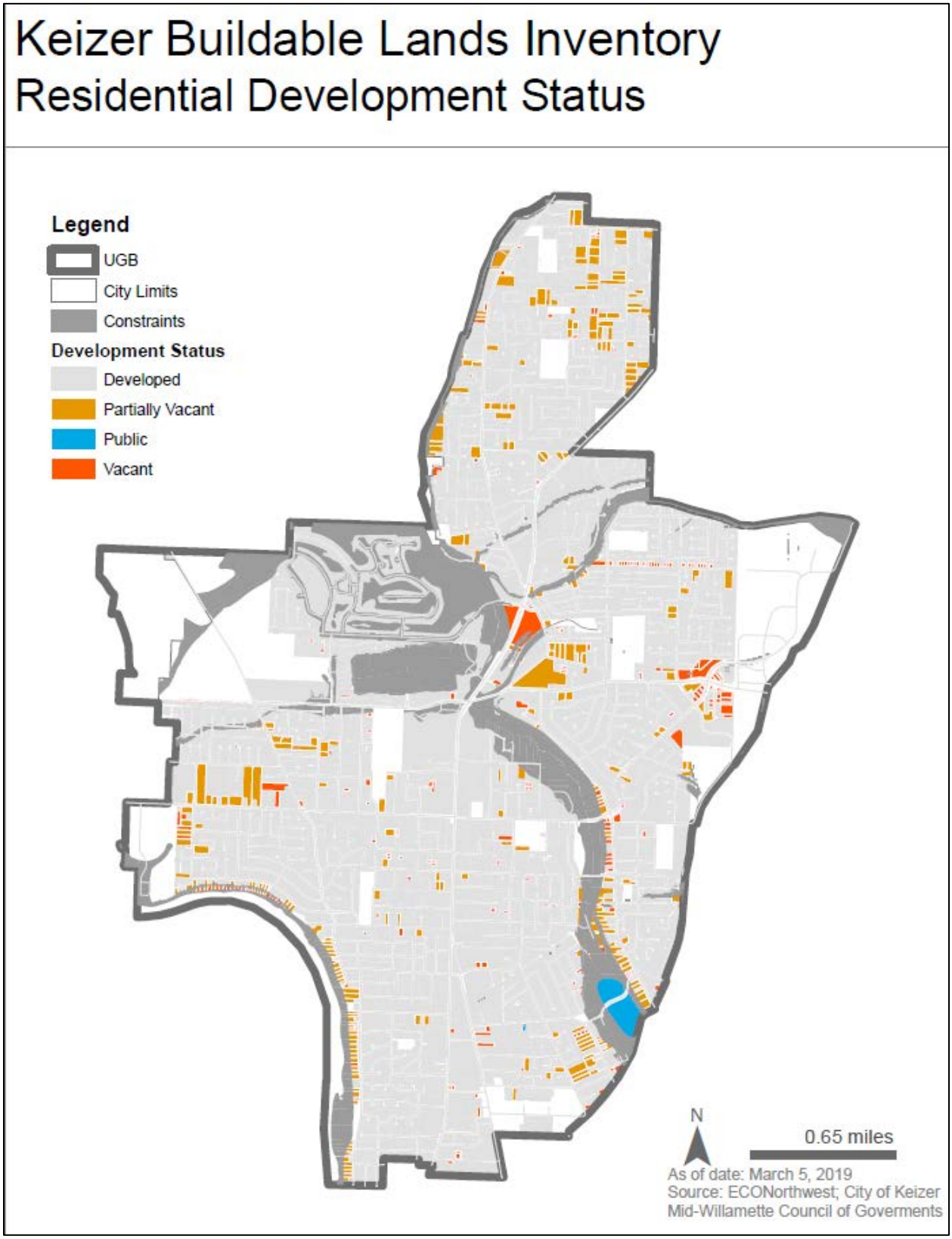
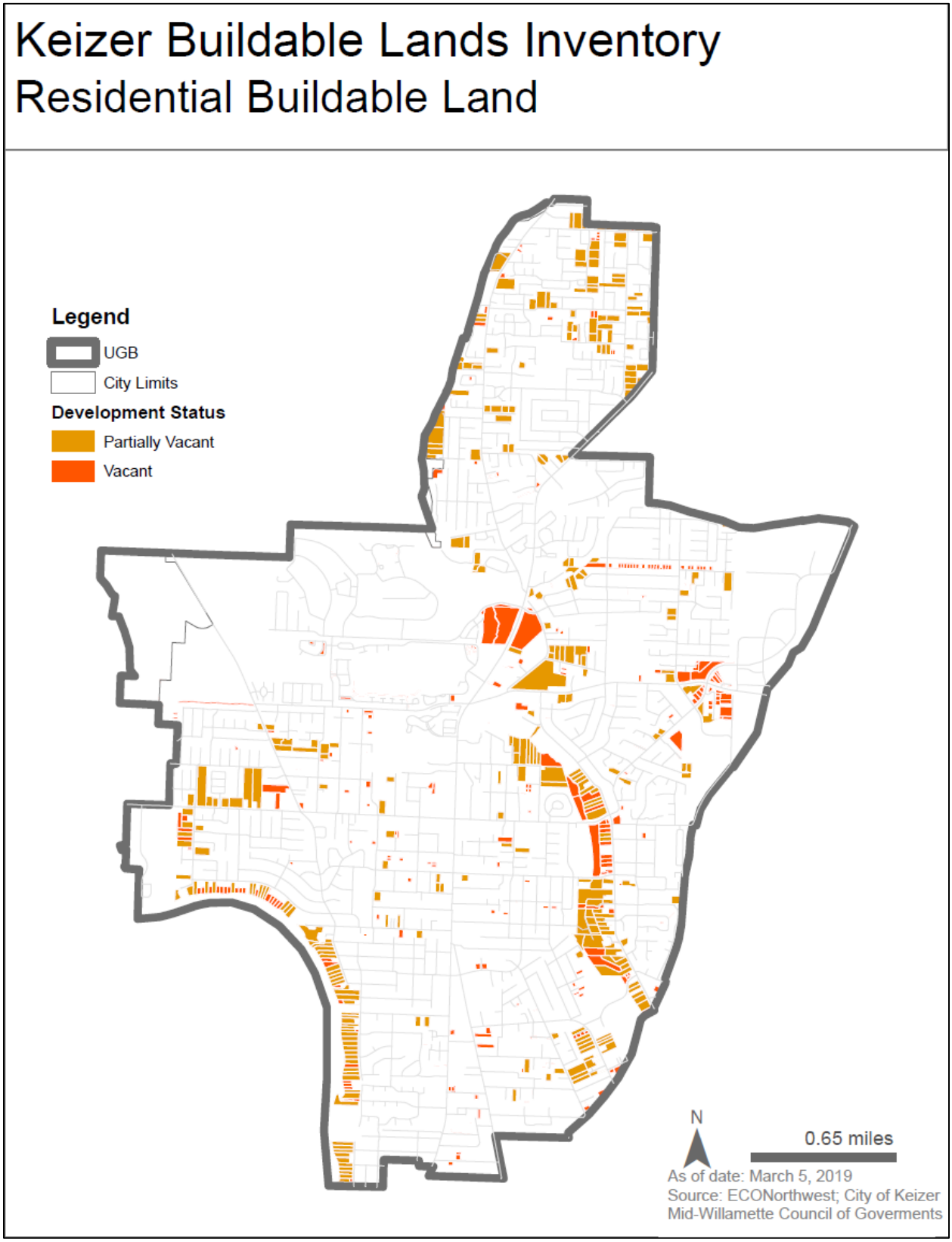


Exhibit 8. Unconstrained Vacant and Partially Vacant Residential, Keizer UGB, 2018



Redevelopment Potential

Redevelopment potential deals primarily with developed land that is designated for two-family or multifamily residential uses (plan designations MDR, MDHR, MU) and has single-family residences and an improvement-to-land-value ratio of less than 1:1.[5] Not all parcels that meet these criteria for redevelopment potential will be assumed to redevelop during the planning period.

As a starting point, we plotted the distribution of improvement-to-land-value ratios for all residential parcels classified as developed.[6] Exhibit 9 shows the distribution of improvement-to-land values for developed residential land in Keizer in the MDR, MDHR, and MU plan designations. It provides a summary of potentially redevelopable parcels by improvement-to-land-value ratios in 2019. A ratio of less than 1:1 is a typical, but arbitrary, standard for estimating lands with redevelopment potential.

The results show that few residential parcels in the MDR, MDHR, and MU designations have improvement-to-land-value ratios of less than 1:1—only 30 parcels totaling 12 acres. Using improvement-to-land-value ratios as an indicator of redevelopment potential suggests that little redevelopment potential exists in Keizer at this time. At typical multifamily densities, the 12 acres has a capacity for about 160 new dwelling units.

Exhibit 9. Developed Residential Parcels by Improvement/Land Value Ratio Inside the Keizer Portion of the Salem-Keizer UGB in 2019

Source: Data from Mid-Willamette Council of Governments, Analysis by ECONorthwest. Note: The numbers in the table may not sum to the total as a result of rounding.

Improvement to Land Value Ratio	Acres			
	MDR	MDHR	MU	Total
0.00 - 0.24	0	0	0	0
0.25 - 0.49	0	2	1	2
0.50 - 0.74	0	4	0	4
0.75 - 0.99	0	6	0	6
1.00 - 1.99	1	40	5	46
2.00 - 2.99	31	43	8	82
3.00 or more	19	17	2	38
Total	**52**	**112**	**16**	**180**

Based on the analysis of land-to-improvement values, Keizer assumes that the City has 12 acres of redevelopable land with a capacity of 160 dwelling units.

[5] In the context of a buildable lands inventory, we are only interested in redevelopment that increases the density or intensity of use. For example, a demolition of a dilapidated single-family home in an R-1 district for a new single-family residence creates a new housing unit but does not increase the number of residences on the site (or the density). Because we are only interested in development that increases residential density, the definition of potentially redevelopable land for this analysis includes only those developed parcels in designations that allow two-family or multifamily residential development (MDR, MDHR, MU).

[6] Developed parcels include parcels that are fully developed and the developed portion of partially developed parcels.

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 the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook*:

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, in addition to the more recent increase in housing costs; 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 onward).

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., subsidized housing or units affordable at given income levels).
4. Some combination of these categories.

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

- **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, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In Keizer, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above.

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 United States. It 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 United States. From 2012 to 2016 or 2013 to 2017, the ACS sampled an average of 3.5 million households per year, or about 3% of the households in the nation. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.
- **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.

This report uses data from the 2012–2016 and 2013–2017 ACS for Keizer 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 U.S. 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.

It is worth commenting on the methods used for the American Community Survey (ACS).[7] The ACS is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

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

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 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 ACS five-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).

[7] A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." https://www.census.gov/library/publications/2009/acs/state-and-local.html.

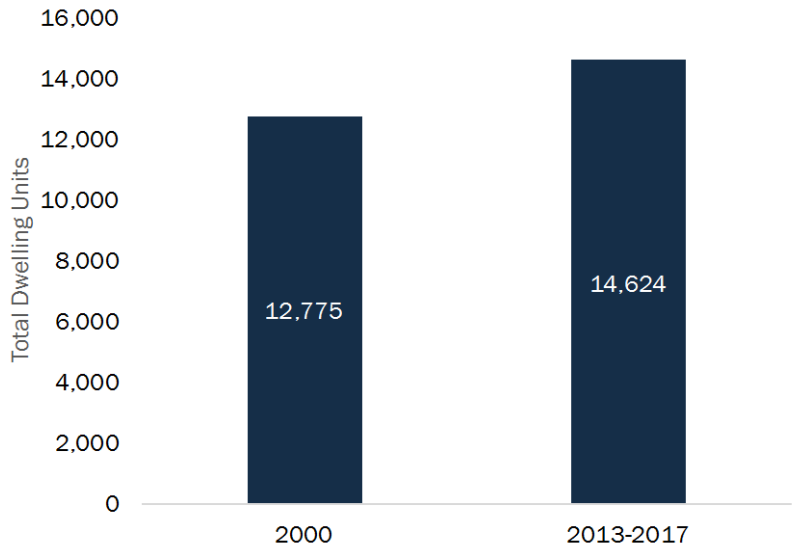
Housing Mix

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 10. 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.

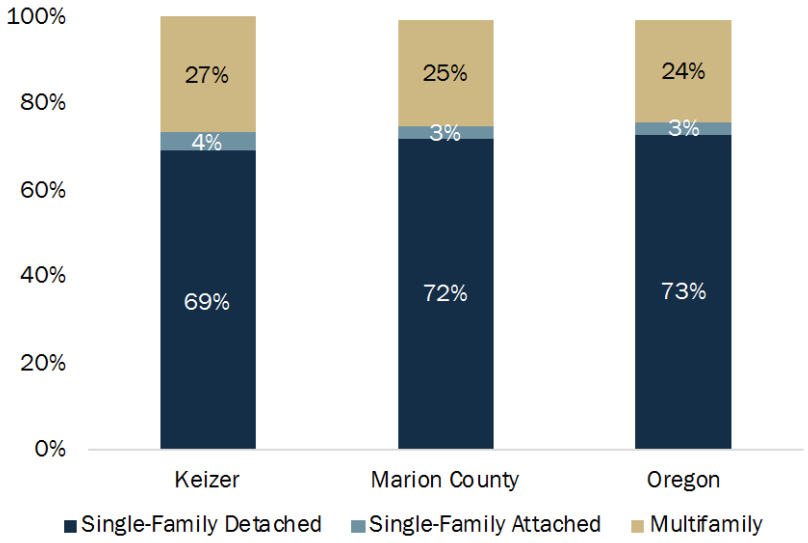


About 69% of Keizer's housing stock is single-family detached.

Keizer has a slightly larger share of multifamily housing than Marion County and Oregon.

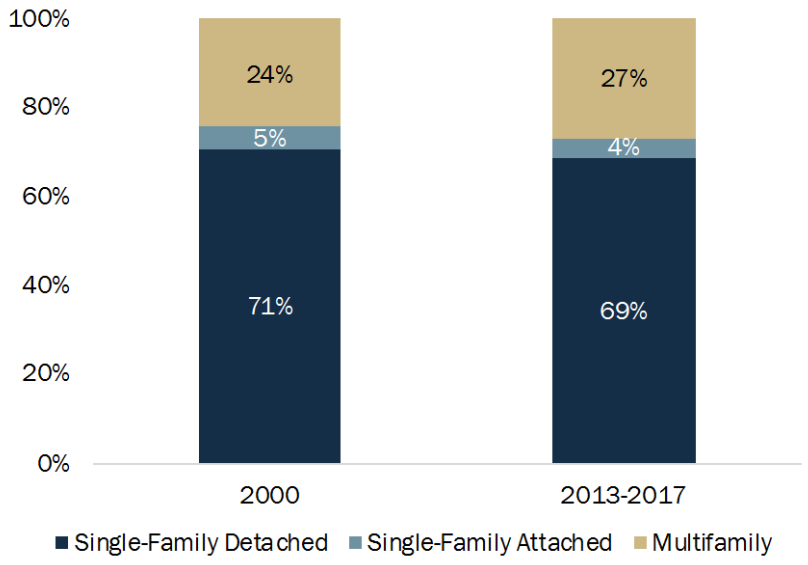
Exhibit 11. Housing Mix, Keizer, Marion County, and Oregon, 2013–2017

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 multifamily housing units increased by 3%.

Exhibit 12. 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.

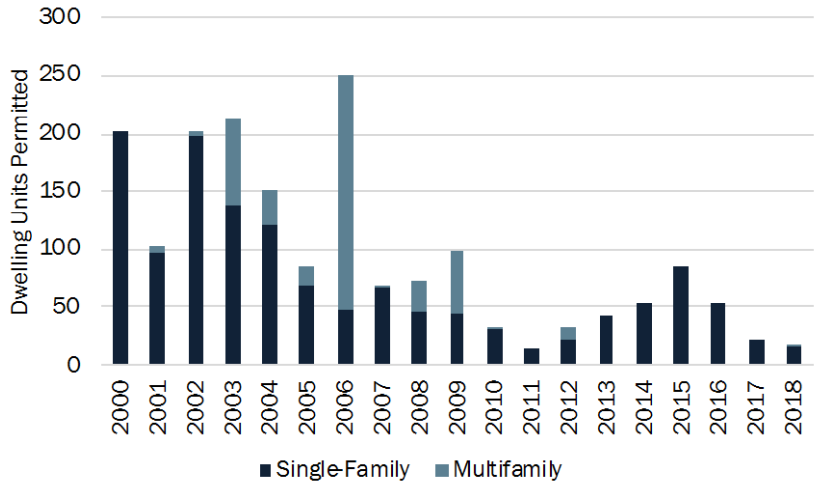


Building Permits

Over the 2000–2018 Q3 analysis period, Keizer issued permits for 1,803 dwelling units, with an annual average of 100 permits issued.

Of these 1,803 permits, about 76% were permits for single-family dwelling units.

Exhibit 13. Building Permits Issued for New Residential Construction by Type of Unit, Keizer, 2000–2018 Q3
Source: City of Keizer, Permit Database.



Residential Development in Commercial Zones

Residential development in Keizer's commercial zones is not common, with about 67 dwelling units located in commercial zones. Much of the development is in the Commercial Mixed Use (CM) zone, consisting of 64 multifamily units. Most of these dwelling units come from one housing project, with 8 or 12 dwelling units per building.

Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre. Per OAR 660-024-0010(6), net buildable acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

The U.S. Census does not track residential development density; thus, this study analyzes housing density based on Keizer's permit database for development between 2000 and 2018 Q3.

Between January 2000 and July of 2018, Keizer permitted 1,803 new dwelling units. Of the 1,803 new units, 1,371 units were single family (76%) and 432 units were multifamily (24%). During this time, housing in Keizer developed at an average net density of 6.8 dwelling units per net acre. Exhibit 14 shows average net residential development by structure type for the historical analysis period. Single-family housing developed at 5.9 units per net acre and multifamily housing developed at 13.4 units per net acre.

Exhibit 14. Net Density by Unit Type and Zone, Keizer, 2000–2018 Q3
Source: City of Keizer Building Permit Database.

	Single-Family			Multifamily			Total		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Low Density Residential	1,248	202	6.2	34	4	8.5	1,282	206	6.2
Medium Density Residential	64	13	4.8	-	-		64	13	4.8
Medium High Density Residential	44	8	5.8	73	9	8.3	117	16	7.1
Mixed Use	12	6	1.8	261	18	14.4	273	25	11.1
Commercial	3	1	2.2	64	1	51.2	67	3	25.5
Total	1,371	231	5.9	432	32.2	13.4	1,803	263	6.8

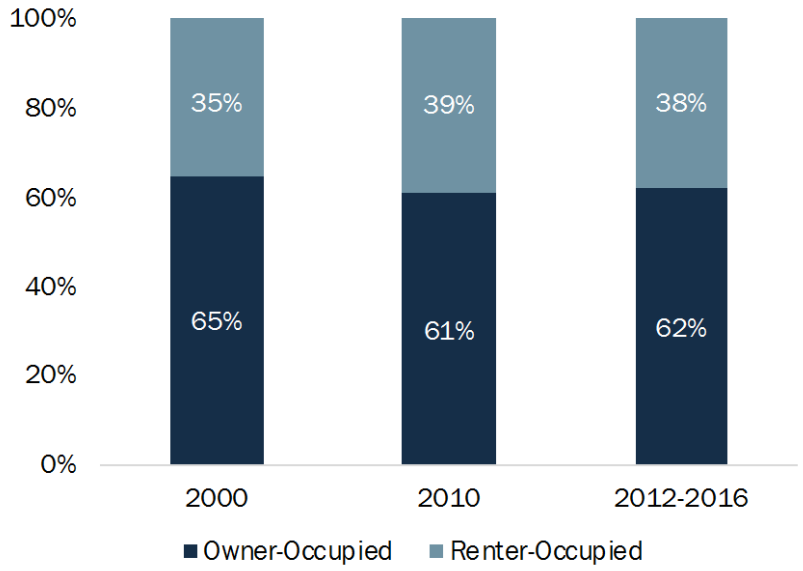
Trends in Tenure

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 3% from 2000 to 2010. It has since remained stable.

Exhibit 15. Tenure, Occupied Units, Keizer, 2000–2016

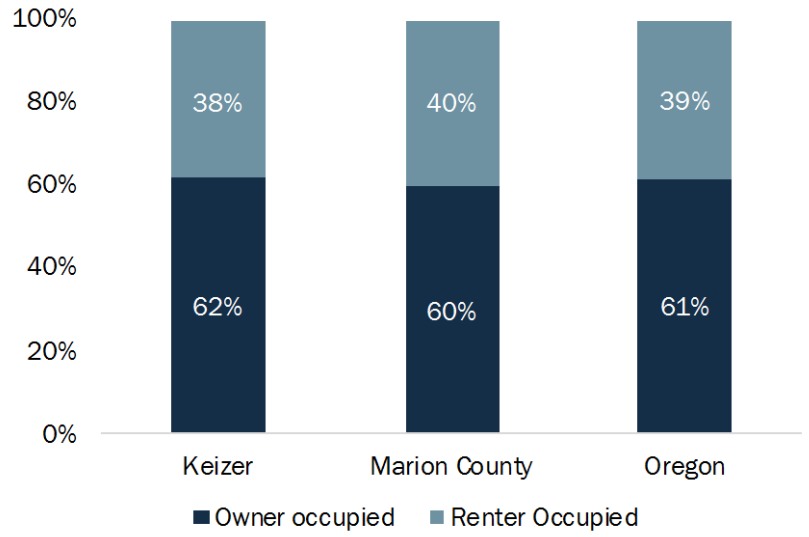
Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–2016 ACS Table B24003.



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

Exhibit 16. Tenure, Occupied Units, Keizer, Marion County, and Oregon, 2012–2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B24003.

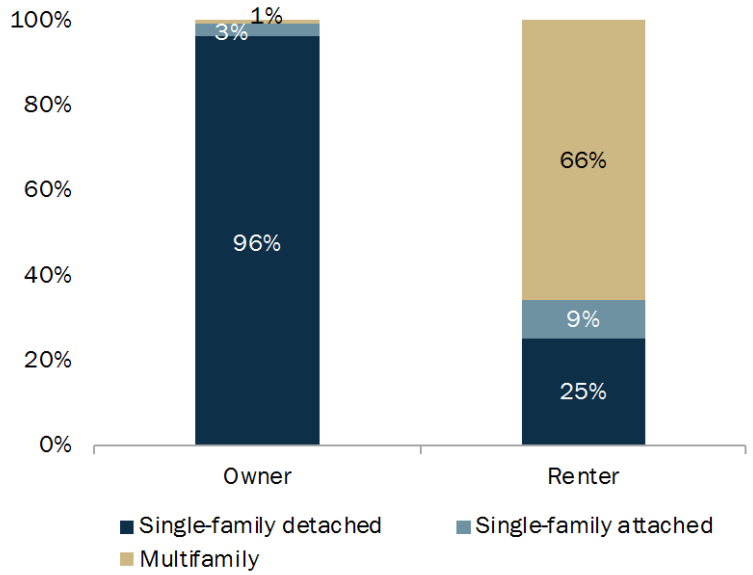


Nearly all homeowners (96%) live in single-family detached housing.

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 17. Housing Units by Type and Tenure, Keizer, 2012–2016

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



Vacancy Rates

Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancies 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.

A short-term rental is an entire dwelling unit rented for a period of no more than 30 consecutive days. Short-term rentals include vacation home rentals. We use Census data as a proxy for short-term rental data (Exhibit 18).

According to Census data, Keizer has fewer vacant, seasonal housing units than it did in 2000.

Exhibit 18. Vacancy of Seasonal, Recreational, or Occasional Use Housing, Keizer, 2000 to 2013–2017

Source: Census Bureau, 2000 Decennial Census SF1 Table H005, 2010 Decennial Census SF1 Table H5, 2013–2017 ACS Table B25004.

30 Units	49 Units	19 units	-37%
2000	2010	2013-2017	Change from 2000 to 2017

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 homeowner. However, the value of the manufactured home generally does not appreciate in the way a conventional home would. 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. Of the 813 mobile homes in the 2012–2016 period, approximately 634 units were located in manufactured housing parks (78%).

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

Keizer has eight manufactured home parks within their portion of the UGB. Within these parks, there are a total of 634 spaces, two of which were vacant as of October 2018.

Exhibit 19. 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	48	0	Median and High Density Residential
Total			**634**	**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 guidebook, 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[8]

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 shows 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 multi-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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[8] 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, "Survey Says: Home Trends and Buyer Preferences Across Income Groups," 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* 25 (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[9]

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 and 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 has 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,

[9] 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) the Urban Land Institute's *2018 Emerging Trends in Real Estate* report, 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, policy makers 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,[10] 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.**
- **Growth in rehabilitation market.** [11] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least twenty years old (40% at least fifty years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

  Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.
- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of Baby Boomers, housing demand from Millennials, and growth of immigrants.
  - *Baby Boomers.* The housing market will be affected by the continued aging of 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. Addressing housing needs for those moving through their sixties, seventies, and eighties (and beyond) will require a range of housing opportunities. For example, "the 82-to-86-year-old

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[10] According to the Pew Research Center, Millennials were born between the years of 1981 and 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 definition of Millennial, we define this cohort as individuals born between 1980 and 2000.

[11] These findings are copied from the Joint Center for Housing Studies' *Improving America's Housing 2019* report found here: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf.

cohort dominates the assisted living and more intensive care sector" while new or near-retirees may prefer aging in place or in active, age-targeted communities.[12] Characteristics like immigration and ethnicity play a role too, as "older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households."[13] Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households.

- Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[14] A broader definition exists which explains that aging in place also means "remaining in the current community and living in the residence of one's choice."[15] Therefore, some Baby 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 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."[16]
- *Millennials.* Over the last several decades, young adults have been moving toward multigenerational housing—increasingly more so than older demographics.[17] 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 thirties and the youngest were in their late teens. By 2040, Millennials will be between forty and sixty 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.

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[12] Urban Land Institute, *Emerging Trends in Real Estate, United States and Canada 2018*.

[13] C. Herber and H. Molinsky, "Meeting the Housing Needs of an Aging Population," 2015. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

[14] P. Vanleerberghe, et al., *The Quality of Life of Older People Aging in Place: A Literature Review*, 2017.

[15] Ibid.

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

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

Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

Millennials' average wealth may remain far below Baby Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennials comprised 28% of active home buyers, while Gen Xers comprised 32% and Baby Boomers 31%.[18] That said, "over the next 15 years, nearly $24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. 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 that 1.2 million immigrants moved to the United States 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 increased by 1.9 percentage points to 29.2% in 2017. Alternatively, the gaps between white homeownership rates and Latinx and Asian homeownership rates have 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, leads to higher rates of cost burden for minorities—47% for blacks, 44% for Latinx, 37% for Asians/others, and 28% for whites in 2015.

[18] V. Srinivas and U. Goradia, "The Future of Wealth in the United States," Deloitte Insights, 2015. https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html

- 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:[19]
    - *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, across the nation, the percentage of new units smaller than 1,400 sq. ft. 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 toward 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 multifamily 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 United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily 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 United States had one or more garages (from 69% in 2000).
    - *Shared amenities*. Housing with shared amenities is growing in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-Room Occupancies (SROs), [20] Cottage Clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include bathrooms; kitchens and other home appliances (e.g., laundry facilities, outdoor grills); security systems; outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges); fitness rooms, swimming pools, and tennis courts; and free parking.[21]

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

[20] Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: U.S. Department of Housing and Urban Development, *Understanding SRO*, 2001. https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf

[21] Urbsworks, *Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon*. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

State Trends

Oregon's 2016–2020 Consolidated Plan Amendment 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:[22]

- 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 the Latinx population and 50% of the African American population 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.

A. Saiz and A. Arianna, *Real Trends: The Future of Real Estate in the United States*, Center for Real Estate, Urban Economics Lab.

[22] 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, the minimum wage in Oregon[23] 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 from 2019 to 2023, summarized below. It includes relevant data to help illustrate the rationale for each priority. The *Housing Plan* describes the Oregon Housing and Community Services Department's (OHCS) goals and implementation strategies for achieving the goals.[24]

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

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[23] 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

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

- 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-Latinx Oregonians, the homeownership rate is 63%. For Latinx and nonwhite 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 home buyers 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 industries, and local governments will flourish, leading to an improved capacity, a 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.

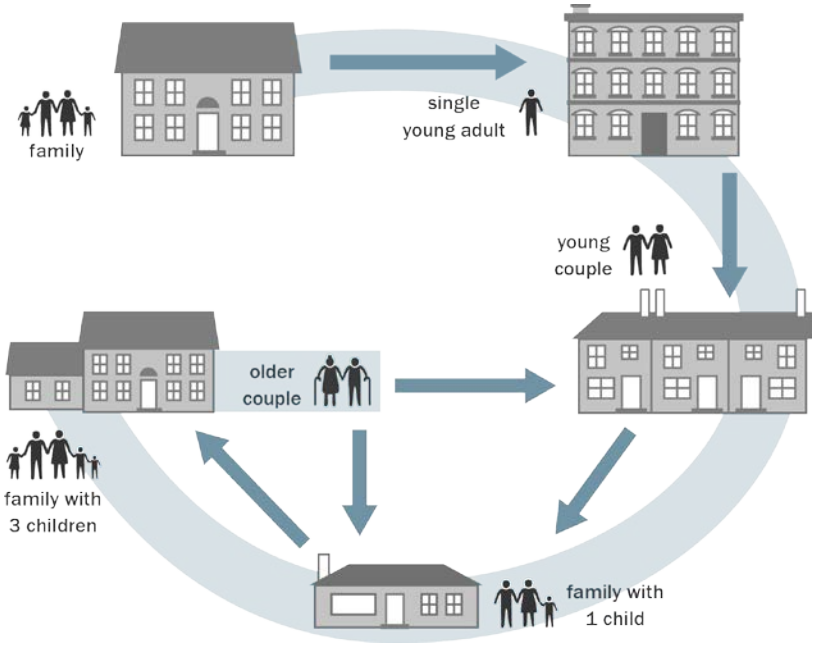
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Keizer's population ages, different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

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 20. 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 22 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 2019–2039 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 21. 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%.[25]

Exhibit 22. Forecast of Population Growth, Keizer's Portion of UGB, 2019–2039

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

[25] 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 used 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 Baby Boomers continue to age and retire. The Marion County forecast share of residents aged sixty 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.[26]

  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.[27]

- **Keizer has a modest share of younger people.** About 28% of Keizer 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, decreasing to 27% by 2040.

  People currently aged 18 to 38[28] are referred to as the Millennial generation and account for the largest share of the population in Oregon.[29] By 2040, Millennials will be about 40

[26] 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.

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

[28] 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.

[29] 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/.

to 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 multifamily housing similar in size, 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 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.[30]

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.[31] 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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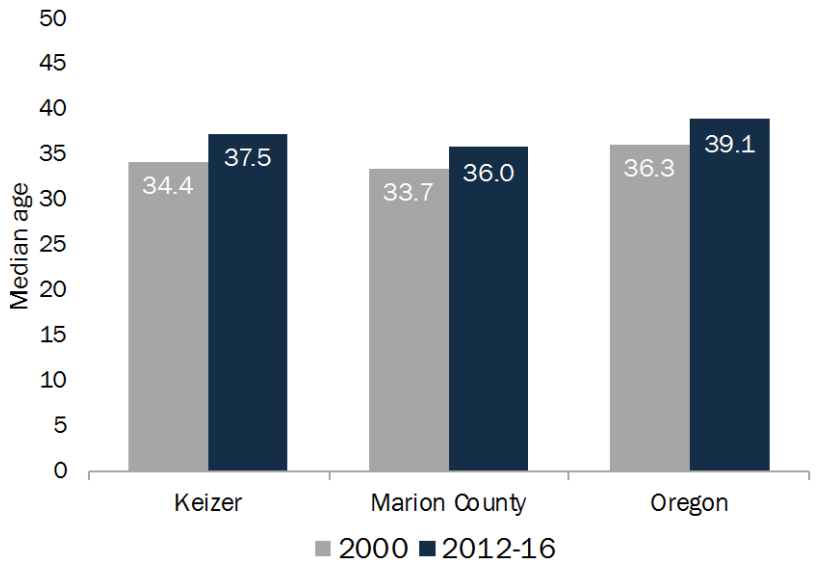
[30] The American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.
Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows."
National Association of Home Builders, "Survey Says: Home Trends and Buyer Preferences Across Income Groups."

[31] 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 23. Median Age, Years, 2000 to 2012–2016

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

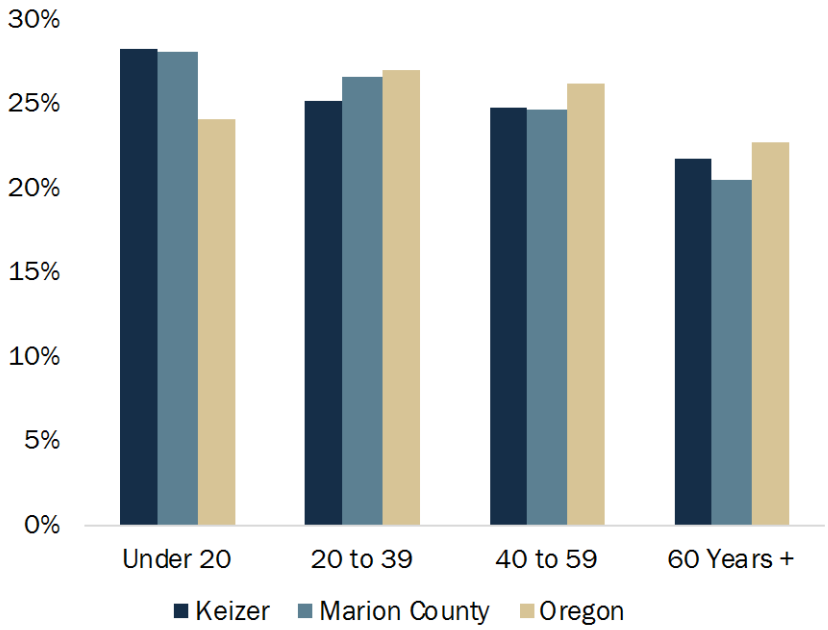


In 2016, 50% of Keizer's residents were between the ages of 20 and 59 years.

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

Exhibit 24. Population Distribution by Age, 2012–2016

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

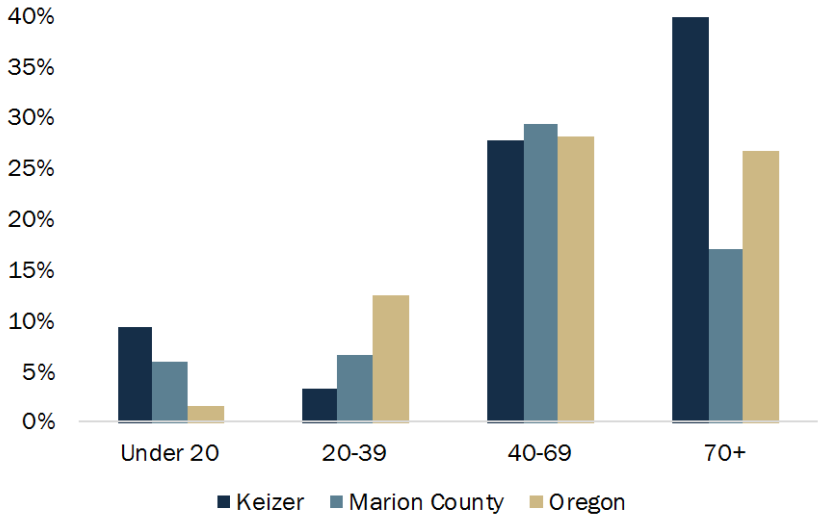


Between 2000 and 2012–2016, all age groups in Keizer, Marion County, and Oregon grew in size.

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

Exhibit 25. 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 26. Share of Total Population Growth, by Age Group, Marion County, 2017–2040

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

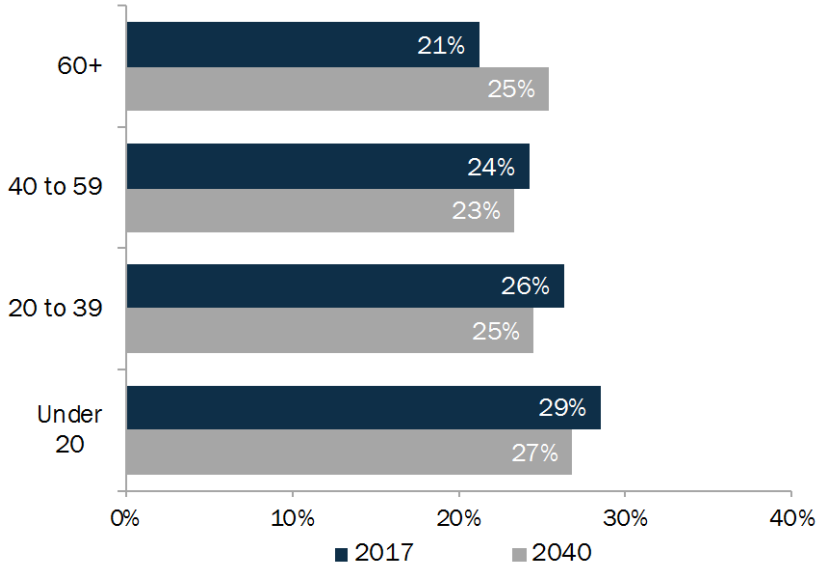
Under 20	20–39 Years	40–59 Years	60+ Years
20% 16,907 People	17% 14,633 People	20% 16,630 People	42% 35,571 People

By 2040, it is forecasted that Marion County residents aged 40 and older will make up 48% of the county's total population.

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

Exhibit 27. 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 Latinx 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 Latinx residents. Keizer is less ethnically diverse than Marion County and Oregon.

The U.S. Census Bureau forecasts that at the national level, the Latinx population will continue growing faster than most other non-Latinx populations between 2019 and 2039. The Census forecasts that the Latinx population will increase 93% from 2016 to 2060 and foreign-born Latinx population will increase by about 40% in that same time.[32]

Continued growth in the Latinx population will affect Keizer's housing needs in a variety of ways.[33] Growth in first and, to a lesser extent, second- and third-generation Latinx immigrants, will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. Foreign-born households, including Latinx immigrants, are more likely to include multiple generations, requiring more space than smaller household sizes. As Latinx households integrate over generations, household size typically decreases, and housing needs become similar to housing needs for all households.

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[32] U.S. Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7. https://www.census.gov/content/dam/Census/library/publications/2018/demo/P25_1144.pdf

[33] Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, Appendix 8, February 7, 2013. http://www.pewsocialtrends.org/2013/02/07/appendix-1-detailed-demographic-tables/ National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

According to the *State of Hispanic Homeownership Report* from the National Association of Hispanic Real Estate Professionals,[34] the Latinx population accounted for 28.6% of the nation's household formation in 2017. Specifically, household formations for Latinx homeowners accounted for 15% of the nation's net homeownership growth. The rate of homeownership for the Latinx population increased from 45.4% in 2014[35] to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was the Latinx community.

The *State of Hispanic Homeownership Report* also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Latinx households are more likely than non-Latinx households to be nuclear households (comprised of married couples with children) and multigeneration households in the same home, such as parents and adult children living together.

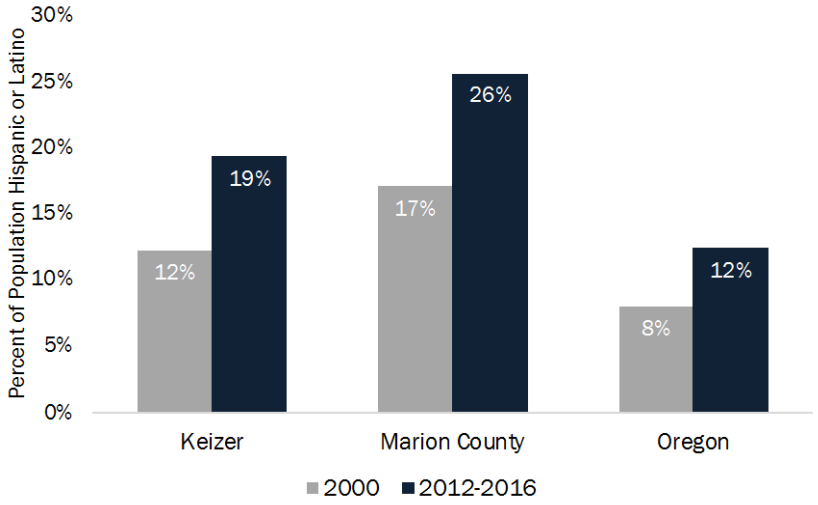
These housing preferences—affordability and larger household size—will influence the Keizer housing market as the Latinx population continues to grow.[36] **Accordingly, growth in Latinx households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable.**

Keizer's Latinx 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 28. Latinx 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.



[34] National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

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

[36] National Association of Hispanic Real Estate Professionals, *2017 State of Hispanic Homeownership Report*.

Homelessness

The number of homeless persons in Marion County increased by over 300 people (30%) from 2015 to 2017.

For Marion County, the Point-in-Time homeless estimate was 732 persons in 2015 and 1,049 persons in 2017, an increase of 317 people.

Exhibit 29. Point-in-Time Homeless Counts, Sheltered vs. Unsheltered, Marion County, 2015 and 2017

Source: Oregon Department of Housing and Community Services. Note: Point-in-Time homeless counts took place in January.

2015	78% Sheltered	22% Unsheltered	732 Total Homeless (PIT)
2017	72% Sheltered	28% Unsheltered	1,049 Total Homeless (PIT)

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 size. 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 30. Average Household Size, Keizer, Marion County, Oregon, 2013–2017

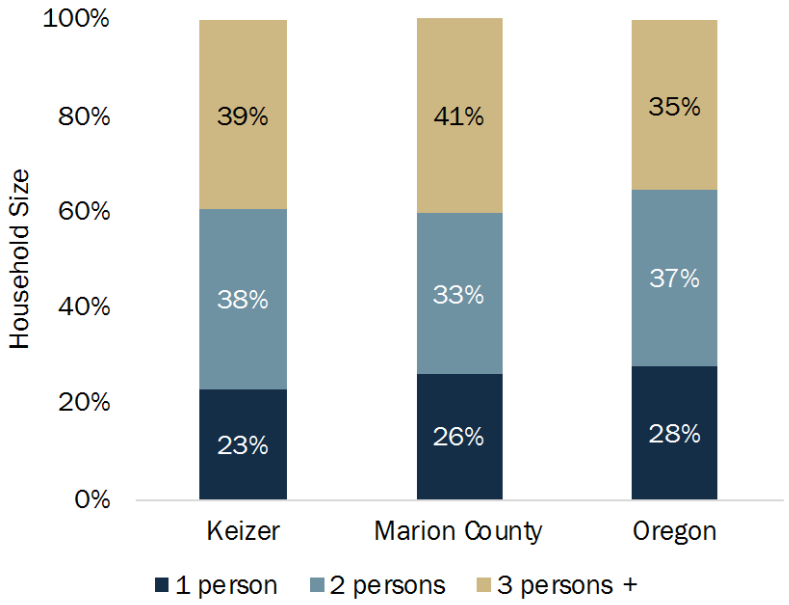
Source: U.S. Census Bureau, 2013–2017 ACS 5-year estimate, Table B25010.

2.69 Persons Keizer	2.76 Persons Marion County	2.50 Persons Oregon

About 61% of Keizer's households are 1- or 2-person households, compared to 59% in Marion County and 65% in Oregon.

Exhibit 31. Household Size, Keizer, Marion County, Oregon, 2012–2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B25009.

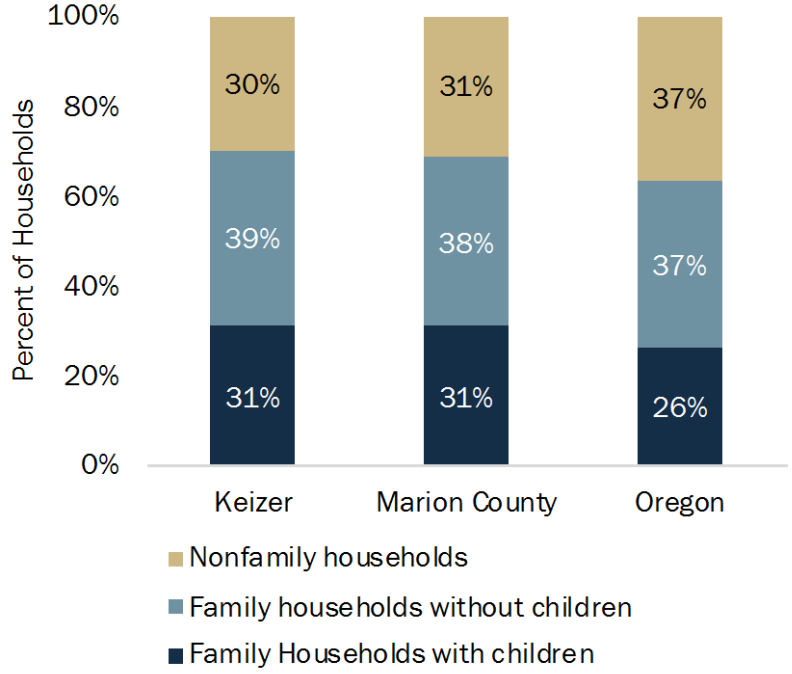


Keizer has a larger share of households with children than Oregon, but a nearly identical household composition to the county.

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

Exhibit 32. Household Composition, Keizer, Marion County, Oregon, 2012–2016

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



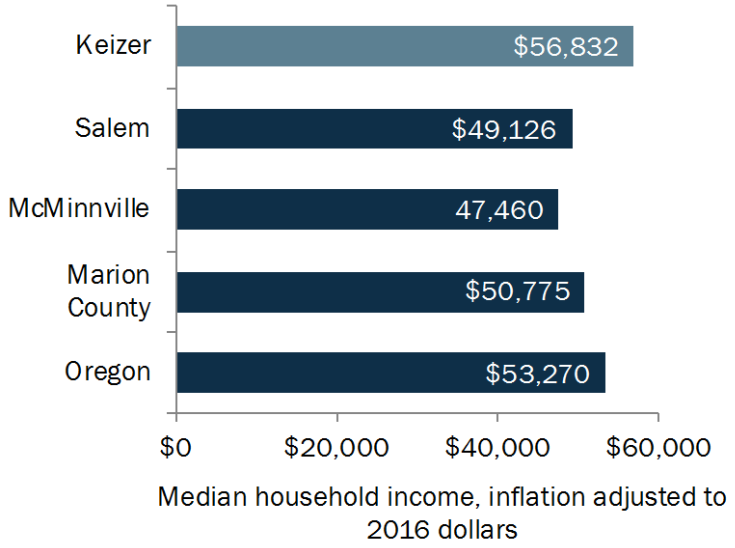
Income of Keizer Residents

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 its comparison cities, the county, and the state.

Exhibit 33. Median Household Income, Keizer, Salem, McMinnville, Marion County, Oregon, 2012–2016

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

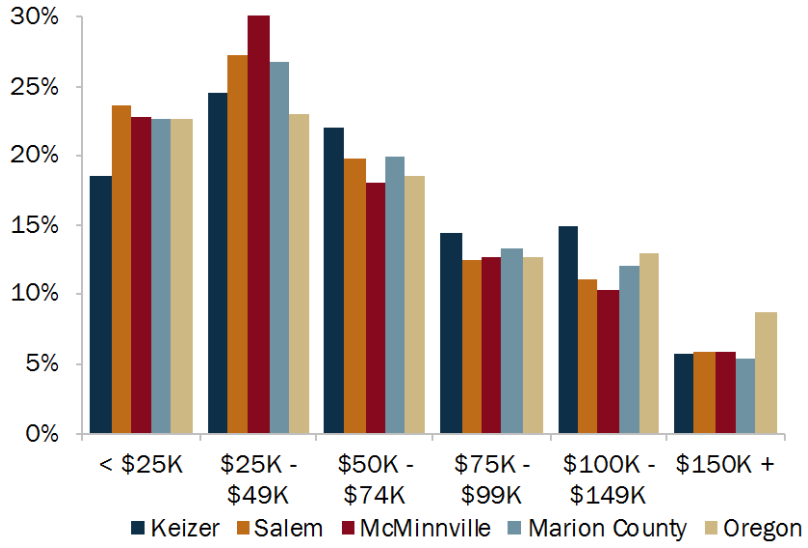


Keizer has more households earning $50,000 or more than Salem, McMinnville, the county, or the state.

For the 2012–2016 period, about 57% of Keizer households made more than $50,000 per year, compared to 41% of Salem households, 47% of McMinnville households, 51% of Marion County households, and 53% of Oregon households.

Exhibit 34. Household Income, Keizer, Salem, McMinnville, Marion County, Oregon, 2012–2016

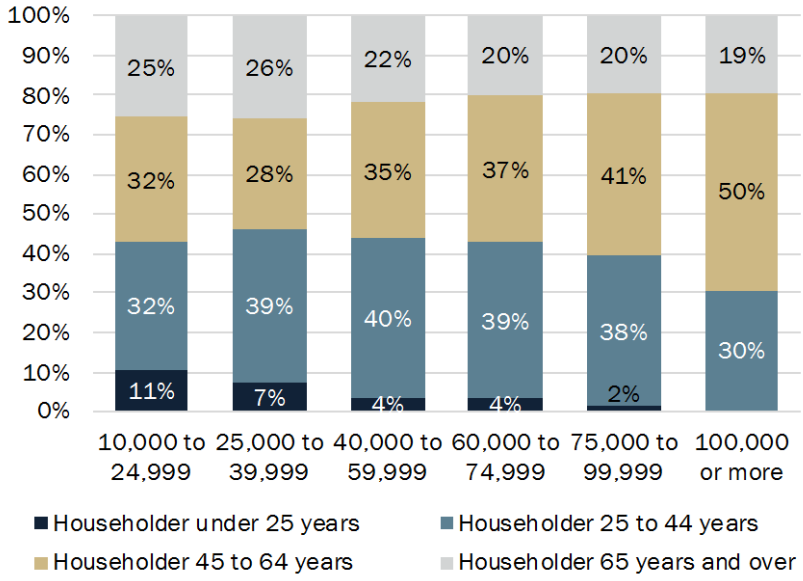
Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B19001.



In Keizer, 80% of householders that earned $100,000 or more were 25 or older during the 2012–2016 period.

Exhibit 35. Income by Age of Householder, Keizer, 2012–2016

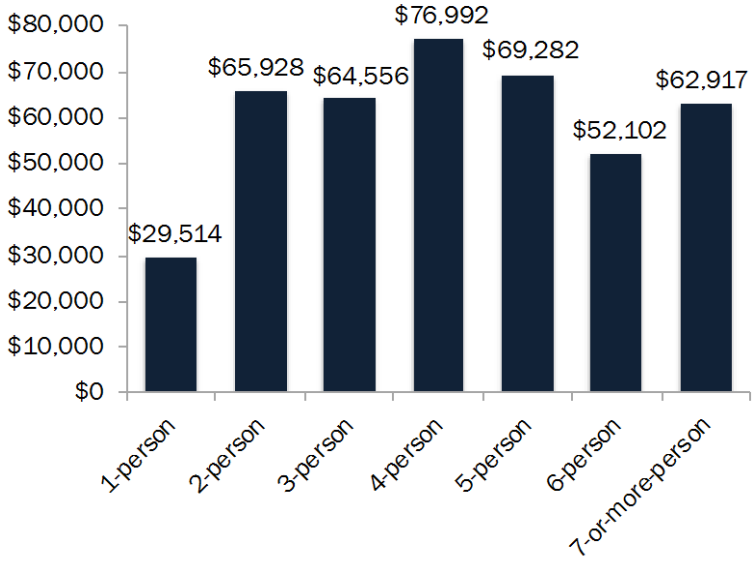
Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B19037.



In the 2012–2016 period, 4-person households in Keizer earned a median income that was about 2.6 times higher than 1-person households.

Exhibit 36. Median Household Income by Household Size, Keizer, 2012–2016

Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B19019.

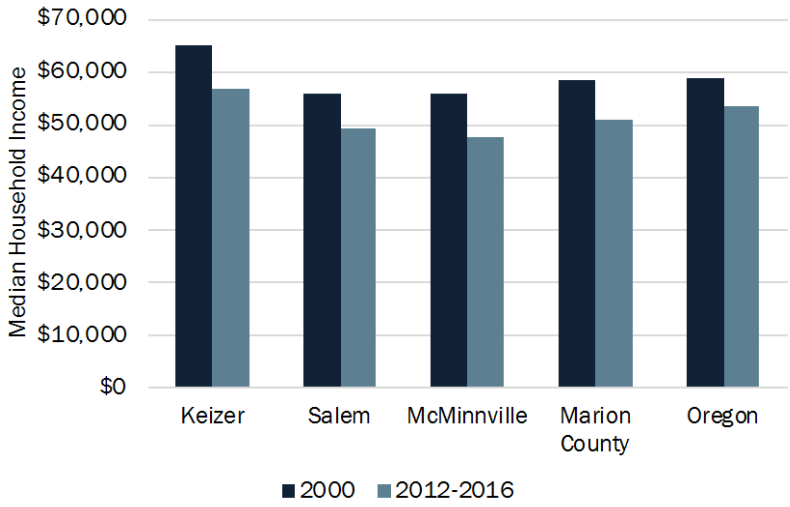


After adjusting for inflation, Keizer's median household income (MHI) decreased by 13% from $65,016 per year in 2000 to $56,832 per year in 2012–2016.

In this same time, MHI also decreased in Salem, McMinnville, Marion County, and Oregon (-12%, -15%, -13%, and -9%).

Exhibit 37. Median Household Income, Keizer, Salem, McMinnville, 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 38. 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 39. 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 45% of Keizer residents work in Salem.

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

Exhibit 40. Places Where Keizer Residents Were Employed, 2015

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

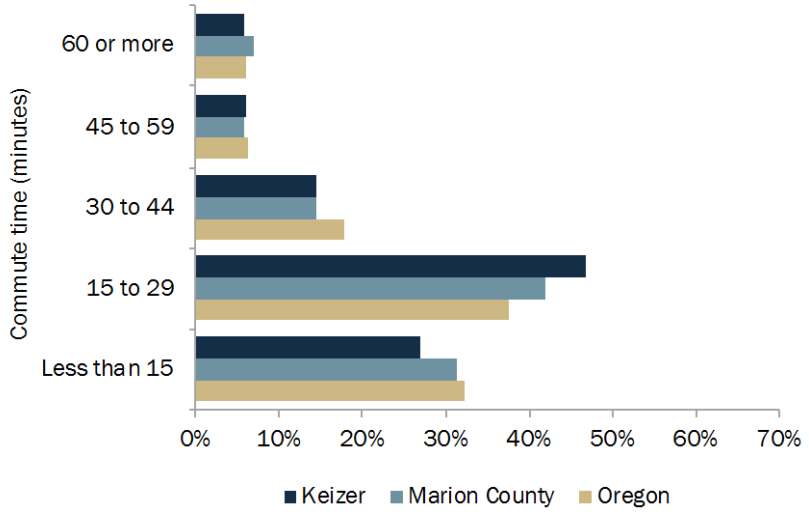
45%	8%	6%	3%	2%
Salem	Keizer	Portland	Hayesville	Woodburn

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 41. 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 sale price of $280,000 in 2018, Keizer's housing sales were slightly higher than some comparison cities in this analysis. Keizer's housing prices fluctuated along with comparison cities over the January 2016 to July 2018 time frame.

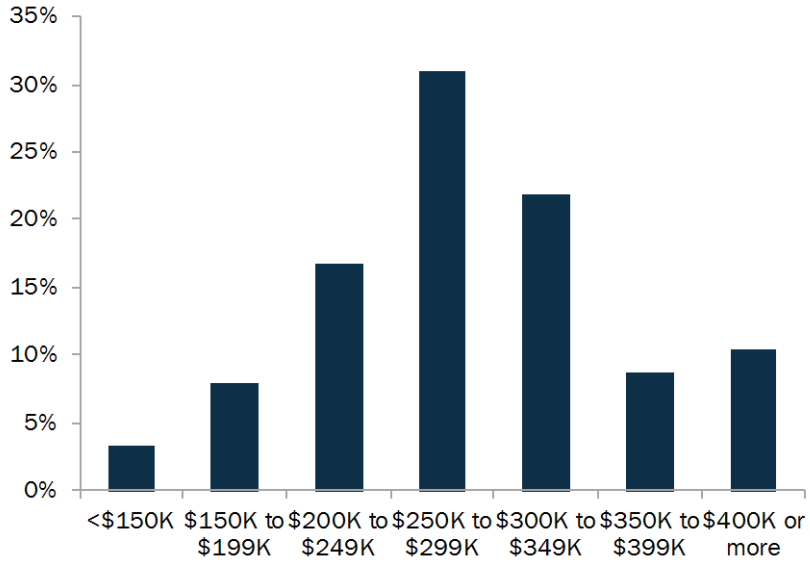
Keizer's median home sale price was similar to Salem's in 2018, but between Woodburn's and Dallas's median home sale price.

Exhibit 42. Median Home Sale Price, Keizer and Comparison Cities, 2018
Source: Redfin.

In 2018, more than half of homes (53%) sold in Keizer cost between $250,000 and $349,999.

About 3% of homes sold for less than $150,000, while 19% sold for $350,000 or more.

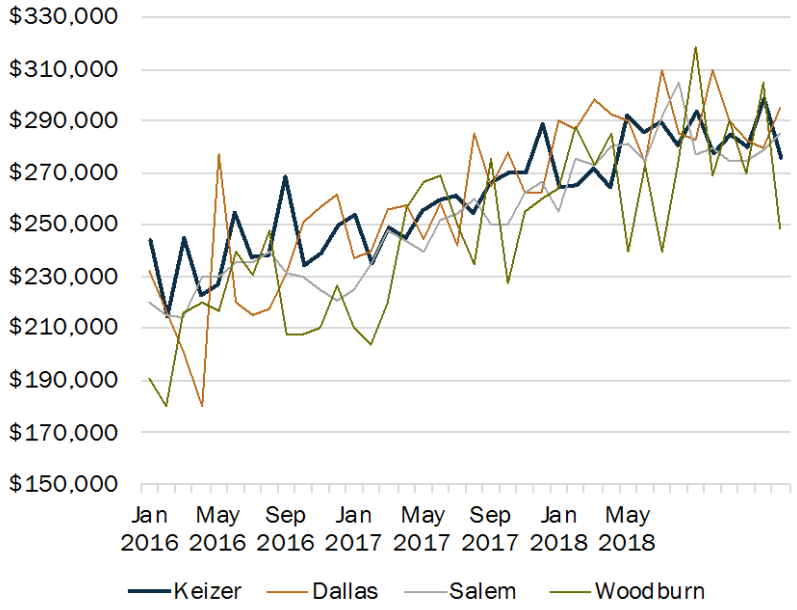
Exhibit 43. Distribution of Home Sale Prices, Keizer, 2018
Source: Property Radar.



Between January 2016 and February 2019, home sale prices in Keizer followed similar trends to other nearby cities.

Exhibit 44. Median Sale Price, Keizer and Comparison Cities, January 2016–February 2019

Source: Redfin.



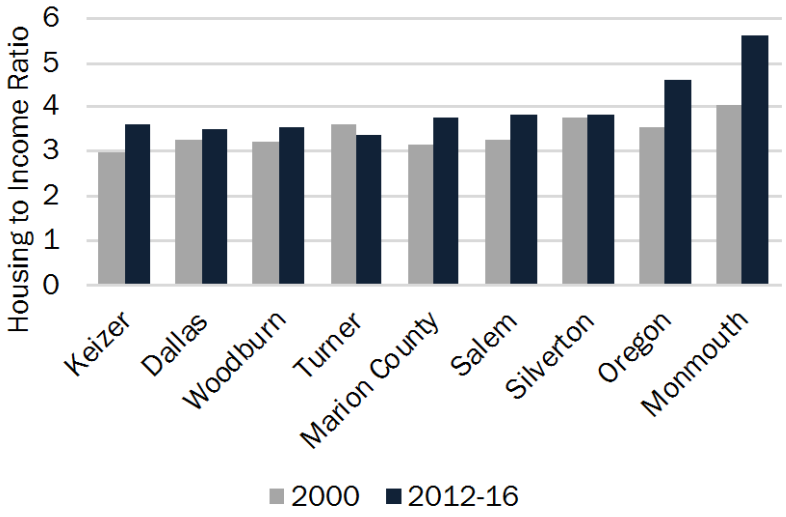
Since 2000, housing costs in Keizer increased faster than incomes.

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 45. Ratio of Median Housing Value to Median Household Income, Keizer, Marion County, Oregon, Comparison Cities, 2000 to 2012–2016[37]

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



[37] 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

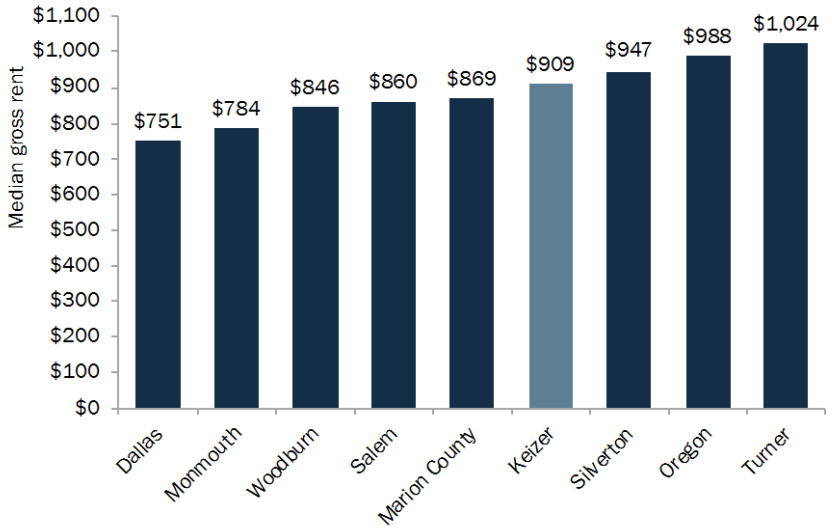
Rent costs in Keizer are higher than average for Marion County and are lower than average for Oregon. The following charts show gross rent (which includes the cost of rent plus utilities) for Keizer in comparison to other cities in the region based on Census data.

The 2012–2016 median gross rent in Keizer, inflated to 2018 dollars, is $909.

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

Exhibit 46. Median Gross Rent, Keizer, Marion County, Oregon, Other Comparison Cities (inflated to 2018 dollars), 2012–2016

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

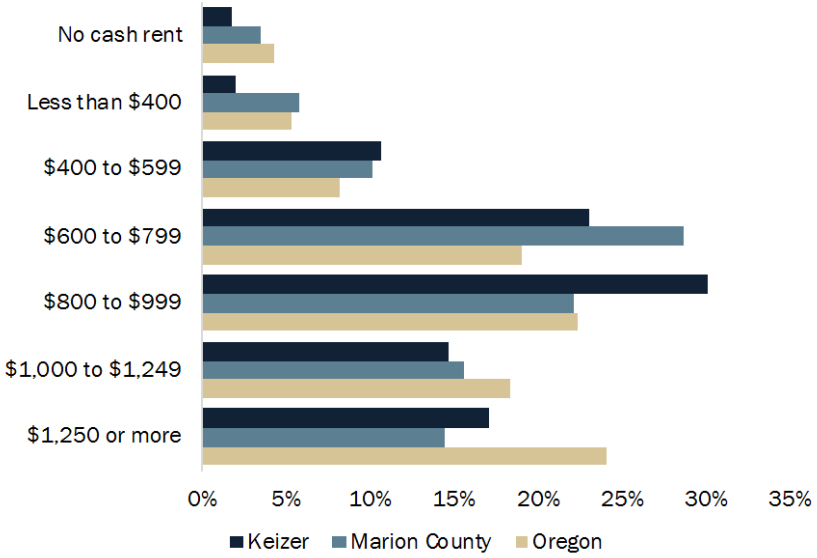


About two-thirds of renters in Keizer pay less than $1,000 per month.

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 47. 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 is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36% of Keizer's households are cost burdened. About 53% of renter households are cost burdened, compared with 25% of homeowners. Twenty percent of households in Keizer are rent-burdened households.[38] 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 roughly valued between $236,000 and $269,000. Most, but not all, of these households are cost burdened.

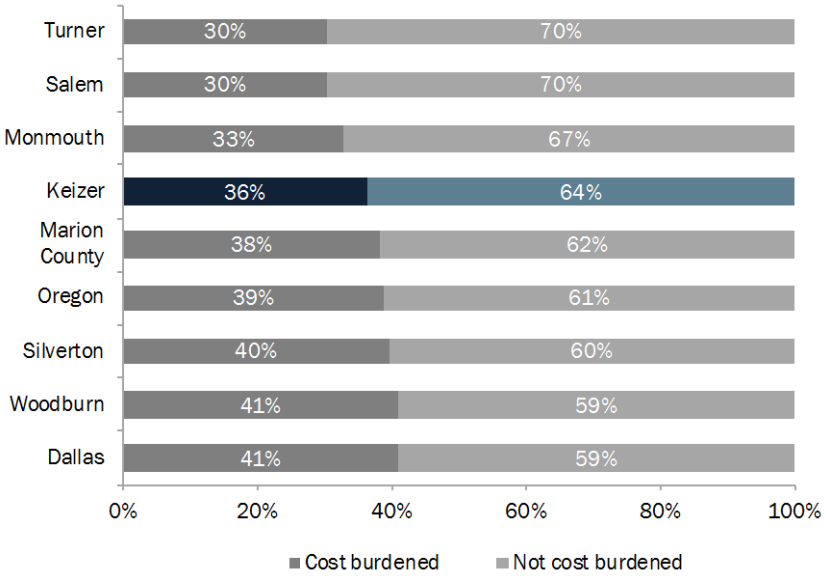
Overall, about 36% of all households in Keizer are cost burdened.

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

Keizer is slightly more cost burdened than Salem.

Exhibit 48. Housing Cost Burden, Keizer, Marion County, Oregon, Other Comparison Cities, 2012–2016

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

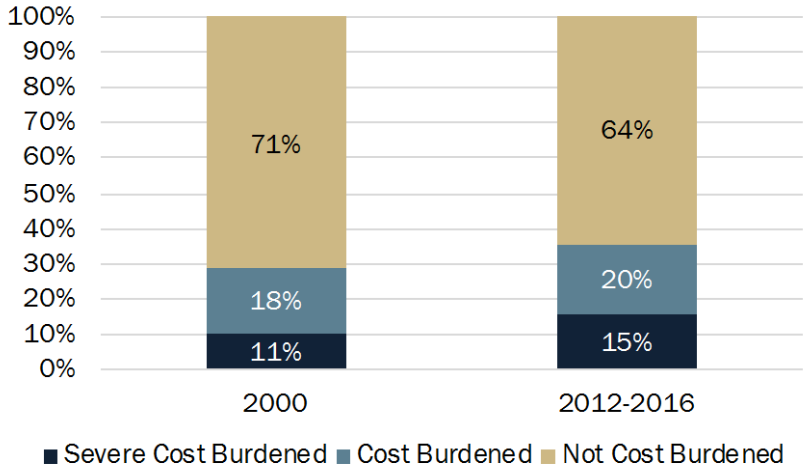


[38] Cities with populations >10,000 are required, per HB 4006, to assess "rent burden" if more than 50% of renters are cost burdened. In Keizer, as of the 2012–2016 period, 54% of total renters were cost burdened and 20% of total households were cost-burdened renters.

Cost-burden rates in Keizer increased 7% from 2000 to 2016.

Exhibit 49. Change in Housing Cost Burden, Keizer, 2000 and 2012–2016

Source: U.S. Census Bureau, 2000 Decennial Census, Table H069 and H094 and 2012–2016 ACS Tables B25091 and B25070.



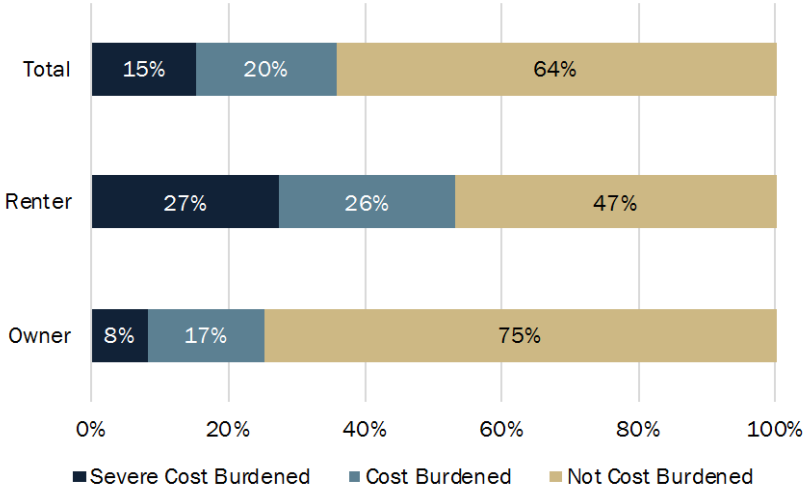
Renters are much more likely to be cost burdened and severely cost burdened than homeowners.

In the 2012–2016 period, about 53% of renters in Keizer were cost burdened, compared to 25% of homeowners.

The rate of cost burden in Keizer is similar to that of Salem. In Salem, 56% of renters were cost burdened and 27% of owners were cost burdened in the 2012–2016 period.

Exhibit 50. Housing Cost Burden by Tenure, Keizer, 2012–2016

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



As of 2016, 20% of households in Keizer were cost-burdened renters.

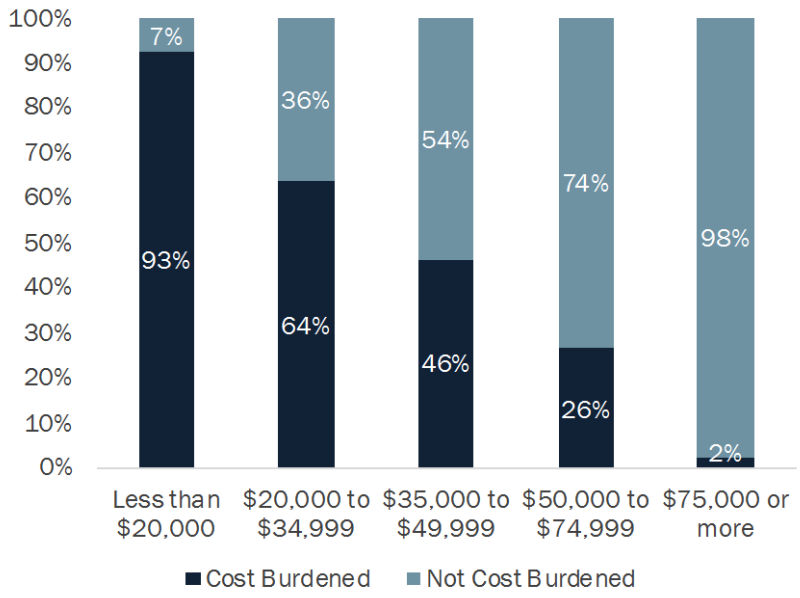
Exhibit 51. Renter Cost Burden, Keizer, 2012–2016

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

13,789	2,713	20%
Total Households	Cost-Burdened Renter Households	Share of Cost-Burdened Renters (% of total households)

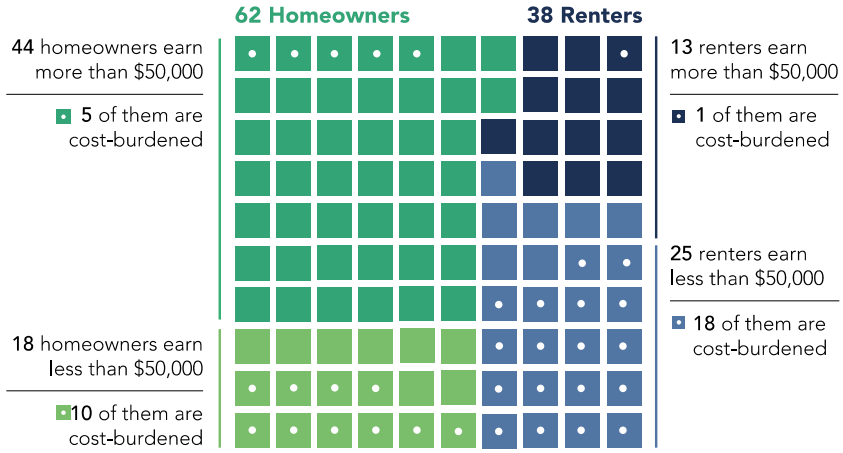
Cost-burden rates also vary by income. Nearly all households that earn less than $35,000 per year are cost burdened.

Exhibit 52. 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 $50,000 per year are cost burdened.

Exhibit 53. 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 nondiscretionary 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 nondiscretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost-burden indicator.

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 54. 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

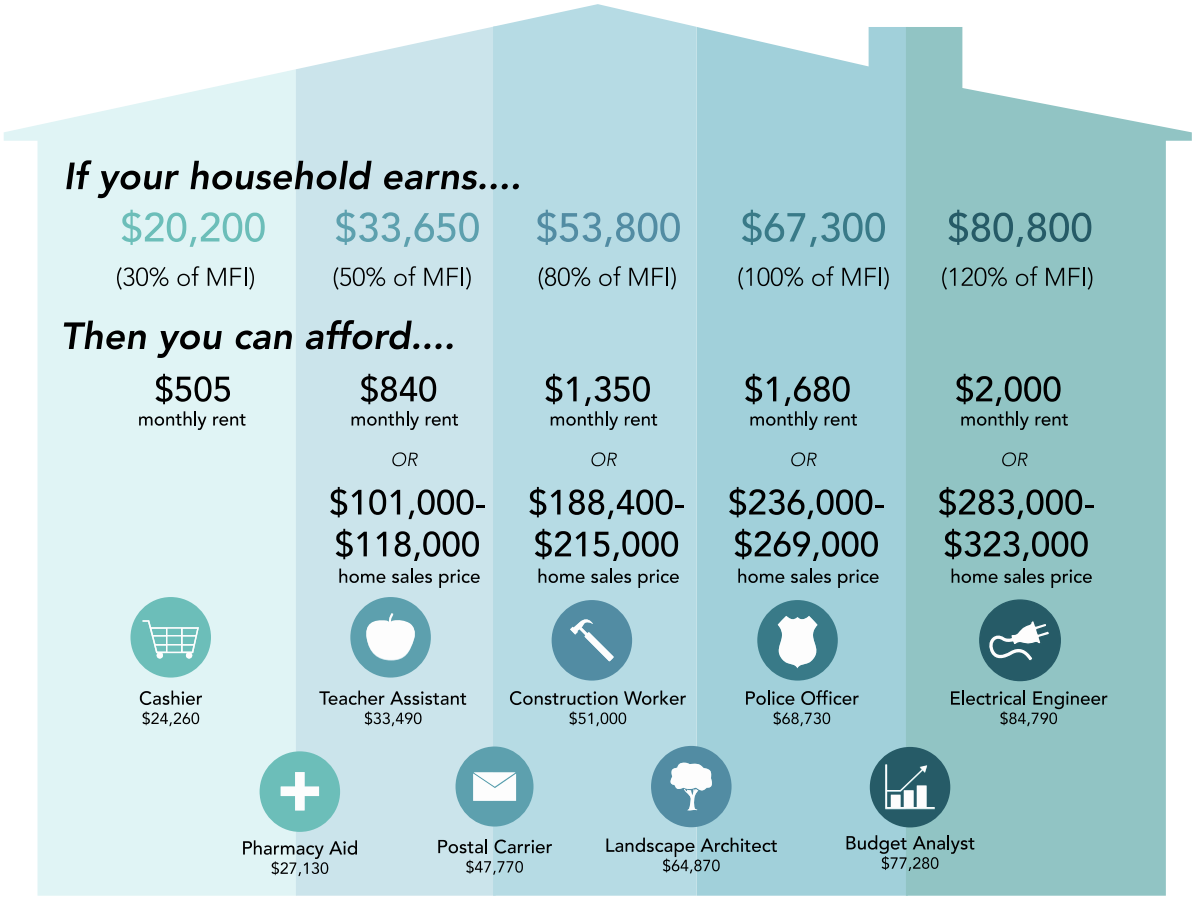
A household must earn at least $17.04 per hour to afford a 2-bedroom unit in Marion County.

Exhibit 55. 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 56. 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 roughly valued between $236,000 and $269,000.

About 28% of Keizer's households have incomes less than $33,650 and cannot afford a 2-bedroom apartment at Marion County's Fair Market Rent (FMR) of $886.

Exhibit 57. 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.*

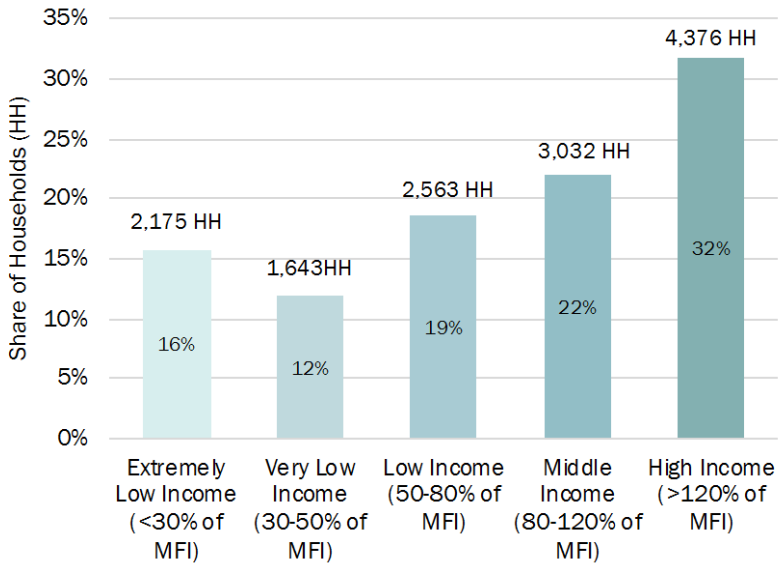
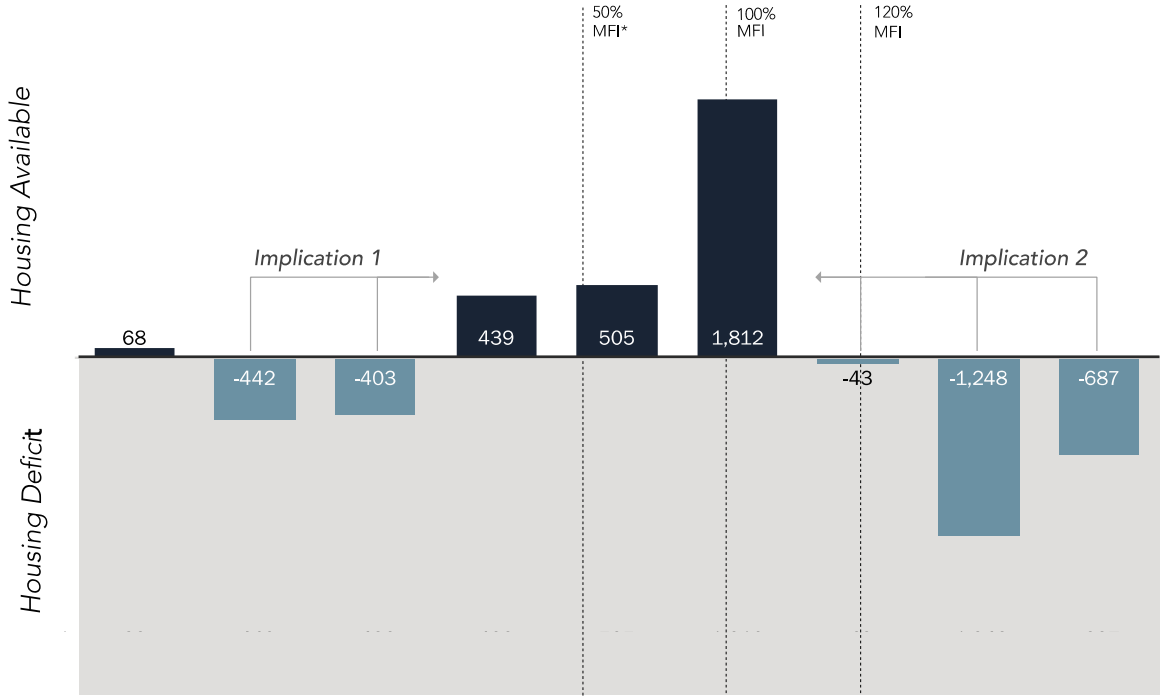


Exhibit 58 compares the number of households by income with the number of units affordable to those households in Keizer. Keizer currently has a deficit of housing affordable to households earning between $10,000 and $25,000 and a need for housing affordable to households earning more than $75,000. The 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, triplexes, quadplexes, 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 58. Affordable Housing Costs and Units by Income Level, Keizer, 2018

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.*



Household Income	Less than $10,000	$10,000–$14,999	$15,000–$24,999	$25,000–$34,999	$35,000–$49,999	$50,000–$74,999	$75,000–$99,999	$100,000–$149,999	$150,000 or more
# Households	651	775	1,121	1,477	1,905	3,028	1,981	2,057	794
# Surplus / Deficit Units	68	-442	-403	439	505	1,812	-43	-1,248	-687
% Surplus / Deficit Units	10%	-57%	-36%	30%	27%	60%	-2%	-61%	-87%

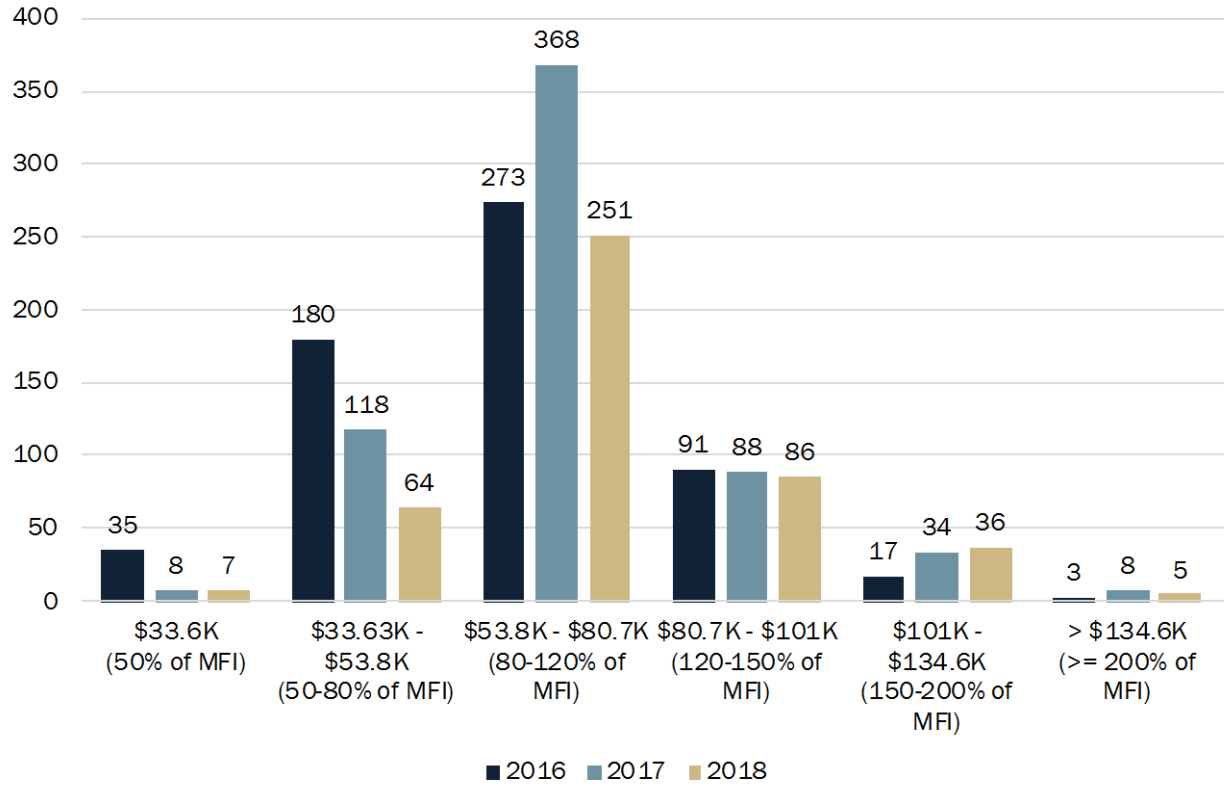
*Median Family Income for a family of four

Implication 1 *Implication 2*

at would better suit their preferences.

Exhibit 59 shows the distribution of home sale 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 59. Distribution of Home Sale Prices by Affordability Range, Keizer, 2016, 2017, 2018
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. On average, people in that age group will also have 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."[39] 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.[40]
- **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-

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

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

family housing, townhouses and duplexes, market-rate multifamily housing, and government-subsidized affordable housing.

- **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 Baby Boomers, (2) the aging of Millennials, and (3) the continued growth in the Latinx 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.[41] The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[42]

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

  The Latinx population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Latinx population will drive demand for housing for families with children. Given the lower income for Latinx households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting. [43]

In summary, an aging population, increasing housing costs (although lower than the region), housing affordability concerns for Millennials and the Latinx population, and other variables are factors that support the need for smaller and less-expensive units, as well as 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 Millennial and Latinx 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

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[41] H. J. Choi, J. Zhu, L. Goodman, B. Ganesh, and S. Strochak, *Millennial Homeownership: Why is it So Low, and How Can We Increase It?*, Urban Institute, 2018. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

[42] Ibid.

[43] The following articles describe housing preferences and household income trends for Latinx families, including differences in income levels for first-, second-, and third-generation households. In short, Latinx households have a lower median income than the national averages. First- and second-generation Latinx households have median incomes below the average for all Latinx households. Latinx 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*.

choices can be made today). Economic forecasters regard any 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.[44]

- **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[45] to 49,318 persons in 2039, an increase of 9,923 people.[46]
- **Persons in Group Quarters.**[47] Persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived

[44] 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."

[45] 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 use 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).

[46] 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.

[47] 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.

from the population forecast for the purpose of estimating housing demand. Group 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 multifamily 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 current 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 . . . 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 vacancies 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 current 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 60. Forecast of Demand for New Dwelling Units, Keizer's Portion of the 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 60 presents a forecast of new housing in Keizer's UGB for the 2019 to 2039 period. This section discusses housing mix and density for the development of new housing over this 20-year period in Keizer.

Over the next 20-years, the need for new housing developed in Keizer will generally include a wider range of housing types and housing that is more affordable. This conclusion is based on the following information, found in Chapter 3 and 4:

- Keizer's housing mix, like Marion County, is predominately single-family detached. In the 2013–2017 period, 69% of Keizer's housing was single-family detached, 4% was single-family attached, and 27% was multifamily. In comparison, the mix of housing for the County was 72% single-family detached, 3% single-family attached, and 25% multifamily.
- Demographic changes across Keizer suggest increases in demand for single-family attached housing and multifamily housing. The key demographic trends that will affect Keizer's future housing needs are:
    - The aging of Baby Boomers. In 2012–2016, 22% of Keizer's population was over sixty years old. Between 2020 and 2040, the share of people over sixty years old is expected to increase in Marion County, from 22% of the population to 26% of the population. The City will be affected by retirement and changing housing needs of seniors as their households get smaller and their lifestyles change. Some Baby Boomers may choose to downsize into smaller homes. Due to health or other issues, some Baby Boomers may become unable to stay in their current homes and will choose to live in multigenerational households or assisted-living facilities (at various stages of the continuum of care).

- The aging of Millennials. In 2012–2016, 25% of Keizer's population was between 20 and 40 years old. Between 2020 and 2040, Millennials are expected to grow from 26% of Marion County's population to 23% of the population. Homeownership rates for Millennials will increase as they continue to form their own households. Keizer has a larger share of Millennials compared to the County. Despite the share of Millennials decreasing in the County overall, the City will likely experience increased demand for relatively affordable housing types, for both ownership and rent, over the planning period.
- The continued growth in Latinx populations. From 2000 to the 2012–2016 period, the share of Keizer's Latinx population increased from 12% of the population to 19% of the population, an increase of 7% in the share of the population. At the same time, the share of the Latinx population increased by 9% in Marion County and 4% in Oregon. Continued growth in Latinx households will increase the need for larger units (to accommodate larger, sometimes multigenerational households) and relatively affordable housing.

- Keizer's median household income was $56,832, about $6,000 higher than Marion County's median. Approximately 43% of Keizer's households earn less than $50,000 per year, compared to 49% in Marion County and 46% in Oregon.
- About 36% of Keizer's households are cost burdened (paying 30% or more of their household income on housing costs).[48] About 53% of Keizer's **renters** are cost burdened, and about 25% of Keizer's **homeowners** are cost burdened.
- Housing sales prices increased in Keizer over the last two years. From January 2016 to January 2018, the median housing sale price increased by about $27,000 (11%), from about $238,000 to $265,000.
- Keizer needs more affordable housing types, especially for homeowners. A household earning 100% of Keizer's median household income ($56,832) could afford about $1,421 per month in rent, compared with the median gross rent of $909. This household could afford a home valued between about $199,000 to $227,000, which is less than the median home sale price of about $285,000 (August 2018) in Keizer. A household can start to afford median home sale prices at about 125% of Keizer's median household income. A household can start to afford Keizer's median rents at about 65% of Keizer's median household income. Still, high cost-burden rates for Keizer renters suggests a need for more affordable housing types for renters as well.

These factors suggest that Keizer needs a broader range of housing types with a wider range of price points than are currently available in Keizer's housing stock. This includes providing opportunity for development of housing types across the affordability spectrum, such as single-family detached housing (e.g., small-lot single-family detached units, cottages, "traditional"

[48] 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."

single-family, and high-amenity single-family), townhouses, duplexes, triplexes, quadplexes, and apartments.

Exhibit 61 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 60 shows that the new population will result in the need for 3,820 new dwelling units over the 20-year period.
- The assumptions about the needed mix of housing in Exhibit 61 are:
  - **About 63% of new housing will be single-family detached**, a category which includes manufactured housing. About 69% of Keizer's total housing stock was single-family detached in the 2013–2017 period.
  - **Nearly 10% of new housing will be single-family attached.** About 3% of Keizer's total housing stock was single-family attached in the 2013–2017 period.
  - **About 27% of new housing will be multifamily**. About 27% of Keizer's total housing stock was multifamily in the 2013–2017 period.

Keizer will have demand for 3,820 new dwelling units over the 20-year period, 63% of which will be single-family detached housing.

Exhibit 61. Forecast of Demand for New Dwelling Units by Type, Keizer's Portion of the UGB, 2019 to 2039
Source: Calculations by ECONorthwest.

Variable	Needed Mix
Needed new dwelling units (2019-2039)	3,820
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	63%
equals **Total new single-family detached DU**	**2,407**
Single-family attached	
Percent single-family attached DU	10%
equals **Total new single-family attached DU**	**382**
Multifamily	
Percent multifamily	27%
Total new multifamily	**1,031**
equals Total new dwelling units (2019-2039)	**3,820**

The analysis accounts for units accommodated by accessory dwelling units and through redevelopment. Assumptions are documented and presented in Exhibit 62 and Exhibit 63:

- **Redevelopment.** Redevelopment is development that occurs on fully developed lots; the property owner may demolish the dwelling unit(s) that are already in place and then build one or more units on the property. The results of Keizer's improvement-to-land-value analysis (see Exhibit 9) provide a basis for redevelopment potential. Findings

suggest that little redevelopment potential exists in Keizer at this time (approximately 30 parcels totaling 12 acres). At typical multifamily densities, the 12 acres has a capacity for about 160 new dwelling units. **For the 2019 to 2039 period, we assume 160 units will redevelop.**

- **Accessory Dwelling Units (ADUs).** For the purpose of this analysis, an accessory dwelling unit is a single-family detached housing type that is accommodated on developed parcels. In the last three years,[49] Keizer has received seven accessory dwelling units, at an annual average of 2.3 ADUs. **For the 2019 to 2039 period, we assume a development trajectory of three ADU's per year, resulting in 50 ADUs over the 20-year analysis period.**

Over the 20-year period, Keizer will accommodate 160 needed units through redevelopment and 50 needed units through development of accessory dwelling units (ADU). This will result in approximately eight redeveloped units and three ADUs per year.

Exhibit 62. Forecast of Demand for ADUs and Redevelopment, Keizer's Portion of the UGB, 2019 to 2039
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2019-2039)
New units accomodated through redevelopment	160
New accessory dwelling units	50
Subset of total new dwelling units (2019-2039)	210

Over the 20-year period, Keizer will accommodate 210 needed new units through ADUs and redevelopment.

This results in Keizer having demand for 3,610 new dwellings units on vacant *or* partially vacant land.

Exhibit 63. Forecast of Demand for New Dwelling Units on Vacant and Partially Vacant Lands, Keizer's Portion of the UGB, 2019 to 2039
Source: Calculations by ECONorthwest.

Variable	Needed Mix
Dwelling Units Accomodated by ADU or through Redevelopment	
Single-family detached	50
Single-family attached	
Multifamily	160
Total Units in ADU or Redevelopment	210
Dwelling Units Requiring Vacant or Partially Vacant Unconstrained Land	
Single-family detached	2,357
Single-family attached	382
Multifamily	871
Total Units Requiring Vacant or Partially Vacant Land	3,610

To summarize Exhibit 61, Exhibit 62, and Exhibit 63, Keizer will have demand for 3,820 new dwelling units over the 20-year period. Of these 3,820 dwelling units, 2,407 dwelling units will be single-family detached housing (see Exhibit 61). After accounting for the 50 forecasted

[49] Keizer received two detached accessory dwelling units (ADUs) in 2017, three attached and 1 detached ADUs in 2018, and 1 attached ADU in 2019 (as of April 2019).

accessory dwelling units (Exhibit 62), Keizer will have demand for 2,357 single-family detached units on vacant or partially vacant land (Exhibit 63). Similarly, Keizer will have demand for 1,031 multifamily units. After accounting for the 160 dwelling units accommodated by redevelopment, Keizer will have demand for 871 multifamily units on vacant or partially vacant land.

Exhibit 64 allocates needed housing to plan designations in Keizer. The allocation is based, in part, on the types of housing allowed in the zoning designations in each plan designation.

Exhibit 64 shows:

- **Low-Density Residential** will accommodate new single-family detached housing, including mobile homes.
- **Medium-Density Residential** will accommodate new single-family detached housing, single-family attached housing, duplexes, and multifamily housing with three or more units.
- **Medium and High Density** will accommodate single-family detached housing, single-family attached housing, duplexes, and multifamily housing with three or more units.
- **Mixed-Use (MU)** will accommodate single-family detached housing, single family attached housing, duplexes, and multifamily housing.
- **Commercial (C)** will accommodate single-family detached housing, single family attached housing, duplexes, and multifamily housing. Some zones in this designation accommodate these types when in conjunction with a commercial use (CR and CG).

Exhibit 64. Allocation of Needed Housing that Requires Vacant and Partially Vacant Lands,[50] by Housing Type and by Plan Designation, Keizer's Portion of the UGB, 2019 to 2039
Source: ECONorthwest.

Comprehensive Plan Designation	Residential Plan Designations			Mixed Use	Commercial	Total
	Low Density	Medium Density	Medium High Density			
Dwelling Units						
Single-family detached	1,874	375	108	-	-	2,357
Single-family attached	-	201	108	73	-	382
Multifamily	-	181	441	180	69	871
Total	1,874	757	657	253	69	3,610
Percent of Units						
Single-family detached	52%	10%	3%	0%	0%	65%
Single-family attached	0%	6%	3%	2%	0%	11%
Multifamily	0%	5%	12%	5%	2%	24%
Total	52%	21%	18%	7%	2%	100%

[50] The percent of units displayed in Exhibit 64 does not match the needed mix of new housing displayed in Exhibit 61 because the allocation analysis deducts new units accommodated by redevelopment and accessory dwelling units.

Exhibit 65 shows the following needed densities, in net and gross acres.[51] Exhibit 65 converts between net acres and gross acres to account for land needed for rights-of-way based on empirical analysis of existing rights-of-way by plan designation in Keizer. The Keizer HNA concludes that Keizer has a needed housing density of 6.8 dwelling units per net residential acre.

- **Low-Density Residential (LDR):** 21% of land is in rights-of-way. The average density by zone in this Plan Designation was 6.2 dwelling units per net acre and 4.9 dwelling units per gross acre.
- **Medium-Density Residential (MDR):** 17% of land is in rights-of-way. The average density by zone in this Plan Designation was 4.8 dwelling units per net acre and 4.0 dwelling units per gross acre.
- **Medium- and High-Density Residential (MHDR):** 15% of land is in rights-of-way. The average density by zone in this Plan Designation was 7.1 dwelling units per net acre and 6.0 dwelling units per gross acre.
- **Mixed-Use (MU):** 10% of land is in rights-of-way. The average density by zone in this Plan Designation was 11.1 dwelling units per net acre and 10.0 dwelling units per gross acre.
- **Commercial (C):** 9% of land is in rights-of-way. The average density by zone in this Plan Designation was 25.5 dwelling units per net acre and 23.2 dwelling units per gross acre.

Exhibit 65. Needed Densities and Land for Rights-of-Way, Keizer Portion of UGB,[52] 2019-2039
Source: ECONorthwest. *Note: DU is dwelling unit.*

Plan Designation	Average Net Density (du/net acre)	Percentage for Rights-of-Way	Average Gross Density (du/gross acre)
Low Density Residential (LDR)	6.2	21%	4.9
Medium Density Residential (MDR)	4.8	17%	4.0
Medium-High Density Residential (MDHR)	7.1	15%	6.1
Mixed-Use (MU)	11.1	10%	10.0
Commercial (C)	25.5	9%	23.2
Total	**6.8**	**14%**	**5.9**

[51] OAR 660-024-0010(6) uses the following definition of net buildable acre: "Net Buildable Acre . . . consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

[52] ECONorthwest based the analysis of needed densities off of historical densities from housing developed between 2000 and 2018 Q3. The analysis of land in rights-of-way is based on analysis of existing development patterns and percentages of land in rights-of-way in 2018.

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.

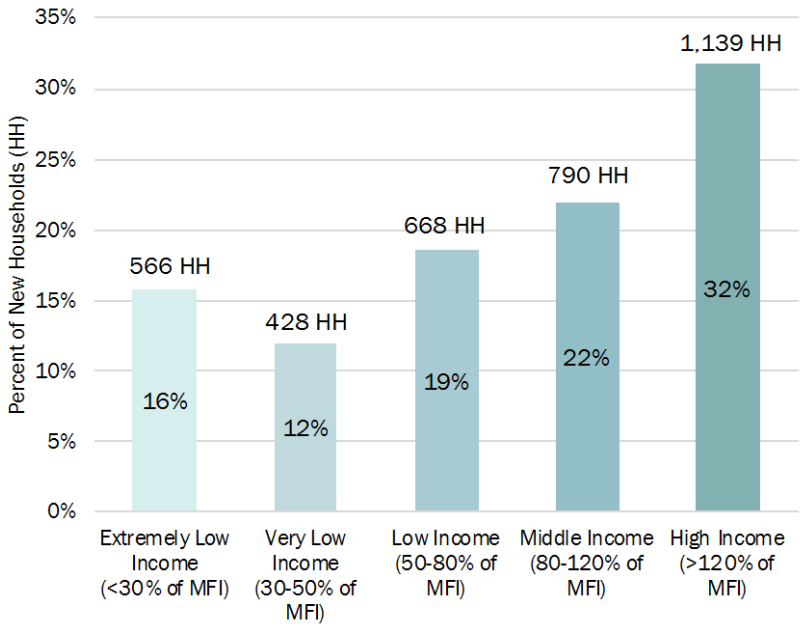
The analysis in Exhibit 66 is based on American Community Survey data about income levels in Keizer. Income is categorized into market segments consistent with HUD income-level categories, using Marion County's 2018 Median Family Income (MFI) of $67,300. The Exhibit is based on current household income 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 incomes 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 housing types across the housing affordability spectrum.

Exhibit 66. 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.



Need for Government-Assisted, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 require cities to plan for government-assisted housing, farmworker housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single family detached, apartments, etc.). Keizer allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Keizer will continue to allow government housing in all of its residential plan designations. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can also apply to all housing types and the City allows development of farmworker housing in all residential zones, with the same development standards as market-rate housing. This analysis assumes that Keizer will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** Keizer allows manufactured homes on lots in all the zones that allow single-family detached housing. Keizer does not have special siting requirements for manufactured homes. Since manufactured homes are subject to the same siting requirements as site-built homes, it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** 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. According to the Oregon Housing and Community Services Department's Manufactured Dwelling Park Directory,[53] Keizer has eight manufactured home parks within the City, with 634 spaces.

  ORS 197.480(2) requires Keizer to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential.

[53] Oregon Housing and Community Services Department, Oregon Manufactured Dwelling Park Directory. http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

- Keizer will grow by 3,820 new dwelling units over the 2019 to 2039 period.
- Analysis of housing affordability shows that about 28% of Keizer's new households will be low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in parks accounts for about 4.3% (about 634 dwelling units) of Keizer's current housing stock.
- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.
- The households most likely to live in manufactured homes in parks are those with incomes between $20,190 and $33,650 (30% to 50% of MFI), which include 12% of Keizer's households. However, households in other income categories may live in manufactured homes in parks.

  Manufactured home park development is an allowed use in the RS, RL, and RM designation. The national and state trends of manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in the last 15 years, demonstrate that the development of new manufactured home parks in Keizer is unlikely.

  Our conclusion from this analysis is that the development of new manufactured home parks in Keizer over the planning period is unlikely over the 2019 to 2039 period. It is, however, likely that manufactured homes will continue to locate on individual lots in Keizer. The forecast of housing assumes that no new manufactured home parks will be opened in Keizer over the 2019 to 2039 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.
- Over the next 20 years (or longer), one or more manufactured home parks may close in Keizer. This may be a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

  While there is statewide regulation of the closure of manufactured home parks

designed to lessen the financial difficulties of this closure for park residents,[54] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential development to allow for the development of new, relatively affordable housing. The City may use a range of policies to encourage the development of relatively affordable housing, such as allowing a wider range of moderate-density housing, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary zoning policy, or partnering with a developer of government-subsidized affordable housing.

Need for the Population in Group Quarters

To determine housing needs, ECONorthwest deducted the population forecasted to live in group quarters from the population assigned to new households (which determines needed dwelling units). An increase of the population living in group quarters may require additional land for new group quarters. Assumptions about land needed for new group quarters are incorporated into the "demand" side of the supply and demand equation. Land for group quarters is generally assumed to occur at densities comparable to multifamily development. For the 2019 to 2039 planning period, 94 additional people are forecast to live in group quarters in Keizer (see Exhibit 60). At a density of about 11.4 units per gross acre,[55] group quarters will need approximately 8.2 gross acres. For purposes of this analysis, new group quarters are assumed to occur on Medium-High Density residential land.

[54] ORS 90.645 regulates rules about the closure of manufactured dwelling parks. It requires the landlord to give at least one year's notice of park closure and pay the tenant between $5,000 and $9,000 for each manufactured dwelling park space. Additionally, they cannot charge tenants for demolition costs of abandoned manufactured homes.

[55] Basis for density assumption is the historical net density for multifamily housing in Keizer (2000 through 2018).

6. Residential Land Sufficiency within Keizer

This chapter presents an evaluation of the sufficiency of vacant residential land in Keizer to accommodate expected residential growth over the 2019 to 2039 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Keizer's ability to accommodate needed new housing units for the 2019 to 2039 period, based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis.

Statutory Guidance

The language of Goal 10[56] and ORS 197.296[57] refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. Keizer is required to make a local Housing Needs Projection[58] that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with the adopted housing standards, (3) consistent with the requirements of Goal 10, OAR 660-008[59] and ORS 197.296, and (4) consistent with the Goal 14[60] requirements.

With a population over 25,000, Keizer is subject to the provisions of ORS 197.296, which provides additional guidance on determining housing need. The result of the analysis and the final determination of needed housing and mix was vetted by the Project Advisory Committee and is displayed in Exhibit 61.

Residential Capacity Analysis

The buildable lands inventory summarized in Chapter 2 (and presented in full in Appendix A) provides a *supply* analysis (buildable land by type), and Chapter 5 provides a *demand* analysis (population and growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to calculate estimates of supply and demand into common units of measurement to allow their comparison: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach

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[56] Goal 10: Housing, https://www.oregon.gov/lcd/OP/Documents/goal10.pdf

[57] ORS 197.296, https://www.oregonlegislature.gov/bills_laws/ors/ors197.html

[58] OAR 660-008-0005(4)

[59] OAR 660-008, https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=3058

[60] Goal 14: Urbanization, https://www.oregon.gov/lcd/OP/Pages/Goal-14.aspx

is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[61] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

Keizer Capacity Analysis Results

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities shown in Exhibit 65.

Exhibit 67 shows that **Keizer's vacant land has capacity to accommodate approximately 1,399 new dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in residential Plan Designations, as shown in Chapter 2.
- **Needed densities.** The capacity analysis assumes development will occur at needed densities. Those densities were derived from the needed densities shown in Exhibit 65.

Exhibit 67. Estimate of Residential Capacity[62] on Unconstrained Vacant and Partially Vacant Buildable Land, Keizer UGB, 2019

Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: DU is dwelling unit.*

Plan Designation	Total Unconstrained Buildable Acres	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
Low Density Residential (LDR)	182	4.9	893
Medium Density Residential (MDR)	2	4.0	7
Medium-High Density Residential (MDHR)	27	6.1	163
Mixed-Use (MU)	23	10.0	230
Commercial (C)	18	23.2	69
Total	**253**	**5.4**	**1,362**

[61] There is ambiguity in the term *capacity analysis*. It would not be unreasonable for one to say that the "capacity" of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "Estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as "capacity analysis," so we use that shorthand occasionally in this report.

[62] The commercial plan designation has 18 unconstrained buildable acres. The analysis does not assume that all 18 commercial designated acres will accommodate residential development. It assumes commercial lands will

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Keizer is to compare the demand for housing by Plan Designation (Exhibit 64) with the capacity of land by Plan Designation (Exhibit 67).

Exhibit 68 shows that Keizer has sufficient land to accommodate development in the Commercial Designation. Keizer has a deficit of land in the Low-Density Residential, Medium-Density Residential, Medium-High Density Residential, and Mixed-Use designations.

- Keizer's deficit of Low-Density Residential capacity (981 dwelling units) means that the City has an approximate deficit of 200 gross acres of Low-Density land for residential uses (at 4.9 dwelling units per gross acre).
- Keizer's deficit of Medium-Density Residential capacity (750 dwelling units) means the City has an approximate deficit of 188 gross acres of Medium-Density land for residential uses (at 4.0 dwelling units per gross acre).
- Keizer's deficit of Medium-High Density Residential capacity (494 dwelling units) means the City has an approximate deficit of 81 gross acres of Medium-High Density land for residential uses (at 6.0 dwelling units per gross acre).
- Keizer's deficit of Mixed-Use capacity (23 dwelling units) means the City has an approximate deficit of 2 gross acres of Mixed-Use land for residential uses (at 10.0 dwelling units per gross acre).
- Keizer's Commercial designation has no surplus or deficit of residential capacity. Technically, this designation does have surplus acres, however, this land may accommodate commercial uses.

Exhibit 68. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Keizer UGB, 2019 to 2039

Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: DU is dwelling unit.*

Plan Designation	Capacity (Dwelling Units)	Need (Dwelling Units)	Remaining Capacity (Dwelling Units)	Land Sufficiency (Gross Acres)
Low Density Residential (LDR)	893	1,874	(981)	(200)
Medium Density Residential (MDR)	7	757	(750)	(188)
Medium-High Density Residential (MDHR)	163	657	(494)	(81)
Mixed-Use (MU)	230	253	(23)	(2)
Commercial (C)	69	69	0	0
Total	**1,362**	**3,610**	**(2,248)**	**(471)**

accommodate approximately 69 residential units, at the average residential densities in that designation (23.2 gross acres). Note: 69 DU divided by 23.2 DU per gross acres is a total of 3 unconstrained buildable acres.

For the 2019 to 2039 planning period, 94 additional, needed group quarters were deducted from the housing forecast (see Exhibit 60). The analysis must still account for their land need. At a density of about 11.4 units per gross acre,[63] group quarters will need approximately 8.2 gross acres. For purposes of this analysis, new group quarters are assumed to occur on Medium-High Density residential land. Exhibit 68 shows Keizer's deficit of 81 gross acres of Medium-High Density lands. Exhibit 69 show the revised land deficit of 89 gross acres of Medium-High Density lands, after deducting land for group quarters.

Exhibit 69. Land Needed for Group Quarters, Keizer's Portion of the UGB, 2019 to 2039
Source: Calculations by ECONorthwest. *Note: Group quarters assumes one person per dwelling unit.

Variable	Assumption
New Population in Group Quarters	94
Needed Dwelling Units for Group Quarters*	94
Density Assumption (multifamily)	11.4
Needed Gross Acres (MDHR)	8.2
Revised Land Sufficiency, gross acres, (MHDR)	(89)

Exhibit 70 is a revised version of Exhibit 68 to account for land needed for group quarters.

Exhibit 70. Revised Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Keizer UGB, 2019 to 2039
Source: Calculations by ECONorthwest.

Plan Designation	Capacity (Dwelling Units)	Need (Dwelling Units)	Remaining Capacity (Dwelling Units)	Land Sufficiency (Gross Acres)
Low Density Residential (LDR)	893	1,874	(981)	(200)
Medium Density Residential (MDR)	7	757	(750)	(188)
Medium-High Density Residential (MDHR)	163	657	(494)	(89)
Mixed-Use (MU)	230	253	(23)	(2)
Commercial (C)	69	69	0	0
Total	**1,362**	**3,610**	**(2,248)**	**(479)**

[63] Basis for density assumption is the historical net density for multifamily housing in Keizer (2000 through 2018).

Conclusions

Assuming that Keizer accommodates roughly the same percentage of population in the Salem-Keizer UGB as it did in 2010 (15.6%), Keizer's portion of the UGB is forecast to grow from 39,395 people in 2019 to 49,318 people in 2039, an increase of 9,923 people. This population growth will occur at an average annual growth rate of 1.13%. In addition to population growth, Keizer's households have grown larger on average. After considering a number of factors, including household size and vacancy, Keizer will have demand for about 3,820 new dwelling units over the 20-year planning period. To meet this need, Keizer will need to accommodate an average development trajectory of 191 new dwelling units (to include eight redeveloped units and three accessory dwelling units per year).

In the future, Keizer will need to plan for more single-family attached dwelling units to meet the City's housing needs. Historically, about 4% of Keizer's housing stock was single-family attached (69% was single-family detached and 27% was multifamily). The City will need to shift away from single-family detached housing (63% of new housing stock) to provide opportunities for single-family attached housing (10% of new housing). Keizer has a larger share of multifamily housing than the greater region (Marion County), so the share of new multifamily housing will stay static (27% of new housing stock).

The 2019 Keizer HNA concludes that Keizer needs slightly higher average residential densities than it has in the past. Keizer's average housing density (for new housing units) will need increase from 6.8 dwelling units per net acre to 7.3 dwelling units per net acre (or from 5.4 DU/gross residential acre to 5.9 DU/gross residential acre). The HNA concludes Keizer will not achieve the needed densities without adopting measures to achieve the needed density as required by ORS 197.296(7). The Keizer Housing Strategy outlines the types of measures the city will consider to meet housing needs broadly, and to achieve the needed housing density and mix.

When analyzing future densities by zone, Keizer's average density declines from 5.9 dwelling units per gross acre (historic average) to 5.4 dwelling units per gross acre due to (1) limited supply of vacant residential land, (2) buildable residential land by plan designation, and (3) an insufficient supply of buildable lands in higher density ~~zones~~plan designations. To achieve the historic density of 5.9 dwelling units per gross acre, Keizer will need to consider alternative options such as efficiency measures in lower density zones or rezoning more lands to zones that allow higher densities.

Keizer's existing deficit of housing on both sides of the affordability spectrum indicates a need for a wider range of housing types, for renters and homeowners. About 36% of Keizer's households (overall) are cost burdened (paying more than 30% of their income on housing). Further, about 53% of renter households are cost burdened. Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions about:

- **1,013 of the forecasted new households will have incomes of $33,650 or less.** These households often cannot afford market-rate housing without government subsidy.
- **1,485 new households will have incomes between $33,650 and $80,760.** These households will need access to affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and "traditional"), single-family attached housing, and multifamily products (particularly "middle" housing types such as duplexes, triplexes, quadplexes, and smaller apartments).
- **1,161 new households will have incomes over $80,760.** These households will need higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

Keizer's portion of the shared Salem-Keizer Urban Growth Boundary will not accommodate all of Keizer's housing needs. Keizer has a capacity deficit of about 1,399 dwelling units, which means the City has an approximate deficit of 479 gross acres.

Appendix A – Residential Buildable Lands Inventory Methods

The general structure of the buildable land (supply) analysis is based on the DLCD HB 2709 workbook *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008.

This memorandum summarizes the framework provided in state law for the Keizer Residential Buildable Lands Inventory (BLI)[64] and presents the methods ECONorthwest proposes to use to conduct the residential buildable lands inventory, including definitions and procedures we propose to use for the classifications.

Background

ECONorthwest is preparing a Goal 10 compliant housing needs analysis (HNA) for the City of Keizer to assess the City's housing needs and whether the City has sufficient land within its Urban Growth Boundary (UGB) to accommodate population growth forecasted for the 20-year period. A key component of this study is the buildable lands inventory (BLI). The legal requirements that govern the BLI for the City of Keizer are defined in Statewide Planning Goal 10, ORS 197.296, OAR 660-008, and OAR 660-024-0050.

The BLI consists of several steps:

1. Generating UGB "land base"
2. Classifying land by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

This memorandum summarizes the methods ECO recommends using to conduct the inventory, including definitions and procedures we recommend for the classifications. It also includes a list of development constraints and how we recommend addressing them in the buildable lands inventory.

[64] This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

Regulatory Guidance

Several provisions of the applicable statutes and administrative rules define and specify the meaning of buildable land, including OAR 660-008-0005(2), ORS 197.296(1), ORS 197.296(4), and OAR 660-024-0050(2). Because Keizer has a population over 25,000, it is subject to the provisions of ORS 197.296 that provide guidance on residential land inventories, among other things. ORS 197.296(1) defines "buildable lands" as follows:

> (1) "Buildable lands" means lands in urban and urbanizable areas that are suitable, available and necessary for residential uses. "Buildable lands" includes both vacant land and developed land likely to be redeveloped.

ORS 197.296 also identifies specific categories of land that the City is required to use in the inventory. Here are the categories described in 197.296(3) and (4):

> (3) In performing the duties under subsection (2) of this section, a local government shall:
>
> (a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands; and
>
> (b) Conduct an analysis of housing need by type and density range, in accordance with ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.
>
> (4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, "buildable lands" includes:
>
> (A) Vacant lands planned or zoned for residential use;
>
> (B) Partially vacant lands planned or zoned for residential use;
>
> (C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and
>
> (D) Lands that may be used for residential infill or redevelopment.
>
> (b) For the purpose of the inventory and determination of housing capacity described in subsection (3)(a) of this section, the local government must demonstrate consideration of:
>
> (A) The extent that residential development is prohibited or restricted by local regulation and ordinance, state law, and rule or federal statute and regulation;
>
> (B) A written long-term contract or easement for radio, telecommunications, or electrical facilities, if the written contract or easement is provided to the local government; and

(C) The presence of a single-family dwelling or other structure on a lot or parcel.

(c) Except for land that may be used for residential infill or redevelopment, a local government shall create a map or document that may be used to verify and identify specific lots or parcels that have been determined to be buildable lands.

OAR 660-024-0050(2) provides safe harbors for residential land inventories, but Keizer is subject to ORS 197.296 (i.e., population over 25,000) and is not eligible for these safe harbors, which are explained further in Section 6 of this memo.

BLI Methods

The BLI for Keizer must include all residential land designated in plan designations within the Keizer UGB. From a practical perspective, this means that all lands within tax lots identified by the Marion County Assessor that fall within the UGB will be inventoried. ECO will use the most recent tax-lot shapefile and the assessor's roll data from Marion County for the analysis. The inventory then builds from the tax lot–level database to make estimates of buildable land by plan designation.

The general structure of the residential buildable land (supply) inventory is generally based on the DLCD HB 2709 workbook *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, which specifically addresses residential lands.

Inventory Steps

The steps in the supply inventory are:

Step 1: Generate "land base." Per Goal 10, this involves selecting all of the tax lots in the Keizer UGB with residential plan designations and "lands that may be used for a mix of residential and employment uses under the existing planning or zoning."

ECO proposes to include the following plan designations in the residential inventory, based on statutory requirements in ORS 197.296(4)(a):

- Low-Density Residential
- Medium-Density Residential
- Medium- and High-Density Residential
- Mixed-Use
- Commercial

Step 2: Classify lands. Classify each parcel into one of the following categories. The next section provides definitions for each proposed category and the statutory authority for those definitions.

- Developed Land

- Vacant Land
- Partially Vacant Land
- Public or Exempt Land

Step 3: Identify constraints. Identify lands with development constraints. Consistent with the Division 8 rule, this typically includes floodways, regulated wetlands, lands with slopes of 25% or greater, and land identified for future public facilities as constrained or committed lands. All constraints are merged into a single constraint file, which is then used to identify the area of each tax lot that is constrained. ECO proposes that these areas are deducted from lands that are identified as vacant or partially vacant.

Step 4: Verification. ECO recommends using a multistep verification process. The first verification step would involve a "rapid visual assessment" of land classifications using GIS and recent aerial photos. The rapid visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECO will review all tax lots included in the inventory using the rapid visual assessment methodology. The second round of verification would involve City staff verifying the rapid visual assessment output. ECO will amend the BLI based on City staff review and a discussion of the City's comments.

Step 5: Tabulation and mapping. The results will be presented in tabular and map format. We typically include a comprehensive plan map, the land base by classification, vacant and partially vacant lands by plan designation, and vacant and partially vacant lands by plan designation with constraints showing.

Definitions

A key component in the buildable inventory is to develop working definitions and assumptions. ECO will initially identify buildable land and classify development status consistent with the DLCD *Residential Lands Workbook,* as well as applicable administrative rules using a rule-based methodology. The rules are described below.

A key step in the buildable lands analysis is to classify each tax lot that allows residential uses into a set of mutually exclusive categories based on development status. **ECO proposes that all tax lots in the UGB will be classified into one of the following categories:**

Development Status	Definition	Statutory Authority
Developed Land	Land that is developed at densities consistent with zoning and improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.	OAR 660-008 does not provide a definition of developed land. *Note: OAR 660-024-0050(2)(b) safe harbor for single-family on lots <0.50 acre is not available to cities subject to ORS 197.296.*
Vacant Land	Tax lots that have no structures or have buildings with very little improvement value. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes).	OAR 660-008-0005(2) "Buildable land" means residentially designated land within the Urban Growth Boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available, and necessary for residential uses. Publicly owned land is generally not considered available for residential uses.
Partially Vacant Land	Tax lots that have structures but also have some development capacity. Methods for determining infill and redevelopment potential are discussed in Section 6 of this memo.	*Note: OAR 660-024-0050 (2)(a) safe harbor for partially vacant tax lots >0.5 acres with a dwelling unit is not available to cities subject to ORS 197.296.*
Public or Exempt Land	Lands in public or semipublic ownership are considered unavailable for development. This includes lands in federal, state, county, or City ownership. Public lands will be identified using the Marion County Assessment property tax exemption codes and ownership field.	OAR 660-008-0005(2) - Publicly owned land is generally not considered available for residential uses.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECO proposes that certain constraints are deducted from the buildable lands inventory. We propose to use categories that are consistent with OAR 660-008-0005(2):

> (2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered "suitable and available" unless it:
>
> > (a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;
> >
> > (b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17, or 18;

(c) Has slopes of 25 percent or greater;

(d) Is within the 100-year flood plain; or

(e) Cannot be provided with public facilities.

Based on the Division 8 rule and ORS 197.296, we propose to use the constraints summarized below for the residential lands inventory. We propose to deduct portions of tax lots that fall within these areas as unbuildable and that should be removed from the buildable land base.

Constraint	Statutory Authority	Threshold
Goal 5 Natural Resource Constraints		
Regulated Wetlands	OAR 660-008-0005(2)(b)	Wetlands identified in the National Wetland Inventory
Natural Hazard Constraints		
Floodways	OAR 660-008-0005(2)(d)	Lands within FEMA FIRM identified floodway
100-Year Floodplain	OAR 660-008-0005(2)(d)	Lands within FEMA FIRM 100-year floodplain
Steep Slopes	OAR 660-008-0005(2)(c)	Slopes greater than 25%
Landslide Hazards	OAR 660-008-0005(2)(a)	Lands within DOGAMI SLIDO database; Lands within DOGAMI landslide susceptibility definition of "high" or "very high"

Methods for Estimating Redevelopment and Infill

Cities subject to ORS 197.296 must consider infill and redevelopment as part of the buildable lands analysis. OAR 660-008-0005(7) defines redevelopment as follows:

> "Redevelopable land" means land zoned for residential use on which development has already occurred but on which, due to present or expected market forces, there exists the strong likelihood that existing development will be converted to more intensive residential uses during the planning period.

Thus, the burden is "there exists the strong likelihood that existing development will be converted to more intensive residential uses." This has proved a difficult standard to operationalize for a number of reasons. Data about historical residential redevelopment is not generally available for most cities. In fact, a 2015 survey conducted by the University of Oregon for the Department of Land Conservation and Development found that only 10% of Oregon cities monitor residential redevelopment. Most of those cities were smaller cities with little development activity to monitor.

In previous studies by ECONorthwest and other organizations, redevelopment has been addressed by assuming that a certain percentage of residential growth will be addressed through redevelopment, generally from 5% to 20% of new residential development.[65]

A complex interaction of factors influences redevelopment potential:

- Achievable Pricing – Given the product type and location, what lease rates or sales prices are achievable?
- Entitlements – What do local regulations allow to be built?
- Development Cost – What is the cost to build the range of product types allowed (entitled) at that location?
- Financing – What is the cost of capital, as well as the desired returns necessary, to induce development of that form?

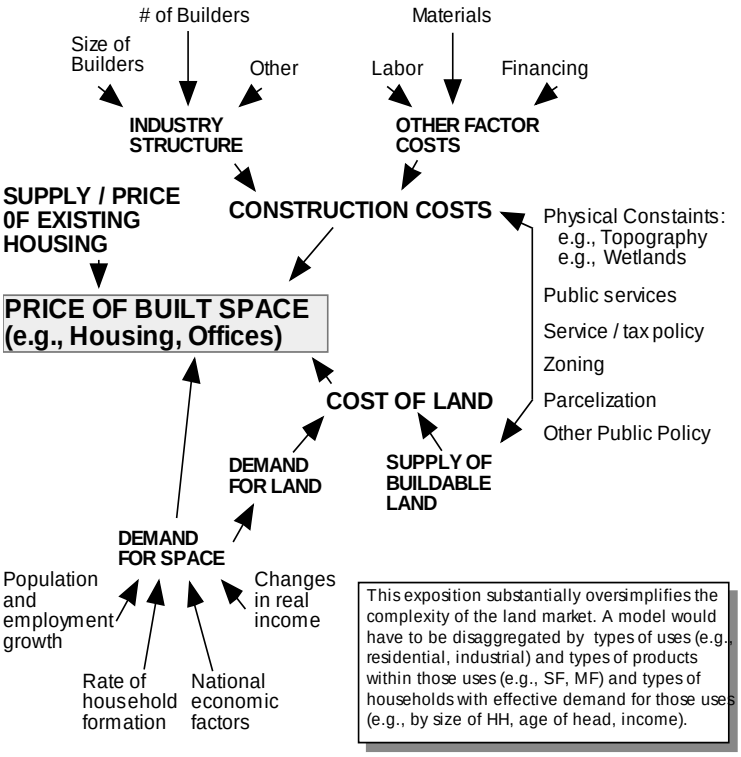
It is difficult, if not impossible, to consider the relationship of all these factors and how they will influence redevelopment rates within a city, and they may be constantly changing

One commonly used method to estimate capacity for infill and redevelopment is by arraying residential tax lots on the basis of the ratio of their improvement value to their land value.[66] A ratio of less than 1:1 (i.e., where the improvement is worth less than the land) is a typical threshold. While that method is reasonable, convenient, and relatively inexpensive, people familiar with the process of redevelopment correctly point out that the redevelopment decision is affected by many other factors (see Figure 1) and that many parcels with ratios less than 1:1 will not redevelop during the 20-year forecast period and many parcels with ratios greater than 1:1 will redevelop. The ratio is hardly a definitive measure of "strong likelihood."

[65] ECONorthwest used this method in studies for the following cities: Redmond, Madras, Ontario, Lebanon, Coburg, Ashland, and McMinnville, all of which have been adopted and acknowledged by DLCD.

[66] An improvement-to-land-value ratio compares the assessed value of the improvements with the assessed value of the land. For example, an improvement-to-land-value ratio of 0.75:1 shows that the improvement is worth less than the land (75% as much as the land). A ratio of 2:1 shows that the improvement is worth twice the value of the land.

Figure 1: Some of the Factors that Affect the Price of Built Space and, by Implication, the Rate of Redevelopment



The professional literature of planning, urban economics, real estate, and appraisal does not have much to say about redevelopment rates. Conceptually, the factors likely to influence redevelopment (broadly, the conditions of demand, supply, and price for built space and the factors that go into creating that built space) are clear enough, but the magnitude of the empirical relationships has few studies and no professional consensus. The property owner/developer decision to redevelop is not simply deterministic, but complexly probabilistic. The requirements of Oregon law withstanding, no real estate analyst would have any confidence in making a property-specific assessment for every property in an urban area of the likelihood that the property would redevelop over a twenty-year period.

We have limited data available on which to make assumptions, yet assumptions are necessary to develop estimates. **We suggest consideration of the following methods:**

1. Treat "infill" as a subset of "redevelopment."
2. Vacant and partially vacant lots are not infill or redevelopment lots.
3. Address infill as a function of two factors:
    a. Accessory dwelling units
    b. Lot partitions (single-family lots that are divided into 2 or 3 sublots)
4. Estimate redevelopment potential using the following methods:

a. Identify single-family residences in multifamily plan designations. To the extent possible, document an assumption about the percentage of those lots that would develop at higher densities.

In short, if using these definitions and the safe harbors[67] for developed and partially vacant land, this is how the terms would be applied under statutory provisions.

- New development on sites classified as "buildable sites" would be considered "new development." Buildable sites include unconstrained portions of vacant sites and partially vacant sites (sites larger than ½ acre, with capacity deducted for the first ¼ acre for development, per the OAR 660-024-0050(2)(b) safe harbor[67]). Sites classified as vacant and partially vacant must all be mapped and assigned capacity.
- New or additional development that adds new units on sites classified as "fully developed" (sites with a residence, less than ½ acre per the OAR 660-024-0050(2)(a) safe harbor[67]), as well as larger fully developed sites such as multifamily developments, would be considered "infill" and/or "redevelopment." Fully developed sites aren't mapped as "buildable" and aren't assigned capacity. Instead, informed assumptions about the extent of infill and redevelopment that will occur provide a basis for estimating how much of the new housing need will be accommodated through infill and redevelopment, without mapping specific sites where infill and redevelopment are likely to occur.

In some respects, "new development" on smaller partially vacant sites might be what most people would intuitively consider infill rather than new development. However, the classification above ensures mutually exclusive classifications consistent with applicable provisions of state law, including requirements for mapping and assigning capacity. Some housing strategies for smaller developments will still be appropriate regardless of the technical definition and classification used in the BLI.

[67] While Keizer is subject to ORS 197.296 and not eligible for the safe harbors for developed and partially vacant land identified in OAR 660-024-0050(2)(a) and (b), cities with a population over 25,000 have used a similar threshold in redevelopment potential methodologies for buildable land inventories.

Appendix B – Keizer UGB Population Forecast Memorandum

DATE: January 15, 2019
TO: Keizer Housing Needs Assessment Project Advisory Committee
CC: Nate Brown and Shane Witham, City of Keizer; Angela Carnahan, DLCD
FROM: Bob Parker and Beth Goodman, ECONorthwest
SUBJECT: **DRAFT** KEIZER UGB POPULATION FORECAST

This memorandum presents the draft population forecast for the Keizer portion of the Salem-Keizer Urban Growth Boundary (UGB) for the Keizer Housing Needs Analysis (HNA).[68] While there is an official population forecast for the Salem-Keizer UGB, there is no population forecast for the Keizer portion of the joint UGB. A foundational part of a housing needs analysis is the population forecast. This memorandum presents historical assumptions about Keizer's share of population in the joint Salem-Keizer UGB and proposes a population forecast for the Keizer portion of the UGB based on the official population forecast.

Historical Assumptions and Forecasts

Table 1 presents the population forecast for the joint Salem-Keizer UGB between 2010 and 2030. Over the 20-year period, the UGB is forecast to grow at an average annual rate of 1.25%.

Table 1. Salem-Keizer UGB Population Forecast, 2010

Year	Salem-Keizer UGB
2010	233,864
2030	299,980
Change 2010 to 2030	
Population	66,116
Percent change	28%
AAGR	1.25%

Source: Portland State University, Population Research Center report *Population Forecasts for Marion County, Its Cities and Unincorporated Areas 2010–2030*

Table 2 shows the distribution of population to the cities and urbanizing area within the Salem-Keizer UGB in 2010 based on information from staff at the Population Research Center at Portland State University.[69] In 2010, 15.9% of the population in the UGB was within the Keizer

[68] This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

[69] Table 1 shows the forecast for the Salem-Keizer UGB was to have 233,864 people in 2010. This was based on population estimate in 2007. Table 2 shows the Census estimate of population in the Salem-Keizer UGB in 2010, at 230,134 people. The reason for the different population numbers for the Salem-Keizer UGB in 2010 is that population grew slower than the PSU's forecast assumed between 2007 and 2010.

City Limits, 67.2% was within the Salem City Limits, and the remaining 17.0% was in the urbanizing area outside of City Limits but within the UGB.

Staff at the Population Research Center reported that the vast majority of people living within the urbanizing area are adjacent to the Salem City Limits, with fewer than 10 people living within the urbanizing area adjacent to the Keizer City Limits.

Based on this information, ECONorthwest concludes that it is reasonable to assume that in 2010, Keizer's City Limits and the portion of the adjacent urbanizing area (referred to as the Keizer portion of the UGB in the remainder of this memorandum) accounted for 15.9% of the Salem-Keizer UGB population in 2010.

Table 2. Distribution of Population to the Cities and Urbanizing Area within in the Salem-Keizer UGB, 2010

	2010 PSU Estimate	
	Population	Percent of UGB Total
Keizer city limits	36,478	15.9%
Salem city limits	154,637	67.2%
Urbanizing Area*	39,019	17.0%
Salem-Keizer UBG Total	230,134	100.0%

Source: Portland State University, Population Research Center staff, November 2018
*The urbanizing area is the area outside of City Limits but within the UGB.

Table 3 presents the population forecast for Keizer for the 2013–2033 period from the "Goal 9 and Goal 10 Analyses Reports" memorandum (April 15, 2013) by Johnson Reid.[70] This forecast shows Keizer growing by about 11,833 people over the 20-year period.

Table 3. Keizer Population Forecast for the 2013-2033 Period

Year	Keizer
2013	36,864
2033	48,697
Change 2013 to 2033	
Population	11,833
Percent change	32%
AAGR	1.40%

Source: "Goal 9 and Goal 10 Analyses Reports" memorandum (April 15, 2013) by Johnson Reid
2013 population from Figure 5 and 2033 population from Figure 6.

Table 4 presents the adopted population forecast for Keizer in 2032[71] and Salem's adopted population forecast in 2035. The information in Table 4 is from the following sources:

[70] Keizer's adopted forecast was based on the population forecast used in the Salem-Keizer Housing Needs Analysis 2012–2032, May 2011, ECONorthwest. Table 4 shows a forecast for Salem and Keizer's portion of the UGB for 2012 to 2032. It shows Keizer and its portion of the UGB growing from 37,992 people in 2012 to 50,961 people in 2032. Based on the forecast in Table 4 of the Salem-Keizer HNA, Keizer's population would account for between 15.8% and 16.6% of the entire Salem-Keizer UGB population.

[71] Ordinance No. 2012-656, adopted on May 7, 2012.

- **2032 Forecast**
  - Keizer portion of the UGB. 48,089 people. This is Keizer's **adopted** population forecast, as shown in the City of Keizer Comprehensive Plan, Chapter II, page 2.
  - Salem portion of the UGB. 259,437 people. This number was **extrapolated** by subtracting Keizer portion of the UGB from the total Salem-Keizer UGB population.
  - Salem-Keizer UGB Total. 307,526. This number was estimated by extrapolating the 2030 forecast for the Salem-Keizer UGB (Table 1), assuming the population in the UGB continued growing at an average annual growth rate of 1.25% between 2030 and 2032.
  - Keizer's portion of the UGB population was estimated to be 15.6% of the UGB population.
- **2035 Forecast**
  - Keizer portion of the UGB. 49,929 people. This number was **extrapolated** by subtracting Salem portion of the UGB from the total Salem-Keizer UGB population.
  - Salem portion of the UGB. 269,274 people. This number is Salem's **adopted** population forecast for the Salem portion of the UGB, from the Salem Comprehensive Plan.
  - Salem-Keizer UGB Total. 319,203. This number was estimated by extrapolating the 2030 forecast for the Salem-Keizer UGB (Table 1), assuming the population in the UGB continued growing at an average annual growth rate of 1.25% between 2030 and 2035.
  - Keizer's portion of the UGB population was estimated to be 15.6% of the UGB population.

Table 4. Population Forecasts and Estimated Distribution of Population for Keizer and Salem

	2032 Keizer's Adopted Forecast		2035 Salem's Adopted Forecast	
	Population	Percent of UGB Total	Population	Percent of UGB Total
Keizer portion of the UGB	**48,089**	15.6%	*49,929*	15.6%
Salem portion of the UGB	*259,437*	84.4%	**269,274**	84.4%
Salem-Keizer UGB Total	307,526	100.0%	319,203	100.0%

Source: Keizer's adopted population forecast: Keizer Comprehensive Plan Salem's adopted population forecast: Salem Comprehensive Plan.
Note: The number in green shading and bold is the adopted forecast. The numbers in italics are an extrapolation of the forecast based on the Salem-Keizer UGB total and the adopted forecast number. In short, the Salem portion of the UGB population in 2032 is extrapolated and the Keizer portion of the UGB population in 2035 is extrapolated

The information in Table 2 and Table 4 shows that the Keizer portion of the UGB is assumed to be between 15.6% (Table 4) and 15.9% (Table 2) of the Salem-Keizer UGB's population.

Current Population Forecast

The population forecast for the Salem-Keizer UGB was updated through development of new, official population forecasts for Marion and Polk Counties in June 2017. Table 5 presents the official forecast for the Salem-Keizer UGB for 2017 and 2040. Keizer is required by OAR 660-032 to use the 2017 forecast of population for the Salem-Keizer UGB for its housing needs analysis.

Assuming that Keizer's portion of the UGB is 15.6% of the total UGB population, Keizer is forecast to grow from 38,466 people in 2017 to 49,821 people in 2040.

Table 5. Salem-Keizer Population Forecast and Estimate of Keizer's Portion of the UGB, 2017 and 2040

Year	Salem-Keizer UGB	Estimated Population Keizer Portion of the UGB
2017	246,576	38,466
2040	319,368	49,821
Change 2017 to 2040		
Population	72,792	11,355
Percent change	30%	30%
AAGR	1.13%	1.13%

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

A housing needs analysis is based on a 20-year population forecast. Table 6 shows the forecast for Keizer's portion of the UGB population for the 2019 through 2039 period.

Table 6. Forecast of Population for Keizer's Portion of the UGB, 2019 and 2039

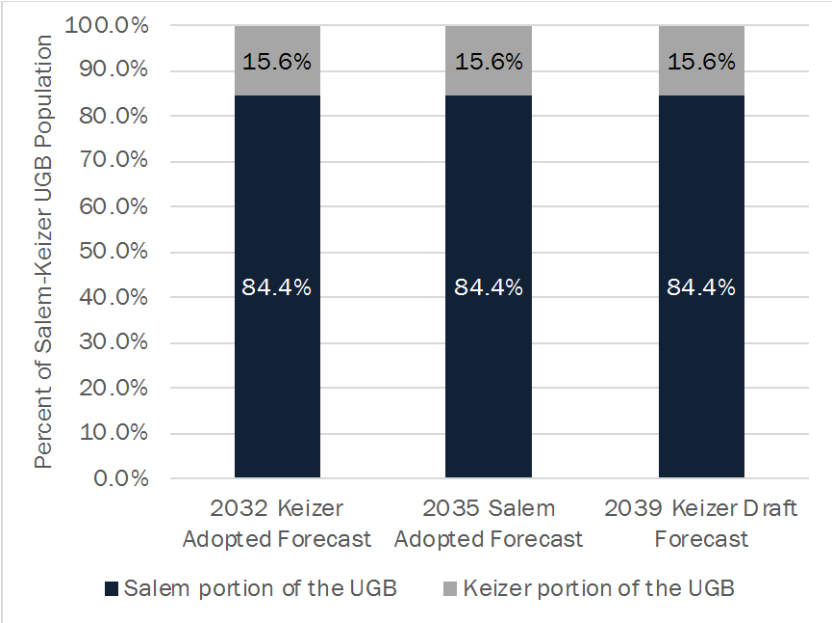
Year	Keizer Portion of the UGB
2019	39,395
2039	49,318
Change 2019 to 2039	
Population	9,923
Percent change	25%
AAGR	1.13%

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

Figure 1 compares the division of the Salem-Keizer UGB population by the cities in the past and current forecasts. Figure 1 shows that the division of population is the same for all three forecasts:

- The Salem portion of the UGB has 84.4% of the Salem-Keizer UGB population in all three forecasts.
- The Keizer portion of the UGB has 15.6% of the Salem-Keizer UGB population in all three forecasts.

Figure 1. Comparison of the Division of Salem-Keizer UGB Population by City in Past and Current Forecasts



2032 Forecast Source: Keizer's adopted population forecast: Keizer Comprehensive Plan
2035 Forecast Source: Salem's adopted population forecast: Salem Comprehensive Plan
2039 Forecast Source: ECONorthwest estimate of the Keizer portion of the UGB's population