
City of Hood River

Housing Needs Analysis

September 2015

Prepared for:
City of Hood River

FINAL REPORT

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Acknowledgments

ECONorthwest prepared this report for the City of Hood River. ECONorthwest and the City of Hood River thank the many people who helped to develop the Hood River Housing Needs Analysis.

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This project is partially funded through a technical assistance grant from the Department of Land Conservation and Development.

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1 Introduction

This report is part of the Hood River Housing Needs Analysis. The full study is contained in three documents:

- **Housing Needs Analysis** briefly presents the key findings and conclusions of the residential land study.
- **Hood River Housing Needs Analysis 2015 to 2035** presents the full results of the housing needs analysis (HNA) for the City of Hood River and is intended to comply with statewide planning policies.
- **Hood River Housing Strategy** presents recommendations for revisions to policies in Hood River’s Comprehensive Plan Housing Element and proposed policy actions to meet Hood River’s identified housing needs.

This report presents the Hood River Housing Needs Analysis 2015 to 2035. It is intended to comply with statewide planning policies that govern planning for housing and residential development, Goal 10 and OAR 660-008. The methods used for this study generally follow the *Planning for Residential Growth* workbook, published by the Oregon Transportation and Growth Management Program (1996). Where appropriate, the analysis uses “safe harbor” provisions found in OAR 660-024.

This report provides Hood River with a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in Hood River. The focus of the HNA is an assessment of whether Hood River has enough land within the City’s Urban Growth Boundary (UGB) to accommodate expected population growth. The report documents the inventory of vacant land in Hood River, based on tax lot data, data about development on each tax lot, and constraints to development (e.g., steep slopes or wetlands).

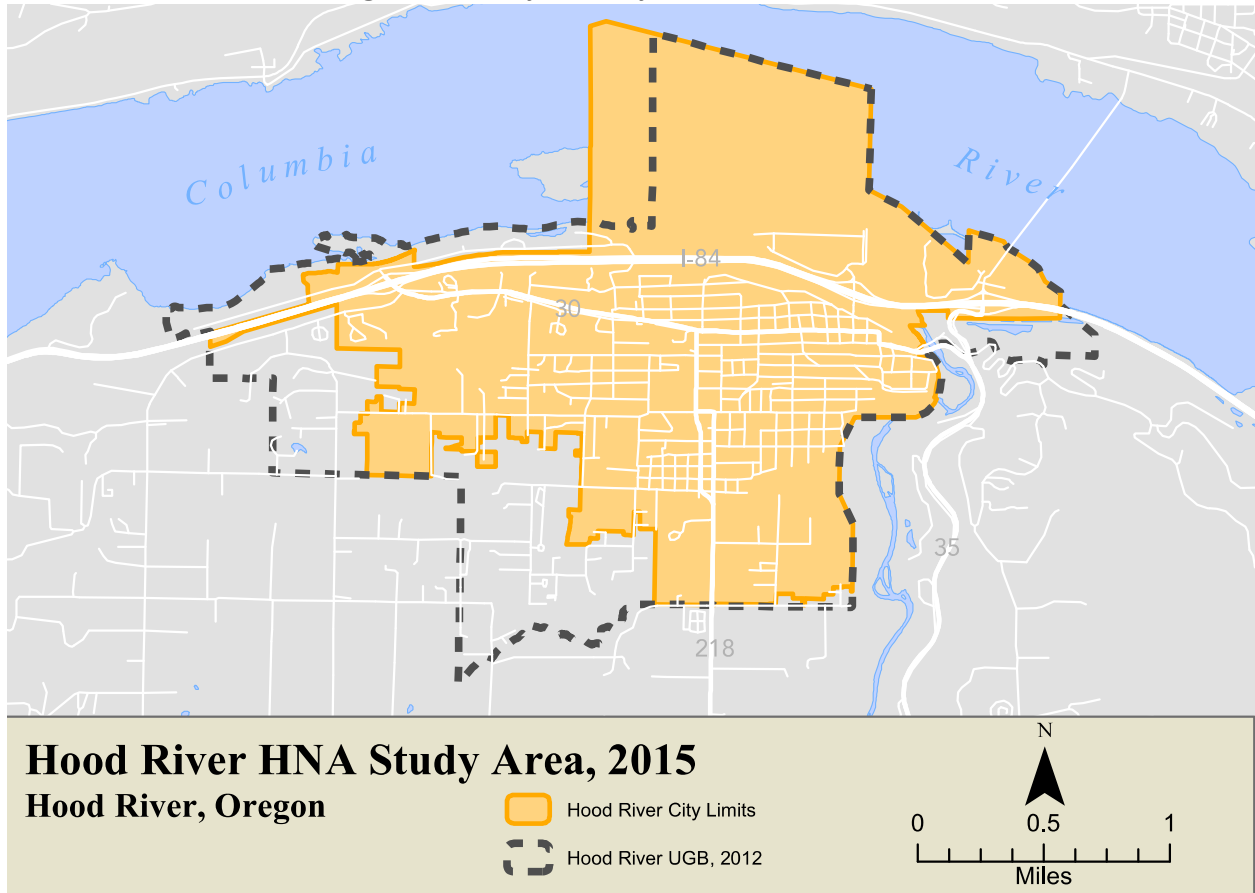
The report includes a forecast of needed housing and land for housing based on expected population growth. The forecast of housing needs considers historical information about Hood River’s housing market, including recent development trends, homeownership trends, and trends in housing prices. The forecast is based on Hood River’s forecast for population growth and considers information about the demographic and socioeconomic characteristics of Hood River’s current residents and trends that may affect housing choice over the 2015 to 2035 period.

A pressing and growing issue in Hood River is development of new and conversion of existing housing for short-term vacation rentals and for second homes. This report provides information about the existing amount of housing used for these purposes and information about historical growth of these types of housing. The conclusions of the HNA discuss the potential impacts of growth of these types of housing on Hood River’s residential land supply.

The report concludes with an assessment of whether Hood River can accommodate expected growth within the UGB and recommendations for changes to residential development policies to promote efficient use of residential land and to better meet housing needs in Hood River.

Exhibit 1 shows the study area for the HNA. This includes land within the Hood River city limits, as well as land outside the city limits but within the UGB in Hood River County.

Exhibit 1. Hood River Housing Needs Analysis Study Area, 2015



Source: ECONorthwest analysis of Hood River County GIS data

GOAL 10 REQUIREMENTS

Economists view housing as a bundle of services for which people are willing to pay. This includes shelter certainly, but also 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 tradeoffs. What they can get for their money is influenced by both economic forces and government policy. Moreover, different households will value what they can get 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; and the housing markets in Hood River and in Hood River County 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 Hood River between 2015 and 2035.

The complex nature of the housing market was demonstrated by the unprecedented boom and bust during the past decade. This complexity does not eliminate the need for some type of forecast of future housing demand and need. While 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.

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 LCDC 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 (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008). This requires incorporated cities to complete an inventory of buildable residential lands and to encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as “housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.” ORS 197.303 defines needed housing types as:

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

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.

Hood River 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 implementing administrative rules and statutes.

ORGANIZATION OF THE REPORT

The main document presents a summary of key data and analysis used in the HNA. The appendices present detailed tables and charts for the HNA. This document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** summarizes the inventory of vacant, suitable residential land.
- **Chapter 3. Historical and Recent Development Trends** presents a high-level summary of residential development in Hood River. Detailed tables and charts are presented in Appendix B.
- **Chapter 4. Housing Demand and Need** presents a housing needs analysis consistent with the Planning for Residential Growth Workbook. Detailed tables and charts supporting the demographic and other information discussed in Chapter 4 is presented in Appendix B.
- **Chapter 5. Residential Land Sufficiency** estimates residential land sufficiency in the Hood River UGB needed to accommodate expected growth over the planning period.
- **Appendix A. Residential Buildable Land Inventory Report**
- **Appendix B. Trends Affecting Housing Need in Hood River**

2 Residential Buildable Lands Inventory

This chapter provides a summary of the buildable lands inventory for the Hood River UGB. Appendix A presents the full buildable lands inventory, including the methodology for developing the inventory and the full results of the inventory.

DEFINITIONS

For the purposes of this study, the following definitions were used:

- **Vacant land.** Tax lots that have no structures or have buildings with very little improvement value. For the purpose of this inventory, residential lands with improvement values under \$10,000 are considered vacant.
- **Partially vacant land.** Partially vacant tax lots are those occupied by a use but which contain enough land to be further subdivided without need of rezoning. Residential parcels zoned R-1, R-2, U-R-1, or U-R-2, and one-half acre or more were assumed to be partially-vacant. One-quarter acre (10,890 square feet) of the parcel area was subtracted to account for the existing dwelling, assuming that the remainder is buildable land.
- **Undevelopable land.** Vacant land that is under the minimum lot size for the underlying zoning district, land that has no access or potential access, land that is already committed to other uses by policy, tax lots that are more than 90% constrained, or land used by a home-owners association.
- **Public land.** Lands in public or semi-public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations, such as hospitals. Public lands were identified using the Hood River County Assessment data with a total assessed value of \$0 and aided by using the property owner name. This category only includes public lands that are located in residential zones.
- **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, partially-vacant, or undevelopable are considered developed.

RESIDENTIAL BUILDABLE LAND INVENTORY RESULTS

The Residential Buildable Land Inventory includes a review of the following residential plan designations:¹

City of Hood River Zones and Plan Designations

- Urban Low Density Residential (R-1)
- Urban Standard Density Residential (R-2)
- Urban High Density Residential (R-3)

Hood River County Zones and Plan Designations

- Urban Low Density Residential (U-R-1)
- Urban Standard Density Residential (U-R-2)

Table 1 shows residential land in Hood River by classification (development status). The results show that Hood River has 1,128 total acres in residential plan designations. By classification, about 47% of the land is developed, 23% is partially vacant, 16% is vacant, 9% is public and 5% is undevelopable. About 14% of residential land is in the urban high density designation (R-3); 36% in urban standard density designations (R-2 and U-R-2) and 49% in urban low density designations (R-1 and U-R-1).

Table 1. Residential Land by Classification, Hood River UGB, 2015

Development Status	Plan Designation						Total	Percent of Total
	Inside Hood River city limits			Outside of city limits, within urbanizing area				
	Urban			Urban				
	Urban Low Density Residential (R-1)	Standard Density Residential (R-2)	Urban High Density Residential (R-3)	Urban Low Density Residential (U-R-1)	Standard Density Residential (U-R-2)			
Developed	91	201	103	93	41	529	47%	
Partially Vacant	50	10	11	130	61	262	23%	
Vacant	55	25	20	56	28	184	16%	
Public	35	33	18	7	5	97	9%	
Undevelopable	8	3	10	35	0	56	5%	
Total	239	272	163	320	134	1,128	100%	
Percent of Total	21%	24%	14%	28%	12%	100%		

Source: ECONorthwest analysis of City of Hood River GIS data.

¹ The residential zones in the Hood River UGB are the same as the Comprehensive Plan Designations. Throughout the report, we refer to these areas as Plan Designations because most housing needs analysis evaluate land sufficiency based on Comprehensive Plan Designations.

Table 2 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant and partially vacant land by plan designation. The results show that Hood River has about 318 buildable residential acres. Of this, about half is in tax lots classified as vacant, and half in tax lots classified as partially vacant. More than a third of all buildable residential land (113 acres) is in the urban low density plan designation outside of the UGB (U-R-1) and a quarter (81 acres) is in the urban standard density plan designation also outside of the UGB (U-R-2). Twenty-four percent (76 acres) is in the urban low density plan designation within the UGB (R-1) with the remaining 15% of buildable acreage in the urban standard density (R-2) and urban high density (R-3) designations.

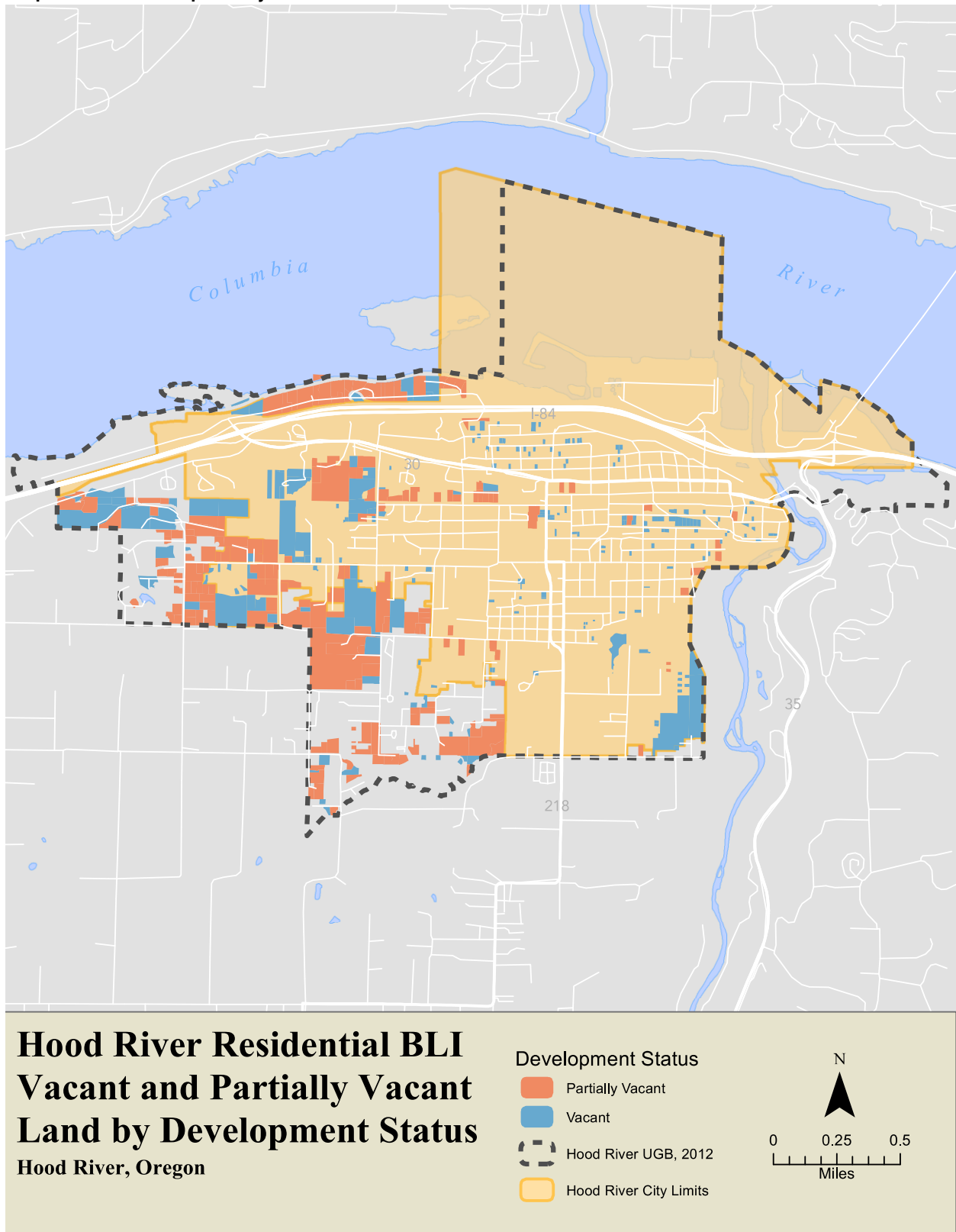
Table 2. Buildable acres in vacant and partially vacant tax lots by plan designation, Hood River UGB, 2015

Development Status	Plan Designation					Total	Percent of Total
	R-1	R-2	R-3	U-R-1	U-R-2		
Partially Vacant	32	6	6	71	54	168	53%
Vacant	44	23	12	42	27	149	47%
Total	76	29	18	113	81	318	100%
Percent of Total	24%	9%	6%	35%	26%	100%	

Source: ECONorthwest analysis of City of Hood River GIS data

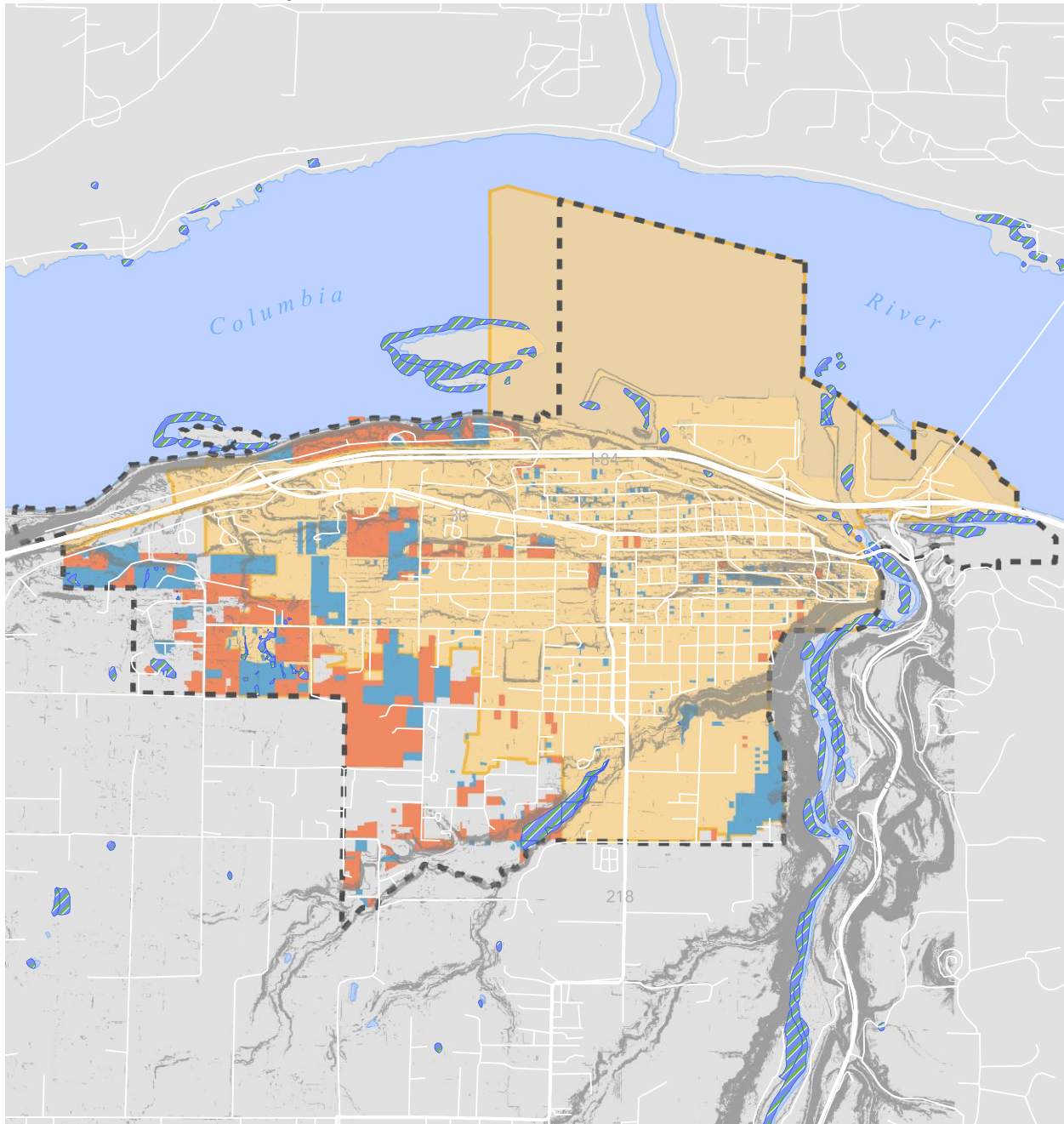
Map 2 and Map 3 show vacant and partially vacant residential land in Hood River.

Map 2. Vacant and partially vacant residential land



Source: ECONorthwest analysis of City of Hood River GIS data

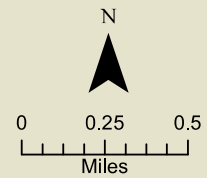
Map 3. Vacant and partially vacant residential land and development constraints



**Hood River Residential BLI
Vacant and Partially Vacant
Land by Development Status
with Constraints**
Hood River, Oregon

Development Status

- Partially Vacant
- Vacant
- Wetlands
- Slopes > 25%
- Hood River City Limits
- Hood River UGB, 2012



Source: ECONorthwest analysis of City of Hood River GIS data

3 Historical and Recent Development Trends

Analysis of historical development trends in Hood River provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data must be gathered
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 Hood River’s housing market over the 2000 to 2014 period. We selected this time period because it provides information about Hood River’s housing market before and after the national housing market bubble’s growth and deflation. In addition, data about Hood River’s housing market during this period is readily available, from sources such as the 2000 Decennial Census and the City and County’s building permit database.

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

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

For the purposes of this study, we grouped housing types based on: (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. Tenure and affordability are addressed in Chapter 4. The housing types used in this analysis are:

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

This chapter summarizes historical and recent development trends. These trends are described in more detail in Appendix B.

RESIDENTIAL DEVELOPMENT TRENDS

This section presents information about residential development trends in Hood River over the 2000 to 2014 period. The majority of information in this section is from the U.S. Census Bureau's 2009 to 2013 American Community Survey. The data tables and charts supporting this information are presented in Appendix B.

Single-family housing types make up the largest share of Hood River's housing stock.

- Single-family detached housing accounts for about 62% of Hood River's housing stock.
- Single-family attached housing accounts for about 3% of Hood River's housing stock.
- Multifamily housing accounts for about 35% of Hood River's housing stock.
- Over the 2000 to 2014 period, Hood River issued permits for nearly 955 dwellings within the city limits, with an average of about 64 units permitted each year.
- Fifty-nine percent of new housing permitted in Hood River between 2000 and 2014 was single-family detached (which includes single-family detached and manufactured housing). Over 820 single-family detached dwelling units were permitted over the 15-year period.²
- The City issued permits for 147 single-family attached and 131 multifamily dwelling units over the 15-year period.
- In the Urban Growth Area (UGA), the area between the city limits and the UGB, Hood River County issued permits for 201 single-family detached dwellings from 2000 to 2014.

More than half of the City of Hood River's residents own their home.

- Homeownership rates increased slightly over the last decade. Approximately 48% of housing in Hood River was owner-occupied in 2000 and 51% in the 5-year period from 2009 to 2013.
- Nearly all (94%) of owner-occupied housing was single-family detached.
- Renter-occupied housing was a mixture of multifamily and single-family attached (70%) and single-family attached (30%).

Hood River's vacancy rate is higher than the Hood River County and the State averages.

- In 2009-2013, Hood River's vacancy rate (14.9%) was higher than Hood River County's (12.6%) and much higher than Oregon's (9.6%).
- Hood River has a higher vacancy rate for seasonal, recreational, or occasional use (which roughly equates to secondary and vacation housing) than the State average. In Hood River, 7.7% of all housing was vacant for seasonal, recreational, or occasional use (269 dwelling units) over the 2009-2013 period, compared to the State average of 3.3%.

² Building permit data is from the Hood River City and Hood River County building permit databases.

Average density in Hood River for single-family detached, duplex, tri-plex, and quad-plex housing was 8.2 dwelling units per net acre for housing developed over the 2000 to 2013 period.

- Single-family and duplex/tri-plex/quad-plex densities increased from an average of 6.4 dwelling units per net acre for housing developed between 1993 to 1997 to an average of 10.1 dwelling units per net acre for housing developed over the 2008-2012 period.³
- Single-family and duplex/tri-plex/quad-plex densities averaged a development density of 8.2 dwelling units per net acre over the 2000 to 2013 period.

Average density in Hood River for townhouses and multifamily housing varied from about 14 dwelling units per net acre to nearly 43 dwelling units per net acre over the 2000 to 2014 period.

- Townhouse development averaged 15.3 dwelling units per net acre.
- Multifamily housing averaged 35.4 dwelling units per net acre.
- Development of townhouse and multifamily by zoning district over the 2000 to 2014 period varied by zone:
 - Urban Standard Density Residential (R-2): 14.7 dwelling units per net acre, based on development of 55 units
 - Urban High-density Residential (R-3): 18.3 dwelling units per net acre, based on development of 80 units.
 - Urban Low-density Residential (U-R-1): 9.4 dwelling units per net acre, based on development of 9 units.
 - General Commercial (C-2): 42.6 dwelling units per net acre, based on development of 43 multifamily units.

About 14% of Hood River's residential land is used for public rights-of-way.

- Land used for public rights-of-way (called a net-to-gross factor) averaged 14% across Hood River's residential zones, varying from 8% in the U-R-1 and U-R-2 zones (which have some relatively large areas with few roads) to 23% in R-2. Put another way, 14% of developed residential land in Hood River is in rights-of-way for roads, sidewalks, and other rights-of-way. This is consistent with average amount of land used for rights-of-way in other Oregon cities.

³ This analysis was done for DLCD's UGB Streamlining project, which is in response to HB 2254, developed by professors with University of Oregon's Planning, Public Policy, and Management Department

SHORT-TERM RENTAL AND SECONDARY HOUSING

Hood River is a tourism destination and some of Hood River's housing has long been used by people staying in Hood River for a short period or by people who own second houses in Hood River. The U.S. Census tracks housing that is vacant for these types of uses, referring to them as being vacant for "seasonal, recreational, or occasional use." Census data show:

- **The amount of seasonal and recreational housing has grown in Hood River.** Table B-2 shows that in 2010, 7.7% of Hood River's housing (269 units) was vacant for these uses. The number of units vacant for these types of uses in Hood River increased from 4% of housing in 2000 (105 units).
- **Hood River's percentage of seasonal and recreational housing is relatively high, compared to other non-coastal cities in Oregon.** Figure B-6 shows that in 2010, about 8% of Hood River's housing was used for seasonal and recreational uses, compared to 4% of Bend's housing and 3% of Ashland's housing. The percentage of housing used for seasonal and recreational uses in coastal cities in Oregon ranged from 14% of housing in Newport to 54% of housing in Cannon Beach.

One of the key goals of this report was to quantify more precisely the amount of housing used for short-term rentals and secondary housing in Hood River. This report uses the following definitions to describe these types of non-primary residential uses:

- **Short-term rentals (STRs)** are houses rented to people for a period of 30 days or fewer, generally for vacation uses.
- **Secondary housing** refers to houses that are the secondary residences of people who do not reside in Hood River. Secondary housing may be used for a few weeks of the year by the owners and vacant the rest of the year. Or secondary housing may also be used as a short-term rental. For the purpose of this study, housing that is used primarily by the owner and appears vacant the rest of the year is classified as secondary housing.

Hood River does not currently track the number of dwellings used for each of these purposes. However, the city does track the number of dwellings used for short-term rentals that register to pay transient room tax (TRT), as required by law. As of March 30, 2015, 166 units were registered within Hood River's UGB to pay TRT for short-term rentals.

Hood River city staff used the following methods to identify the number of STRs and secondary housing within the Hood River UGB:

- **Short-term rentals (STRs):** City staff worked with staff at each of the five short-term rental agencies in Hood River to identify all STRs located within the UGB. Staff cross referenced the list of STRs from the rental agencies with those registered to pay TRT, ensuring that all STRs on the TRT list were included in the inventory of STRs (without duplication). Staff also worked with data from on-line rental sites (e.g., AirBnB, VRBO, and Home Away) to include STRs that were not on the list of rentals from the rental

agencies. At each step of the inventory, staff made sure that each STR was in the inventory once, ensuring that there were no duplicates in the inventory of STRs. Staff verified the final inventory of STRs with the rental agency staff.

- **Secondary housing:** City staff worked with Hood River County staff to identify housing with owners both not living at the address and where the owner is not registered to vote in Hood River County. City staff identified secondary housing from that list of dwellings based on water billing data. Dwellings with no usage in February and usage in July were identified as secondary houses. Staff ensured that the list of secondary houses did not include units identified as STRs.

Based on this analysis, Hood River has about 190 dwelling units used as short-term rentals and 150 secondary homes. Together, these 340 units account for 9.6% of Hood River's housing stock.

4 Housing Demand and Need

A recommended approach to conducting a housing needs analysis is described in “Planning for Residential Growth: A Workbook for Oregon’s Urban Areas,” the Department of Land Conservation and Development’s guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

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

This chapter is structured around these steps. It summarizes information presented in tables and charts in Appendix B.

STEP 1: PROJECT THE NUMBER OF NEW HOUSING UNITS NEEDED IN THE NEXT 20 YEARS

Step 1 in the housing needs analysis is to project the number of *new* housing units needed during the planning period. This section describes the key assumptions and presents an estimate of new housing units needed in Hood River between 2015 and 2035. The key assumptions are based on the best available data and may rely on safe harbor provisions, when available.⁴ Trends that may affect these assumptions and Hood River's housing need are described in Step 2 of the housing needs analysis.

- **Population.** A 20-year population forecast (in this instance, 2015 to 2035) is the foundation for estimating needed new dwelling units. Table B-4 in Appendix B shows that the Hood River UGB will grow from 9,317 people in 2015 to 13,845 people in 2035, adding 4,528 people over the 20-year period.⁵
- **Persons in Group Quarters.** Persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly 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 multiple-family dwellings.
In 2010, 0.8% of the City's population was in group quarters. **For the 2015 to 2035 period, we assume that 0.8% of new population, 35 people, will be in group quarters.**
- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size – which is the figure from the most-recent decennial Census at the time of the analysis. According to the 2010 Census, the average household size in Hood River in 2010 was 2.39 people. **Thus, for the 2015 to 2035 period, we assume an average household size of 2.39 persons per household.**
- **Vacancy Rate.** The Census defines vacancy as: "Unoccupied housing units are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census

⁴ 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."

⁵ This forecast will need to be adopted by the City of Hood River and Hood River County before the HNA is adopted.

It is also based on Keizer's adopted population forecast for 2032, which is documented in Ordinance number 2012-656, adopted by Keizer on May 7, 2012.

identified vacant through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

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

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the most-recent decennial Census. According to the 2010 Census, Hood River’s vacancy rate was 5.6% in 2010 for housing that is vacant for: “rent, rented, not occupied; for sale only; sold, not occupied.” **For the 2015 to 2035 period, we assume a vacancy rate of 5.6%.**

Table 3 shows the forecast of demand for new dwelling units in the Hood River UGB for the 2015-to-2035 period, based on the assumptions described above. Hood River will have demand for 1,985 new dwelling units over the 20-year period, with an annual average of 99 dwelling units.

Table 3. Forecast of demand for new dwelling units, Hood River UGB, 2015 to 2035

Variable	New Dwelling Units (2015-2035)
Change in persons	4,528
<i>minus</i> Change in persons in group quarters	35
<i>equals</i> Persons in households	4,493
Average household size	2.39
New occupied DU	1,880
<i>times</i> Aggregate vacancy rate	5.6%
<i>equals</i> Vacant dwelling units	105
Total new dwelling units (2015-2035)	1,985
Annual average of new dwelling units	99

Source: Calculations by ECONorthwest

2010 Census data about group quarters, average household size, and vacancy rate.

Note: The annual average number of new units (1,168) is the average number of units over the 20-year period. Development will happen in uneven cycles, with more development some years and less other years.

STEP 2: IDENTIFY RELEVANT NATIONAL, STATE, AND LOCAL DEMOGRAPHIC AND ECONOMIC TRENDS AND FACTORS THAT MAY AFFECT THE 20-YEAR PROJECTION OF STRUCTURE TYPE MIX

This section presents summaries of housing market and demographic trends that may affect Hood River's housing market over the planning period, including national, state, and regional trends.

National Trends

Appendix B presents a full review of national housing trends. This brief summary builds on previous work by ECONorthwest, the Urban Land Institute (ULI) reports, and conclusions from *The State of the Nation's Housing, 2014* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

"With promising increases in home construction, sales, and prices, the housing market gained steam in early 2013. But when interest rates notched up at mid-year, momentum slowed. This moderation is likely to persist until job growth manages to lift household incomes. Even amid a broader recovery, though, many hard-hit communities still struggle and millions of households continue to pay excessive shares of income for housing."

Several challenges to a strong domestic housing market remain. Demand for housing is closely tied to jobs and incomes, which are taking longer to recover than in previous cycles. While trending downward, the number of underwater homeowners, delinquent loans, and vacancies remains high. *The State of the Nation's Housing* report projects that it will take several years for market conditions to return to normal and, until then, the housing recovery will likely unfold at a moderate pace.

National housing market trends include:⁶

- **Post-recession recovery slows down.** Despite strong growth in the housing market in 2012 and the first half of 2013, by the first quarter of 2014, housing starts and existing home sales were both down by 3% from the same time a year before, while existing home sales were down 7% from the year before. Increases in mortgage interest rates and meager job growth contributed to the stall in the housing market.
- **Continued declines in homeownership.** After 13 successive years of increases, the national homeownership rate declined each year from 2005 to 2013, and is currently at about 65%. The Urban Land Institute projects that homeownership will continue to decline to somewhere in the low 60% range.
- **Housing affordability.** In 2012, more than one-third of American households spent more than 30% of income on housing. Low-income households face an especially dire

⁶ 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 2013," (2) Urban Land Institute, "2011 Emerging Trends in Real Estate," and (3) the U.S. Census.

hurdle to afford housing. Among those earning less than \$15,000, more than 80% paid over 30% of their income and almost 70% of households paid more than half of their income. For households earning \$15,000 to \$29,000, more than 60% were cost burdened, with about 30% paying more than half of their income on housing.

- **Changes in housing characteristics.** National trends show that the size of single-family and multifamily units, and the number of household amenities (e.g., fireplace or two or more bathrooms) has increased since the early 1990s. Between 1990 and 2013 the median size of new single-family dwellings increased 25% nationally from 1,905 square feet to 2,384 square feet and 18% in the western region from 1,985 square feet to 2,359 square feet. Moreover, the percentage of units smaller than 1,400 square feet nationally decreased from 15% in 1999 to 8% in 2013. The percentage of units greater than 3,000 square feet increased from 17% in 1999 to 29% of new one-family homes completed in 2013.

In addition to larger homes, a move towards smaller lot sizes is seen nationally. Between 2009 and 2013, the percentage of lots less than 7,000 square feet increased from 26% of lots to 30% of lots. Similarly, in the western region, the share of lots less than 7,000 square feet increased from 43% to 48% of lots.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes could total as many as 13.2 million units nationally between 2015 and 2025. Much of the demand will come from Baby Boomers, Millennials,⁷ and immigrants.
- **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably the aging of the Baby Boomers, housing demand from the Millennials, and growth of foreign-born immigrants. Baby Boomers' housing choices will affect housing preference and homeownership, with some boomers likely to stay in their home as long as they are able and some preferring other housing products, such as multifamily housing or age-restricted housing developments.

In the near-term, Millennials and new immigrants may increase demand for rental units. The long-term housing preference of Millennials and new immigrants is uncertain. They may have different housing preferences as a result of the current housing market turmoil and may prefer smaller, owner-occupied units or rental units. On the other hand, their housing preferences may be similar to the Baby Boomers, with a preference for larger units with more amenities. 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.⁸

⁷ Millennials are, broadly speaking, the children of Baby Boomers, born from the early 1980's through the early 2000's.

⁸ 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."

State Trends

Oregon's 2011-2015 *Consolidated Plan* includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide.⁹ The plan concludes that "Oregon's changing population demographics are having a significant impact on its housing market." It identified the following population and demographic trends that influence housing need statewide. Oregon is:

- Facing housing cost increases due to higher unemployment and lower wages, as compared to the nation.
- Since 2005, is experiencing higher foreclosure rates compared with the previous two decades.
- Losing federal subsidies on about 8% of federally-subsidized Section 8 housing units.
- Losing housing value throughout the State.
- Losing manufactured housing parks, with a 25% decrease in the number of manufactured home parks between 2003 and 2010.
- Increasingly older, more diverse, and has less affluent households.¹⁰

2014.

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

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

⁹ http://www.ohcs.oregon.gov/OHCS/HRS_Consolidated_Plan_5yearplan.shtml

¹⁰ State of Oregon *Consolidated Plan 2011 to 2015*.

http://www.oregon.gov/ohcs/hd/hrs/consplan/2011_2015_consolidated_plan.pdf

Regional and Local Demographic Trends

Hood River has a growing population. Hood River's growing population will drive future demand for housing in Hood River over the planning period.

- Hood River grew by more than 2,800 people, a 61% increase in population, at an average annual rate of 2.1% over the 1990 to 2013 period.
- Hood River grew at a faster rate than the nation as a whole (1.0% per year), Oregon (1.4% per year), and Hood River County (1.4%) over this period.
- Population in the Hood River UGB is forecast to grow by 4,528 people between 2015 and 2035, at a 2.0% average annual growth rate.

Hood River's population is younger than the state, on average. Hood River has a larger share of young people, including young families with children, and a relatively small share of people over 40 years. If Hood River continues to attract young residents, then it will continue to have demand for housing for families, especially housing affordable to younger families with moderate incomes. Recent studies suggest that growth in younger residents (e.g., Millennials) will result in increased demand for both affordable single-family detached housing, as well as increased demand for affordable townhouses and multifamily housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

- In 2009-2013, the median age in Hood River was 34.4 years old, compared to the State median of 38.7.
- Compared to the state of Oregon as a whole, a higher percentage of Hood River's population is younger than 40 years old, and a lower percentage is older than 40.
- More than 16% of Hood River's population is under 10 years old, as compared to 12% statewide.
- The largest demographic in Oregon is the Millennials (born between 1981 and 2000), accounting for 27% of the State's population. About 30% of Hood River's population is made up by Millennials. In 2015, Millennials are between 15 to 34 years old and by 2035, they will be 35 to 54 years old. State forecasts for Hood River County show people in this age group growing by 2,800 people between 2015 and 2035.¹¹

Hood River's population is growing older. Although Hood River has a smaller share of people over 40 years old than the State average, Hood River's population is growing older, consistent with State and national trends. Demand for housing for retirees will grow over the planning period, as the Baby Boomers continue to age and retire.

Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted living facilities or age-restricted developments. These households will make a variety of housing choices, including:

¹¹ Oregon Office of Economic Analysis. Demographic forecasts
http://www.oregon.gov/DAS/OEA/docs/demographic/pop_by_ageandsex.xls

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 fails.

- The fastest growing age group over the 2000 to 2009-2013 period in Hood River was people aged 45 years and older, with the most growth in people aged 45 to 64.
- In Hood River, the population aged 45 to 64 grew by nearly 668 people (a 62% increase) between 2000 and 2009-2013.
- From 2000 to 2009-2013, the population age group aged 5 to 17 grew nearly 30 percent.
- State forecasts of growth by age group in Hood River County show the share of population that is 60 years and older is forecast to increase from 21% of the population in 2015 to 28% of the population in 2035. In comparison, the share of population 60 years and older in Oregon is forecast to increase from 23% to 27% of the population.¹²

Hood River is becoming more ethnically diverse. Growth in the Hispanic and Latino population will affect Hood River's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. Households for Hispanic and Latino immigrants are more likely to include multiple generations, requiring more space than smaller household sizes. As Hispanic and Latino households integrate over generations, household size typically decreases and housing needs become similar to housing needs for all households.

Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Growth in the number of farmworkers, both settled and migrant farmworkers, will increase need for affordable housing for farmworkers.

- In 2009-2013, Hispanic and Latino population accounted for 26% of Hood River's total population, compared to the State average of 12%.
- Hood River's Hispanic and Latino population grew by more than 559 people (41%) over the 2000 to 2009-2013 period.

Hood River's average household size is lower than State averages.

- In 2010, Hood River's average household size was 2.39 persons per household, compared with an average of 2.64 for Hood River County and 2.47 persons per household for the State as a whole.
- The size of households in Hood River grew slightly over the ten-year period between 2000 and 2010 (2.38 to 2.39). Over the same period, the average household size in the Hood River County fell from 2.70 to 2.64, while the State's average fell from 2.51 to 2.47.

¹² Oregon Office of Economic Analysis. Demographic forecasts
http://www.oregon.gov/DAS/OEA/docs/demographic/pop_by_ageandsex.xls

Hood River has a similar percentage of households with children, as well as single-person and non-family households.

- Hood River has a similar share of households with children (27%) compared to the State average (27%) and Hood River County (30%).
- Hood River had a larger share of single-person households (35%) than the Hood River County (24%).
- Hood River has a larger share of non-family households (44%) than Hood River County (33%).

Homeownership and household size are related with age. The relationships between age, income, and homeownership are well-documented.¹³ In general, as population ages, income and homeownership rates increase, plateauing around age 60 to 65. This trend is present in Hood River’s housing market. While homeownership decreases after age 74, many people continue to live in an owner-occupied dwelling until they are unable to do so. However, household size decrease and rental rates increase with age. As Hood River’s population ages, there may be more demand for smaller owner-occupied dwellings, rental housing, and housing for seniors.

- More than half of householders aged 35 and older were homeowners. Homeownership increases with age until 74 years old.
- After age 75, homeownership decreases.
- Householders younger than 35 years were more likely to be renters.
- Householders 75 years and older were more likely to be homeowners in single-person households.

¹³ The research about the relationship between demographics and housing demand is based on numerous articles and sources of information about housing, including:

- The Case for Multifamily Housing.* Urban Land Institute. 2003
- E. Zietz. *Multifamily Housing: A Review of Theory and Evidence.* Journal of Real Estate Research, Volume 25, Number 2. 2003.
- C. Rombouts. *Changing Demographics of Homebuyers and Renters.* Multifamily 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.

Hood River is part of a complex, interconnected regional economy. An important part of the City’s vision for housing is providing more opportunities for people who work in Hood River to live in Hood River. This issue is most significant for households with relatively low income, who cannot reasonably afford rental or ownership housing in Hood River. The City has some opportunities to influence whether people who work in Hood River live in Hood River, predominantly through zoning to allow for production of affordable housing types, such as small single-family detached housing, townhouses, and multifamily housing. In addition, the City can implement policies that reduce the cost of developing housing and can act as a partner in development of affordable housing.

However, the factors that affect households’ choices of where to locate are complex. They include: access to work shopping, recreation, and friends and family; quality of public service, especially schools; preferences for neighborhoods with specific characteristics; housing costs; preferences for housing and land with specific characteristics.

The planning and economics literature is inconclusive on the relative weight of site and structure characteristics in housing location choice. No one disagrees that travel time is an important variable that households consider when making a residential location choice. Casual observation of the choices of one's self and one's acquaintances confirms the point; the field of urban economics is based on the presumed tradeoff between travel time and land prices (which generally decrease with distance from places that a lot of people want to be).

- Commuting is typical throughout the region: 66% of Hood River’s working residents commuted outside the city, and about 58% of those who work in the city live outside the city itself.
- Commuting is common between Hood River, White Salmon, and Bingen. Interviews with stakeholders indicate that there is significant commuting between these cities. A primary reason that some households that work in Hood River choose to live in White Salmon and Bingen, rather than Hood River is that affordable housing is more available in White Salmon and Bingen. Other reasons, such as differences in state tax policy or community characteristics, may contribute to where households choose to live.

Hood River and Hood River County are home to a substantial number of farmworkers.¹⁴

Farm workers are “an individual whose principal employment is in agriculture on a seasonal basis, who has been so employed within the last twenty-four months.” Farmworkers include people employed in field agriculture, other agriculture (such as nursery and greenhouses), and food processing. Farmworkers may be migrant or they may have a permanent residence. Hood River County has an estimated 7,500 farmworkers, about 2,500 of whom are migrant workers.

Farmworker households may include multiple farmworkers, as well as people employed in

¹⁴ Information in this paragraph is from: *Oregon Update Migrant and Seasonal Farmworker Enumeration Profiles Study, Final*, by Alice C. Larson, Ph.D., completed in May 2013.

other industries. On average, farmworker households in Oregon have an average household size of 4.1 persons per household.

Discussion with stakeholders who work with farmworkers in Hood River County confirmed that more than half (and probably about 60%) of farmworkers in the County live in the County year-around. The income for farmworkers households in Hood River County is generally \$25,000 to \$30,000 per household, assuming there are at least two full-time workers in the household. This household income is considerably below the County average income.

Some farmworkers live at the farms where they work, especially for workers at larger farms. Farmworkers have difficulty finding affordable housing in Hood River County, including in the City of Hood River. A household earning about \$25,000 would be able to afford rent of about \$625 per month. As discussed in the following sections, the average rent in Hood River is considerably higher than this. As a result, the majority of housing affordable to farmworker households in Hood River is government-subsidized housing.¹⁵

¹⁵ This information is based on interviews with Jean Godfrey, the Executive Director of Columbia Food Growers and a member of the Oregon Farmworker Housing Facilitation Team. We also spoke with Theresa Wingard, the Oregon Housing and Community Services facilitator for the Oregon Farmworker Housing Facilitation Team.

STEP 3: DESCRIBE THE DEMOGRAPHIC CHARACTERISTICS OF THE POPULATION AND, IF POSSIBLE, HOUSING TRENDS THAT RELATE TO DEMAND FOR DIFFERENT TYPES OF HOUSING

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have, on average, less income than people who are older. They are less likely to have children. All of 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 illustrate 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; 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), the "empty nesters."¹⁶ Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, 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 Hood River over the next 20 years:

- **Growth in housing will be driven by growth in population.** Between 2000 and 2013 Hood River's population (within its city limits) grew by 1,629 people (28%). The population in Hood River's UGB is expected to grow by 4,528 people (49%) between 2015 and 2035.
- **On average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing. As a first approximation, the next three to five years of residential growth will look a lot like the last three to five years.
- **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.

¹⁶ See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

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

- *The Baby Boomer's population is continuing to age.* By 2035, people 60 years and older will account for 28% of the population in Hood River County (up from 21% in 2015). The changes that affect Hood River's housing demand as the population ages are that household sizes decrease and homeownership rates decrease.
- *Millennials will continue to age.* By 2035, Millennials will be roughly between about 35 years old to 55 years old. As they age, generally speaking, their household sizes will increase and homeownership rates will peak by about age 55. Between 2015 and 2035, Millennials will be a key driver in demand for housing for families with children.
- *Hispanic and Latino population will continue to grow.* The U.S. Census projects that by about 2040, Hispanic and Latino population will account for more than one-quarter of the nation's population. The share of Hispanic and Latino population in the western U.S. is likely to be higher. Hispanic and Latino population already account for more than one quarter of Hood River's population. In addition, Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in Hispanic and Latino population will drive demand for housing for families with children. Given the lower income for Hispanic and Latino households, especially first generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting.¹⁷

In summary, an aging population, increasing housing costs, housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables are factors that support the conclusion of need for a smaller and less expensive units and a broader array of housing choices.

¹⁷ The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first, second, and third generation households. In short, Hispanic and Latino households have lower median income than the national averages. First and second generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

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

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

Millennials and immigrants will drive demand for affordable housing types, including demand for small, affordable single-family units (many of which may be ownership units) and for affordable multifamily units (many of which may be rental units).

- **No amount of analysis is likely to make the distant future completely certain: the purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today.** Economic forecasters regard any 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. But a variety of factors or events could cause growth forecasts to be substantially different.

STEP 4: DETERMINE THE TYPES OF HOUSING THAT ARE LIKELY TO BE AFFORDABLE TO THE PROJECTED HOUSEHOLDS BASED ON HOUSEHOLD INCOME.

Hood River's household income is comparable to state averages. Income is a key determinant of housing affordability. Since 2000, Hood River's median household income has increased (in inflation-adjusted dollars).

- Hood River's median household income (\$48,858) was about 3% lower than the state median (\$50,200) in 2009-2013.
- Inflation-adjusted household income increased in Hood River from about \$43,400 in 2000 to \$48,900 in 2009-2013 (in 2013 dollars). This goes against state and regional trends. Over the same time period, the median inflation-adjusted household income fell from \$57,000 to \$50,000 for the State as a whole.
- Hood River has a smaller share of its population below the federal poverty line in 2009-2013 (13.2%) than the State average (16.2%).
- Poverty rates in Hood River fell from 17% of the population below poverty in 2000 to only 13% in the period from 2009-2013. This is consistent with regional trends; Hood River County saw a similar drop from 14% to 12% over the same period. However in these years, the poverty rate in Oregon increased from 12% to 16%.

Homeownership is increasingly expensive in Hood River. Sales prices for housing in Hood River increased substantially over the 2000 to 2014 period, consistent with national trends. While housing prices fell sharply in 2009, by 2014 the average sales price was about equal to the sales price at the highest point in the housing bubble, with a median sales price of about \$300,000.

- The median sales price in Hood River was \$318,000 in 2008, decreasing to a low of \$255,00 in 2012. The median sales price in Hood River for 2014 was \$309,000, decreasing to \$284,000 in February 2015. It is not clear whether this decrease is indicative of a longer-term trend or a short-term change in price.
- In 2009-2013, the typical value of an owner-occupied house was 6.4 times median household income. This is a substantial increase from 4.5 times median household

income in 2000. In comparison, the typical value of an owner-occupied house in Oregon in the 2009-2013 period was 4.7 times median household income, up from 3.6 in 2000.

Rental costs grew more slowly than income and home values.

- Rental costs have remained relatively constant over the 2000 to 2009-2013 period in Hood River, growing only 3% in inflation-adjusted dollars, while household incomes have increased (12%) and home values have gone up (29%) over the same period.
- A market analysis completed in 2012 showed market-rate multifamily rents in Hood River to average about \$960. One-bedroom units had rents ranging from \$660 to \$935, two-bedroom units rented for \$720 to \$960, and three bedroom units rented for \$825 to \$1,740.¹⁸
- Stakeholders (with primary housing rental agencies) report that rent for single-family homes ranges from \$700 to \$2,000 per month. Apartment rents range from \$500 to \$700 monthly for studio/one-bedroom units and \$750 to \$900 for two-bedroom units.

Approximately one-third of Hood River's households have affordability problems. Rental costs grew more slowly than income, but growth in home values have outpaced the region and the state, generating an affordability problem, particularly in regards to home ownership.

- Thirty-two percent of Hood River's households were cost burdened (i.e., paid more than 30% of their income on rent or homeownership costs) in 2009-2013. This is lower than Hood River County (35%) and the state average (40%).
- Roughly 40% of Hood River's renter households were cost burdened in 2009-2013. About 15% of renters were severely cost burdened (i.e., paid more than 50% of their income on rent).
- Twenty-five percent of Hood River's homeowners were cost burdened in 2009-2013. About 9% of homeowners were severely cost burdened (i.e., paid more than 50% of their income on homeownership costs).
- More than 25% of the city's households could not afford a studio apartment according to HUD's estimate of \$683 as fair market rent.
- About 35% of households in Hood River could not afford a two-bedroom apartment at HUD's fair market rent level of \$845.
- A household earning median family income (\$64,000) could afford a home valued up to about \$160,000.

Future housing affordability will depend on the relationship between income and housing price. The key question, which is difficult to answer based on historical data, is whether housing prices will continue to outpace income growth.

¹⁸ "Rental Housing Needs Assessment, Hood River," prepared for Columbia Cascade Housing Corporation, August 30, 2012.

STEP 5: DETERMINE THE NEEDED HOUSING MIX AND DENSITY RANGES FOR EACH PLAN DESIGNATION AND THE AVERAGE NEEDED NET DENSITY FOR ALL STRUCTURE TYPES.

Table 3 presents a forecast of new housing in Hood River's UGB for the 2015-2035 period. This section determines the needed mix and density for new housing developed over this 20-year period in Hood River.

Table 4 shows that, in the future, the need for new housing developed in Hood River will include more housing generally more affordable, with some housing located in walkable areas with access to services.

- Demographic changes suggest moderate increases in demand for attached single-family housing and multifamily housing. The key demographic trends that will affect Hood River's future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in Hispanic and Latino population. Growth of these groups has the following implications for housing need in Hood River:
 - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted living facilities or age-restricted developments. These households will make a variety of housing choices, including: remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted living facilities or nursing homes), as their health fails. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for single-family attached and multifamily housing. Some Baby Boomers may prefer housing in walkable neighborhoods, with access to services.
 - *Millennials.* Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. Millennial households will need each of the types of housing shown in Table 4. Some Millennials may prefer to locate in traditional single-family detached housing, at the edges of Hood River's UGB. Some Millennials will prefer to locate in housing closer to Downtown or in walkable neighborhoods, possibly choosing small single-family detached houses, townhouses, or multifamily housing. These households will be a primary driver of increased demand for smaller, less expensive housing types.
 - *Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable. Hispanic and Latino households are more likely to be larger than average, with more children and possibly with multigenerational households. The types of housing that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-

family housing with an accessory dwelling unit, and multifamily housing. In addition, growth in the number of farmworkers will increase need for affordable housing for farmworkers.

- About one-third of Hood River's households have affordability problems, suggesting a need for more affordable housing types. About 35% of Hood River's households could not afford a two-bedroom apartment at HUD's fair market rent level of \$845. A household earning median family income (\$64,000) could afford a home valued up to about \$160,000, which is considerably below the median sales price for single-family housing of about \$300,000 in Hood River.

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

- Some people who work in Hood River but live outside of the city would choose to move to Hood River if housing was available that was affordable to these workers. These households are more likely to need smaller, more affordable housing types, such as townhouses or multifamily housing. Anecdotal information suggests that workers in Hood River may have a very difficult time finding year-round rental housing, both housing that is affordable for low- and moderate-income households but also housing that is affordable to households with higher income. This suggests that Hood River needs more rental housing of all types. Multifamily housing and townhouses are more likely to be rental housing than single-family detached housing. However, about half of townhouses are currently used as short-term rentals or secondary homes.

The analysis in this report (summarized above) shows that in Hood River, the city needs to grow housing of all types but particularly needs an increase in housing that is relatively affordable, both market-rate affordable housing and government-subsidized affordable housing. The types of housing that will be more affordable, over time, are smaller-scale single-family detached, townhouses, and multifamily housing. The mix in Table 4 is consistent with an increase in the percentage of these types of housing developed over the 20-year period.

Table 4 presents the forecast of new housing in Hood River by type of housing. The forecast of housing by type of housing is different from Hood River's historical mix. The mix of Hood River's existing housing stock is: 62% single-family detached, 3% single-family attached, and 35% multifamily housing.¹⁹

¹⁹ 2009-2013 American Community Survey, U.S. Census

Table 4. Forecast of needed housing by housing type, Hood River UGB, 2015 to 2035

	New Dwelling Units (2015-2035)
Total new dwelling units (2015-2035)	1,985
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	55%
equals Total new single-family detached DU	1,092
Single-family attached	
Percent single-family attached DU	10%
equals Total new single-family attached DU	199
Multifamily	
Percent multifamily detached DU	35%
Total new multifamily DU	694
equals Total new dwelling units (2015-2035)	1,985

Source: ECONorthwest
 Note: DU is dwelling unit.

Table 5 allocates needed housing to plan designations in Hood River. The allocation is based, in part, on the types of housing allowed in the zoning designations in each plan designation. The allocation also reflects assumptions about development in commercial plan designations. Table 5 shows:

- **Urban Low Density Residential (R-1)** will accommodate new single-family detached housing.
- **Urban Standard Density Residential (R-2)** will accommodate a mixture of new single-family detached housing, single-family attached, and lower density multifamily housing, such as duplexes.
- **Urban High Density Residential (R-3)** will primarily accommodate multifamily, with a small amount of single-family detached and single-family attached housing.
- **General Commercial (C-2)** allows multifamily housing as a permitted use and will accommodate a substantial amount of multifamily housing.²⁰
- **Urban Low Density Residential (U-R-1)** will accommodate the majority of new single-family detached housing.
- **Urban Standard Density Residential (U-R-2)** will accommodate a mixture of new single-family detached housing, single-family attached, and lower density multifamily housing, such as duplexes.

²⁰ The Hood River Economic Opportunities Analysis (June 2011) identified a surplus of 46 acres of C-2 land (in the Medium growth scenario), beyond the land needed to accommodate growth over the 20-year period.

Table 5. Allocation of needed housing by housing type and plan designation, Hood River UGB, 2015 to 2035 period

	Plan Designation						Total
	Urban Low Density Residential (R-1)	Urban Standard Density Residential (R-2)	Urban High Density Residential (R-3)	General Commercial (C-2)	Urban Low Density Residential (U-R-1)	Urban Standard Density Residential (U-R-2)	
Dwelling Units							
Single-family detached	278	79	20	-	437	278	1,092
Single-family attached	-	40	20	-	-	139	199
Multifamily	-	40	258	297	-	99	694
Total	278	159	298	297	437	516	1,985
Percent of Units							
Single-family detached	14%	4%	1%	0%	22%	14%	55%
Single-family attached	0%	2%	1%	0%	0%	7%	10%
Multifamily	0%	2%	13%	15%	0%	5%	35%
Total	14%	8%	15%	15%	22%	26%	100%

Source: ECONorthwest
 Note: DU is dwelling unit.

Table 6 presents the assessment of needed density for housing built in Hood River over the 2015 to 2035 period. The assessment of needed density is based on a number of factors: (1) the types of housing and development densities allowed in each Plan Designation, (2) historical densities achieved in each Plan Designation since 2000,²¹ (3) the densities by type of plan designation described in OAR 660-024-0040(8)(f) Table 1,²² and (4) the range of housing need by income identified in Table 7, which includes need for housing for high income households to low- and very-low-income households.

Table 6 shows the following needed densities, in net and gross acres:²³

- **Urban Low Density Residential (R-1):** 6.0 dwelling units per acre, with 12% of land used for rights-of-way,²⁴ resulting in a density of 5.3 dwelling units per gross acre. The historical density of for single-family detached dwellings, duplexes, tri-plexes, and quad-plexes developed between 2000 and 2013 was 8.2 dwelling units per net acre.²⁵ This analysis assumes that only single-family detached housing will be built in R-1, at densities consistent with densities allowed in R-1.
- **Urban Standard Density Residential (R-2):** 10.0 dwelling units per acre, with 23% of land used for rights-of-way, resulting in a density of 7.7 dwelling units per gross acre. The historical density of for single-family attached and multifamily housing developed in R-2 between 2000 and 2014 was 14.7 dwelling units per net acre. This analysis assumes that mixture of new single-family detached housing, single-family attached, and multifamily will be built in R-2, at densities consistent with densities allowed in R-2. The needed density is lower than the historical density of multifamily development because of the types housing allocated to R-2 includes lower-density housing types, such as single-family detached.

²¹ While the analysis of historical densities provides useful information, it has some limitations. The analysis of historical development densities for single-family housing also includes development of denser housing types, such as duplexes, tri-plexes, and quad-plexes. While this is the best available information about single-family and ‘plex development, it likely overstates development densities for single-family detached housing. In addition, the analysis of historical density for multifamily housing is based on a limited number of new dwellings, including about 135 townhomes and 50 multifamily units. As a result, the historical density analysis provides guidance for future densities but does not provide sufficient information to determine future needed densities on its own.

²² While Hood River does not use the safe harbor in OAR 660-024-0040(8)(f) Table 1, the City did consider the densities described in Table 1. Hood River’s needed densities fit within the ranges described in Table 1. <http://www.oregon.gov/LCD/docs/adminrules/div024a.pdf>

²³ 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.

²⁴ The assumptions about land needed for rights-of-way are based on the historical percentages of land needed for rights-of-way, shown in Appendix B.

²⁵ These housing types are grouped together into one category in county assessor files, which was the source information about development by year for the density analysis.

- **Urban High Density Residential (R-3):** 21 dwelling units per acre, with 19% of land used for rights-of-way, resulting in a density of 17.0 dwelling units per gross acre. The historical density for single-family attached and multifamily housing developed in R-3 between 2000 and 2014 was 18.3 dwelling units per net acre. This analysis assumes that housing developed in R-3 will develop at slightly higher densities over the 20-year planning period, given the expected increase in demand for denser housing of all types.
- **Urban Low Density Residential (U-R-1):** assumptions about development in U-R-1 are consistent with assumptions about development in R-1, assuming that land in U-R-1 will develop to urban levels of density.
- **Urban Standard Density Residential (U-R-2):** assumptions about development in U-R-2 are consistent with assumptions about development in R-2, assuming that land in U-R-2 will develop to urban levels of density.
- **General Commercial (C-2):** 31 dwelling units per net acre, with 19% of land used for rights-of-way, resulting in a density of 25.0 dwelling units per gross acre. The historical density for multifamily housing developed in R-3 between 2000 and 2014 was 42.6 dwelling units per net acre. This analysis assumes that housing developed in C-2 will continue to develop at relatively high densities. However, given minimum density of 11 dwelling units per acre, development in C-2 may be a little less dense than in the past.

Table 6. Needed density for housing built in the Hood River UGB, 2015 to 2035 period

	Net Density (du/acre)	Percentage of Land for Rights-of-Way	Gross Density (du/acre)
Urban Low Density Residential (R-1)	6.0	12%	5.3
Urban Standard Density Residential (R-2)	10.0	23%	7.7
Urban High Density Residential (R-3)	21.0	19%	17.0
Urban Low Density Residential (U-R-1)	6.0	12%	5.3
Urban Standard Density Residential (U-R-2)	10.0	23%	7.7
Commercial (C-2)	31.0	19%	25.0

Source: ECONorthwest

Note: DU is dwelling unit.

Note: Gross density for C-2 is rounded from 25.1 dwelling units per acre to 25.0 dwelling units per acre.

Need for government assisted and manufactured housing

ORS 197.303 requires cities to plan for government-assisted 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.). Hood River allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Hood River 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.

- **Manufactured housing on lots.** Hood River allows manufactured homes on lots in in the R-1, R-2, and R-3 Zones. Hood River 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' Manufactured Dwelling Park Directory,²⁶ Hood River has two manufactured home parks within the City, with 78 spaces and no vacant spaces, both of which are located in the General Commercial Zone.

ORS 197.480(2) requires Hood River 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.

- Table 3 shows that Hood River area will grow by 1,985 dwelling units over the 2015 to 2035 period.
- Analysis of housing affordability (in Table 7) shows that about 31% of Hood River'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 2% (about 78 dwelling units) of Hood River's current housing stock.
- National, state, and regional trends during the 2000 to 2010 period showed that manufactured housing parks were closing, rather than being created. For example, between 2003 and 2010, Oregon had a statewide decrease of 25% in the number of manufactured home parks.
- The long-term trend that will lead to the closure of manufactured home parks is the 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. The trend in the closure of manufactured home parks increases the shortage of manufactured home park spaces. Without some form of public investment to

²⁶ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

encourage continued operation of existing manufactured home parks and construction of new manufactured home parks, this shortage will continue.

Table 7 shows that the households most likely to live in manufactured homes in parks are those with incomes between \$19,000 and \$32,000 (30% to 50% of median family income), although households in other income categories may live in manufactured homes in parks. Assuming that about 2% of Hood River's new single-family detached households choose to live in manufactured housing parks, the city may need about 40 new manufactured home spaces. At an average of 8 dwelling units per net acre, this results in demand for about 5 acres of land.

Manufactured home park development is an allowed use in all residential zones in Hood River's UGB. However, development of a new manufactured home parks in Hood River over the planning period is unlikely, given rising housing and land prices in Hood River, as well as the relatively small supply of vacant residential land. The land needed for development of a manufactured housing park is part of the forecast in Table 5.

STEP 6: ESTIMATE THE NUMBER OF ADDITIONAL NEEDED UNITS BY STRUCTURE TYPE

The next step in the housing needs analysis is the estimation of units by structure type and evaluating income as it relates to housing affordability. Table 7 shows an estimate of needed dwelling units by income level for the 2015-2035 period. Although income will change over the 20-year planning period, Table 7 assumes that the percentage of households in each market segment will remain relatively stable. The analysis uses market segments consistent with HUD income level categories and Hood River County's Median Family Income (MFI) estimate of \$64,000 in 2014.

The analysis shows that about 31% of households in Hood River have incomes considered relatively high (above 120% of Median Family Income) and that about 31% of the housing need in the 2015-2035 period will derive from households in these categories. The analysis also shows that 31% of Hood River's households could be considered low or very low income and that about 31% of the housing need in the 2015-2035 period will derive from households in these categories.

Table 7. Estimate of needed dwelling units by income level, Hood River, 2015-2035

Market Segment by Income	Income range	New Households 2015-2035		Financially Attainable Products	
		Number of Households	Percent of Households	Owner-occupied	Renter-occupied
High (120% or more of MFI)	\$76,800 or more	615	31%	All housing types; moderate and higher prices	All housing types; moderate and higher prices
Upper Middle (80%-120% of MFI)	\$51,200 to \$76,800	357	18%	Small single-family with lower values; single-family attached; duplexes; manufactured	All housing types; lower values
Lower Middle (50%-80% of MFI)	\$32,000 to \$51,200	397	20%	Manufactured on lots and in parks; single-family attached; duplexes	Single-family attached; detached; manufactured on lots; apartments
Low (30%-50% or less of MFI)	\$19,200 to \$32,000	357	18%	Manufactured in parks	Apartments; manufactured in parks; duplexes; government assisted housing
Very Low (Less than 30% of MFI)	Less than \$19,200	258	13%	None	Apartments, market-rate and subsidized; other government assisted housing

Source: Analysis by ECONorthwest;
 Number of households by income range from the 2009-2013 American Community Survey, Table B19001
 Income range based on HUD's 2014 Median Family Income of \$64,000

5 Residential Land Sufficiency

This chapter presents an evaluation of the sufficiency of vacant residential land in Hood River to accommodate expected residential growth over the 2015 to 2035 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Hood River’s ability to accommodate needed new housing units for the 2015 to 2035 period, based on the analysis in the housing needs analysis. This chapter also documents land needed for public and semi-public uses in residential areas, such as parks or churches. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis.

RESIDENTIAL DEVELOPMENT CAPACITY

This section presents a summary of the analysis used to estimate Hood River’s residential development capacity.

Framework for the capacity analysis

The BLI provides a *supply* analysis (buildable land by type) and the preceding section 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 get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size and shape, can all 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,”²⁷ can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

²⁷ 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 memorandum.

Capacity analysis results

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing based on the needed densities by the housing type categories shown in Table 6.

Table 8 shows that **Hood River’s vacant residential land has capacity to accommodate approximately 2,460 new dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates build from 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 (as opposed to historical observed densities). Those densities were derived from historical levels and the needed densities shown in Table 6. They are as follows:
 - Urban Low Density Residential, R-1 and U-R-1. The assumed density for these Plan Designations was 6.0 per net acre and 5.3 per gross acre.
 - Urban Standard Density Residential, R-2 and U-R-2. The assumed density for these Plan Designations was 10.0 per net acre and 7.7 per gross acre.
 - Urban High Density Residential, R-3. The assumed density for this Plan Designation was 21.0 per net acre and 17.0 per gross acre.
 - Commercial, C-2. The assumed density for this Plan Designation was 31.0 per net acre and 25.0 per gross acre.
- **Land for rights-of-way.** The capacity analysis also uses net-to-gross factors to make deductions for rights-of-way, as described in Table 6. The gross densities described above are the result of deductions for land for rights-of-way.

Table 8 presents the residential capacity estimates based on the assumptions described above. The results show that Hood River has capacity for 2,460 dwellings.

Table 8. Estimated housing development potential on vacant residential lands, number of dwelling units, Hood River UGB

	Plan Designation						Total
	Urban Low Density Residential (R-1)	Urban Standard Density Residential (R-2)	Urban High Density Residential (R-3)	General Commercial (C-2)*	Urban Low Density Residential (U-R-1)	Urban Standard Density Residential (U-R-2)	
Vacant & Partially Vacant Land (gross acres)	76	29	18	12	113	81	330
Density Assumption (du/gross acre)	5.3	7.7	17.0	25.0	5.3	7.7	7.5
Capacity (new dwelling units)	405	227	307	300	597	624	2,460

Source: ECONorthwest
Note: DU is dwelling unit.

The estimated capacity in Table 8 includes assumptions about infill occurring in Hood River over the 2015 to 2035 period. More than half of the capacity in residential Plan Designations is from partially vacant land. We assume that, over the 20-year period, much of the partially vacant land will infill and develop at urban densities.

Much of Hood River's opportunity for redevelopment will be in commercial areas, with redevelopment or reuse of underutilized buildings, or in urban renewal areas. Hood River has opportunities for development of mixed-use buildings in the C-2 Plan Designation, as shown in Table 8. Hood River may have opportunities for redevelopment as part of urban renewal in The Heights Urban Renewal District.

LAND NEEDED FOR OTHER USES

Cities need to provide land for uses other than housing and employment. Public facilities such as schools, governments, churches, parks, and other non-profit organizations will expand as population increases. Many communities have specific standards for parks. School districts typically develop population projections to forecast attendance and the need for additional facilities. All of these uses will potentially require additional land as a city grows.

Previous sections estimated land demand for housing and employment; this section considers other uses that consume land and must be included in land demand estimates. Demand for these lands largely occurs independent of market forces. Many can be directly correlated to population growth.

For the purpose of estimating land needed for other uses, these lands are classified into three categories:

- **Lands needed for public facilities.** This includes lands for city offices and maintenance facilities, state and state facilities, ports, substations, and other related public facilities. Land needs are estimated using acres per 1,000 persons for all lands of these types.
- **Lands needed for parks and open space.** The estimates use a parkland need based on discussions with the Hood River Valley Parks and Recreation District Director about plans for parks within the Hood River UGB.
- **Lands needed for semi-public uses.** This includes churches, non-profit organizations, and related semi-public uses. The analysis includes land need assumptions using acres per 1,000 persons for all lands of these types.

Table 9 shows land in public and semi-public uses by type for public and semi-public uses in residential land designations:

- **Lands needed for public operations and facilities.** In 2015, Hood River had 0.4 acres of land used for public facilities in residential Plan Designations. Table 9 shows that, assuming that this land demand remains the same, Hood River will need about 2 acres of land for public facilities in residential designations.

- **Lands needed for semi-public uses.** . In 2015, Hood River had 5.2 acres of land used for semi-public uses in residential Plan Designations. These uses were predominantly churches and non-profit organizations, including the hospital. Table 9 assumes that Hood River will continue to need land for semi-public uses but that it will need a smaller number of acres per 1,000 people because Hood River will not need new major facilities like a hospital over the 20-year planning period. Based on 4.0 acres per 1000 people, Hood River will need about 18 acres of land for public facilities in residential designations.

Table 9. Summary of public and semi-public uses and future need by type, Hood River UGB

	2015		2015-2035	
	Acres	Acres per 1,000 people	Acres per 1,000 people	Needed Acres
Public Facilities	3.8	0.4	0.4	1.9
Semi-Public	47.6	5.2	4.0	18.1
Total	51.5	5.6	4.4	20.0

Source: Hood River County Assessor, analysis by ECONorthwest

In addition to the 20 acres of land need shown in Table 9, Hood River will need about 30 acres of land for parks. According to discussions with the Hood River Valley Parks and Recreation District Director, Lori Stirn, Hood River will need about 5 acres of land for neighborhood parks within the UGB. In addition, the District is planning for development of a 25-acre sports facility inside of the Hood River UGB, which will include development of ball fields and other sports facilities identified as needed in *2012-2022 Parks and Recreation Master Plan*.²⁸

Table 9 does not include land for schools, as the Hood River County School District owns land where the District plans to site new schools in the foreseeable future. The School District is in the process of preparing a 10-year Facilities Plan, which will address plans for new schools on District-owned lands. In the longer-term, the District may need to acquire additional lands for a new high school but the location of a new high school is currently unknown. The District has no plans for acquiring that site in the foreseeable future and plans for a new high school would not be developed until the next update to the District’s Facilities Plan. As a result, the School District does not have an identified additional land need within the Hood River UGB at this time.²⁹

²⁸ The *2012-2022 Parks and Recreation Master Plan* was not adopted by the City of Hood River.

²⁹ Based on a discussion with Dan Goldman, Superintendent, Hood River County School District.

RESIDENTIAL LAND SUFFICIENCY

The last step in the analysis of the sufficiency of residential land within Hood River is to compare the demand for housing by Plan Designation (Table 5) with the capacity of land by Plan Designation (Table 8).

- **Urban Low Density Residential (R-1).** Hood River has surplus capacity for about 127 dwelling units or about 24 gross acres of land.
- **Urban Standard Density Residential (R-2).** Hood River has surplus capacity for about 68 dwelling units or about 9 gross acres of land.
- **Urban High Density Residential (R-3).** Hood River has surplus capacity for about 127 dwelling units or about 24 gross acres of land.
- **Urban Low Density Residential (U-R-1).** Hood River has surplus capacity for about 160 dwelling units or about 30 gross acres of land.
- **Urban Standard Density Residential (U-R-2).** Hood River has surplus capacity for about 108 dwelling units or about 14 gross acres of land.
- **General Commercial (C-2).** The capacity of the C-2 Plan Designation is estimated to be 300 dwelling units but the capacity could be higher, depending on housing market pressure. While Hood River’s economic opportunities analysis showed a surplus of land in C-2, the City should manage C-2 land both for employment uses and for multistory multifamily housing. Without residential development in C-2, Hood River would have a deficit of land for multifamily development.

Table 10 shows that Hood River has enough land to accommodate residential development at the needed densities, with land surpluses ranging from 9 acres in R-2 to 30 acres in U-R-1.

- **Urban Low Density Residential (R-1).** Hood River has surplus capacity for about 127 dwelling units or about 24 gross acres of land.
- **Urban Standard Density Residential (R-2).** Hood River has surplus capacity for about 68 dwelling units or about 9 gross acres of land.
- **Urban High Density Residential (R-3).** Hood River has surplus capacity for about 9 dwelling units or about one gross acre of land.
- **Urban Low Density Residential (U-R-1).** Hood River has surplus capacity for about 160 dwelling units or about 30 gross acres of land.
- **Urban Standard Density Residential (U-R-2).** Hood River has surplus capacity for about 108 dwelling units or about 14 gross acres of land.
- **General Commercial (C-2).** The capacity of the C-2 Plan Designation is estimated to be 300 dwelling units but the capacity could be higher, depending on housing market pressure. While Hood River’s economic opportunities analysis showed a surplus of land in C-2, the City should manage C-2 land both for employment uses and for multistory multifamily housing. Without residential development in C-2, Hood River would have a deficit of land for multifamily development.

Table 10. Comparison of capacity of existing residential land with demand for new dwelling units, Hood River UGB, 2015-2035

	Plan Designation						Total
	Urban			General Commercial (C-2)	Urban		
	Urban Low Density Residential (R-1)	Standard Density Residential (R-2)	Urban High Density Residential (R-3)		Urban Low Density Residential (U-R-1)	Standard Density Residential (U-R-2)	
Capacity	405	227	307	300	597	624	2,460
Needed New Units	278	159	298	297	437	516	1,985
Surplus (Deficit) dwelling units	127	68	9	3	160	108	475
Surplus (Deficit) acres	24	9	1	0	30	14	78

Source: ECONorthwest
 Note: DU is dwelling unit.

The analysis of land needed for public and semi-public uses (Table 9) shows that Hood River will need about 50 acres of land for public and semi-public land needs over the 2015-2035 period. Based on the analysis in Table 10, Hood River has sufficient land within the UGB to accommodate these land needs. While small-scale public and semi-public uses, such as churches or small parks, public and semi-public uses that need large parcels, such as the sports facility, may find it more difficult to identify an appropriate site.

Potential Land Need for Short-term Rentals and Secondary Housing

Growth of short-term vacation rentals and secondary housing are not accounted for in the analysis of residential land sufficiency in Table 10. The analysis of existing short-term vacation rentals and secondary housing concluded that between 8% and 10% of Hood River’s housing stock is used for short-term rental or secondary housing. About half of this housing is used for short-term rentals and half is used for secondary housing.

The impact of growth of these housing types on Hood River’s supply of residential land will depend on how many new short-term rentals and secondary housing units are newly built in Hood River. The analysis below shows the potential impact of development of short-term rentals and secondary housing beyond the forecast in Table 3 for growth of 1,985 new dwelling units resulting from population growth between 2015 to 2035.

- **Short-term rentals and secondary housing growth is 5% beyond the forecast.** This additional growth would result in 94 additional units (beyond the forecast for 1,985 new units).³⁰ As a result, Hood River would have an approximately 15-acre surplus of land in the following Plan Designations: R-1, R-2, U-R-1, and U-R-2. Hood River would have a small deficit (less than one acre) in R-3.
- **Short-term rentals and secondary housing growth is 10% beyond the forecast.** This additional growth would result in 188 additional units (beyond the forecast for 1,985

³⁰ In each of these variations on growth of new short-term vacation rentals and secondary homes, we assumed that: (1) all 50 acres of land for public and semi-public would develop over the planning period, (2) the mix of new short-term vacation rentals and secondary homes would be about the same as the needed housing mix (Table 4), with some single-family detached units, some townhouses, and some multifamily units, and (3) the density of this housing would be about the same as the needed density (Table 6).

new units). As a result, Hood River would have an approximately 5 acre surplus of land in the following Plan Designations: R-1, R-2, U-R-1, and U-R-2. Hood River would have a small deficit (about two acres) in R-3.

- **Short-term rentals and secondary housing growth is 15% beyond the forecast.** This additional growth would result in 282 additional units (beyond the forecast for 1,985 new units). As a result, Hood River would have an approximately 5-acre deficit of land in the following Plan Designations: R-1, R-2, U-R-1, and U-R-2. Hood River would have a small deficit (about four acres) in R-3.
- **Short-term rentals and secondary housing growth is 20% beyond the forecast.** This additional growth would result in 376 additional units (beyond the forecast for 1,985 new units). As a result, Hood River would have an approximately 15-acre deficit of land in the following Plan Designations: R-1, R-2, U-R-1, and U-R-2. Hood River would have a small deficit (about five acres) in R-3.

In each of the variations to the forecast for housing growth, Hood River has a small deficit of land for multifamily housing (R-3). This deficit might be accommodated through growth in the C-2 Plan Designation. If Hood River has growth of more than about 220 to 250 additional dwelling units for short-term rentals or secondary housing, the city will begin to have a deficit of land in the R-1, R-2, U-R-1, and U-R-2 Plan Designations.

While the variations above focus on growth of newly developed short-term rentals or secondary housing, conversion of existing housing used by year-round residents will have a similar effect of reducing housing availability for people who live (or would like to live) in Hood River year-round. Conversion of existing housing to these uses may result in increased demand for housing development for year-round residents, consuming Hood River's residential land base more quickly. Alternatively, conversion of existing housing to these uses may reduce housing options for people who want to live in Hood River, potentially having effects such as increasing housing prices or rents or increasing commuting.

CONCLUSIONS AND RECOMMENDATIONS

The key finding for the housing needs analysis is that Hood River's supply of land for residential development is very tight. While Hood River has sufficient land to accommodate expected growth over the 2015 to 2035 period, Hood River does not have much land beyond what is needed to accommodate this growth. The key conclusions from the housing needs analysis are:

- **Hood River's policies generally comply with Goal 10, except for regulation of townhouse development.** With one key exception, Hood River's policies comply with Goal 10 requirements. The exception is that Hood River's zoning code only allows townhouses in R-2 and R-3, where they are a conditional use. Single-family attached housing is needed housing type in Hood River. Needed housing types must be regulated through clear and objective standards and conditional uses allow for subjective standards in the review process that are not clear and objective.

The city must adopt standards for townhomes in the R-2 and R-3 zoning districts that are clear and objective, and that do not restrict the development of townhomes through unreasonable cost or delay. The city can craft clear and objective standards that address the types of issues that lead Hood River to adopt the current standards for townhome development, such as their use for short-term rental housing. For example, the city may want to limit development of townhomes in key areas or regulate the use of townhomes for short-term rentals. As long as such standards are clear and objective, and not unreasonably restrictive, they are permissible.

The regulation of townhouses in Hood River as a conditional use is, in part, a reaction to a substantial amount of development of townhouses for short-term rental housing. We recommend that the City evaluate options to regulate townhouses using clear and objective standards. The City may want to limit development of townhouses in key areas or regulate the use of townhouses for short-term rentals.

The City plans to address this issue as part of the upcoming project to revise key parts of Hood River's residential development policies in response to the issues identified in the housing needs analysis. The City plans to begin that project in Fall 2015.

- **Hood River has limited opportunities for future expansion of the UGB.** While this project did not include consideration of a UGB expansion, the City has considered UGB expansion in the past for other land uses. The city is surrounded by the Columbia River Gorge National Scenic Area and by farmland. Expansion in either of these areas will be extremely complicated and difficult.

Expanding into the National Scenic Area will require coordination with the Columbia River Gorge Commission, an agency with representatives from Oregon, Washington, each of the six counties within the National Scenic Area, and the U.S. Forest Service. Expansion into the National Scenic Area may require federal legislation to authorize an expansion of urban uses into the Area.

State law discourages expansion onto farmlands and requires that all other alternatives, such as increasing development capacity within the existing UGB or expansion onto

non-farmlands, be exhausted or found infeasible before expansion onto farmlands. Expansion onto farmlands will require coordination with local and regional stakeholders, some of whom strongly oppose expansion onto farmlands.

Given the complexities of any UGB expansion and the added complexities of expanding Hood River's UGB, we recommend that the City consider policies to use land within Hood River's UGB efficiently.

- **Hood River has a limited supply of residential land.** Hood River's residential land supply is essentially enough land to meet expected growth of new residents in Hood River over the next 20 years. If Hood River grows more quickly than the forecast for growth, then the city may not have enough land to accommodate additional growth. The following factors may affect consumption and availability of residential land in Hood River over the next 20 years:

- *Vacation rentals and secondary homes will require additional residential land for development.* The analysis of short-term rentals and secondary housing show that between 8% and 12% of Hood River's existing housing stock is used for these types of housing. The forecast for growth (Table 8) and sufficiency of land (Table 10) do not account for growth of short-term rentals and secondary housing. Growth of these types of housing will depend on numerous factors ranging from the health of the national economy, growth in tourism in Hood River and the mid-Columbia Gorge, development of other overnight accommodations (bed and breakfasts, hotels, and motels), and trends in the short-term rental market.

The addition of more than about 220 to 250 additional short-term rentals and secondary housing units would consume Hood River's "surplus" residential land. We recommend that the City monitor changes in the number of short-term rentals and secondary housing units, both existing units and newly built units, to assess the impact on the city's residential land base.

- *Timing of development of land that is within the UGB but outside the city limits will affect the availability of land for development.* About 60% of Hood River's vacant and partially vacant residential land (194 acres) is in U-R-1 or U-R-2, in the area that is within the UGB but outside the city limits. About 66 acres of this land is actively being used for agriculture (i.e., these areas have a farm deferral), with 61 acres of this land concentrated in a few parcels in U-R-2.

The City is required by the Goal 10 rules to assume that this land will be developed at some point over the 20-year planning period. However, if the landowners choose not to develop the lands for 7 to 10 years (or longer), the supply of available residential land for development in Hood River may become more constrained, especially for single-family detached and single-family attached housing. The effect may be increases in housing prices, especially if land prices increase or existing housing prices increase as a result of the constraints of land and housing supply.

We recommend that the City monitor residential land development closely and plan for upgrades to urban infrastructure (especially roads, water, and wastewater) to ensure a supply of development-ready residential land. This process will require

the City to continue to coordinate with other stakeholders, such as the County, the School District, and landowners.

- **Hood River has a very limited supply of land for multifamily development.** Hood River has about 18 acres of vacant and partially vacant R-3 land. Hood River is able to accommodate more than half of the City's need for multifamily land on residential land within the UGB. Accommodating the remaining land requires assuming that some land zoned C-2 will develop with housing, as part of a mixed-use development. The policy implications of Hood River's limited supply of multifamily land are:
 - *The City will need to use R-3 land as efficiently as possible.* We recommend that the City consider adopting policies to allow and possibly require higher development densities in R-3. These policies could include: increasing height limitations to allow for four-story buildings in selected areas, setting a minimum density in R-3 (e.g., a minimum density of 10 or 12 dwelling units per acre), or disallowing single-family detached housing in R-3.
 - *The City may want to consider rezoning land to increase the supply of land for multifamily development.* We recommend that the City identify opportunities to rezone land from R-1 and R-2 to R-3.
 - *The City will need to manage residential development in C-2 carefully.* While the 2011 economic opportunities analysis identified a surplus of land zoned C-2, ensuring the long-term availability of land for employment development is important. In the Waterfront Area, residential uses are required to be combined with other commercial uses in the same structure. We recommend that the City evaluate policies to ensure the preservation of land in C-2 for both residential and employment uses, such as requiring all residential land in C-2 to be combined with commercial uses. In addition, we recommend that the City consider policies to increase land use efficiency in C-2, such as increasing the minimum density of 11 dwelling units per acre or increasing height limitations to allow for four-story buildings in selected areas.
- **Hood River will need to continue to encourage efficient use of land for single-family development.** While development of single-family detached and single-family attached housing in Hood River already occurs in efficient development patterns, we recommend that the City implement policies to increase land use efficiency. Examples of such policies for predominantly single-family development include: allowing smaller lot sizes in R-1 (e.g., 5,000 square foot lots), allowing two dwellings per 5,000 square foot lot in R-2 regardless of the type of unit, or developing a cottage code to allow for development of small denser single-family detached housing.
- **Hood River has an existing deficit of affordable housing.** Hood River's housing prices, especially ownership prices, have increased substantially since 2000. For example, the median home value was 6.4 times median income in 2013, up from 4.5 in 2000. More than a third of Hood River households are unable to afford the fair market rent (\$845) on a two-bedroom rental in Hood River. In addition, half of the workers at businesses in Hood River live outside of the city or in nearby communities.

The City's policy options for providing opportunities to build housing, especially affordable housing (both market-rate and government-subsidized affordable housing) are limited. The most significant way that the City can encourage development of housing is through ensuring that enough land is zoned for residential development, eliminating barriers to residential development where possible, and providing infrastructure in a cost-effective way.

We recommend that the City consider other policy options to encourage development of comparatively affordable housing, such as: identifying surplus city land for development of government-subsidized housing (working with Mid-Columbia Housing Authority), working with stakeholders to support a community land trust, using funding tools (like tax increment financing) to support residential development or infrastructure necessary for residential development, and evaluating the use of a tax abatement program to support multifamily housing development.

The final conclusion of the housing needs analysis is that Hood River can take policy options to address the issues identified in this report, as recommended above. The Housing Strategy makes recommendations on policies that Hood River should implement, based on the analysis in this report and discussions with the project Technical Advisory Committee. We recommend that the Hood River Planning Commission and City Council review and evaluate the recommendations in the Housing Strategy and give their staff direction to implement those strategies, as the decision makers find appropriate.

Appendix A. Residential Buildable Lands Inventory

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 OAR 660-009 and OAR 660-024. ECO used 2015 data for this report. The following provides an overview of the buildable land inventory methodology and results.

OVERVIEW OF THE METHODOLOGY

The buildable lands analysis was completed through several sequential steps. First, 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 lastly summarized total buildable area by plan designation.

Data used for the analysis was provided by the Hood River County GIS Department. Specific data used included city boundaries, tax lots, zoning, National Wetland Inventory wetlands, and a digital elevation model (to calculate slopes). The analysis also used Federal Emergency Management Administration Q3 flood hazard data. The tax lot data was current as of January 2015.

DEFINITIONS

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- **Vacant land.** Tax lots that have no structures or have buildings with very little improvement value. For the purpose of this inventory, residential lands with improvement values under \$10,000 are considered vacant.
- **Partially vacant land.** Partially vacant tax lots are those occupied by a use but which contain enough land to be further subdivided without need of rezoning. Residential parcels zoned R-1, R-2, U-R-1, and U-R-2 one-half acre or more were assumed to be partially-vacant. One-quarter acre (10,890 square feet) of the parcel area was subtracted to account for the existing dwelling and assuming that the remainder is buildable land.
- **Undevelopable land.** Vacant land that is under the minimum lot size for the underlying zoning district, land that has no access or potential access, land that is already committed to other uses by policy, or tax lots that are more than 90% constrained, or land used by a home-owners association.
- **Public land.** Lands in public or semi-public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations,

such as hospitals. Public lands were identified using the Hood River County Assessment data with a total assessed value of \$0 and aided by using the property owner name. This category only includes public lands that are located in residential plan designations.

- **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, partially-vacant, or undevelopable are considered developed.

Following the initial classification of parcels, we visually scanned the result based using aerial photos to look for anomalies. Results were also sent to the City of Hood River to review and identify miss-classifications based on outdated data and better on-the-ground knowledge.

DEVELOPMENT CONSTRAINTS

Consistent with state guidance on buildable lands inventories, ECO deducted portions of residential tax lots that fall within certain constraints from the buildable lands including wetlands and steep slopes. Categories used were consistent with OAR 660-008-0005(2):

- Lands within floodways. We used FEMA FIRM maps to identify lands in floodways. No parcels with residential Plan Designations fell within a floodway. As a result, no land was deducted for this constraint.
- Lands in regulated wetlands. We used National Wetlands Inventory data to identify wetlands.
- Land with slopes over 25%. We calculated steep slopes using a digital elevation model file to identify areas with slopes over 25%, which is consistent with the Division 9 rule.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format. Although data for the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel - level analysis of lot availability and suitability. The results of the inventory have been aggregated by comprehensive plan designations, consistent with state planning requirements. As such, the inventory is considered to be accurate in the aggregate only and not at the parcel level. The Residential Buildable Land Inventory includes a review of the following residential comprehensive plan designations:

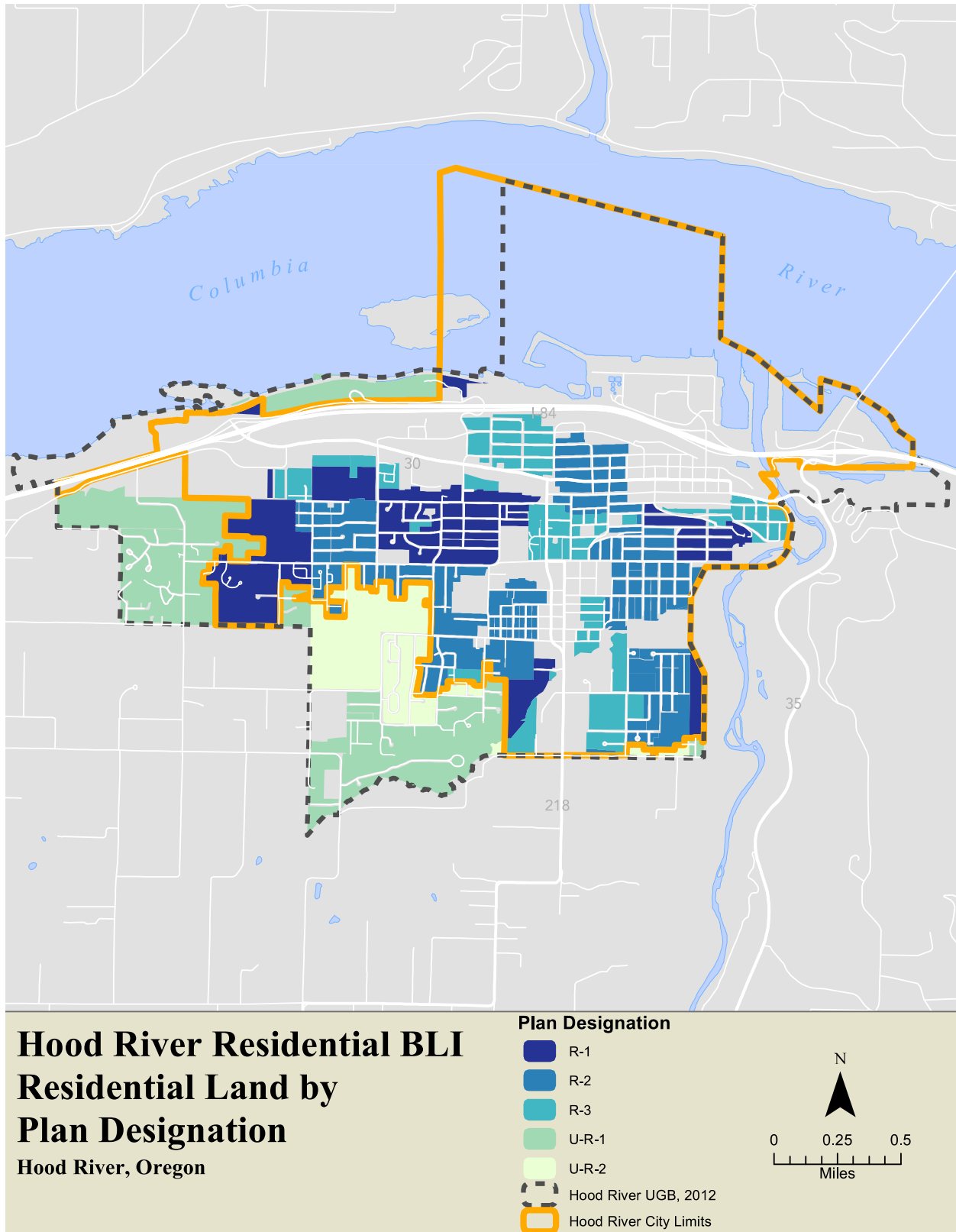
City of Hood River Plan Designations

- ☉ Urban Low-density Residential (R-1)
- ☉ Urban Standard Density Residential (R-2)
- ☉ Urban High-density Residential (R-3)

Hood River County Plan Designations

- Urban Low-density Residential (U-R-1)
- Urban Standard Density Residential (U-R-2)

Map A-1: Residential Plan Designations, Hood River UGB, 2015



Source: ECONorthwest analysis of Hood River County GIS data

RESIDENTIAL BUILDABLE LAND INVENTORY RESULTS

Table A-1 shows residential land in Hood River by classification (development status). The results show that Hood River has 1,128 total acres in residential plan designations. By classification, about 47% of the land is developed, 23% is partially vacant, 16% is vacant, 9% is public and 5% is undevelopable. About 14% of residential land is in the urban high density designation (R-3); 36% in urban standard density designations (R-2 and U-R-2) and 49% in urban low density designations (R-1 and U-R-1).

Table A-1. Residential Land by Classification, Hood River UGB, 2015

Development Status	Plan Designation						Total	Percent of Total
	Inside Hood River city limits			Outside of city limits, within urbanizing area				
	Urban			Urban				
	Urban Low Density Residential (R-1)	Standard Density Residential (R-2)	Urban High Density Residential (R-3)	Urban Low Density Residential (U-R-1)	Standard Density Residential (U-R-2)			
Developed	91	201	103	93	41	529	47%	
Partially Vacant	50	10	11	130	61	262	23%	
Vacant	55	25	20	56	28	184	16%	
Public	35	33	18	7	5	97	9%	
Undevelopable	8	3	10	35	0	56	5%	
Total	239	272	163	320	134	1,128	100%	
Percent of Total	21%	24%	14%	28%	12%	100%		

Source: ECONorthwest analysis of City of Hood River GIS data

Table A-2 shows land in all residential plan designations by development and constraint status. Hood River has 1,128 acres in 3,447 tax lots in residential plan designations. About 58% of total residential land (653 acres) is built, 14% (158 acres) is constrained, and 28% (318 acres) is buildable. Notably, 60% of buildable land is in urban low density (R-1 and U-R-1) plan designations.

Table A-2. Residential Land by Plan Designation

Plan Designation	Tax Lots	Total Acres	Built Acres	Constrained Acres	Buildable Acres
R-1	526	239	121	41	76
R-2	1,402	272	226	17	29
R-3	744	163	115	30	18
U-R-1	543	320	139	69	113
U-R-2	220	134	52	2	81
Total	3,447*	1,128	653	158	318
Percent of Total		100%	58%	14%	28%

Source: ECONorthwest analysis of City of Hood River GIS data

*The total number of tax lots includes 12 tax lots which fall under more than one plan designation. Their acreage has been broken up into the given categories accordingly.

Table A-3 shows buildable acres (e.g., acres in tax lots after constraints are deducted) for vacant and partially vacant land by plan designation. The results show that Hood River has about 318

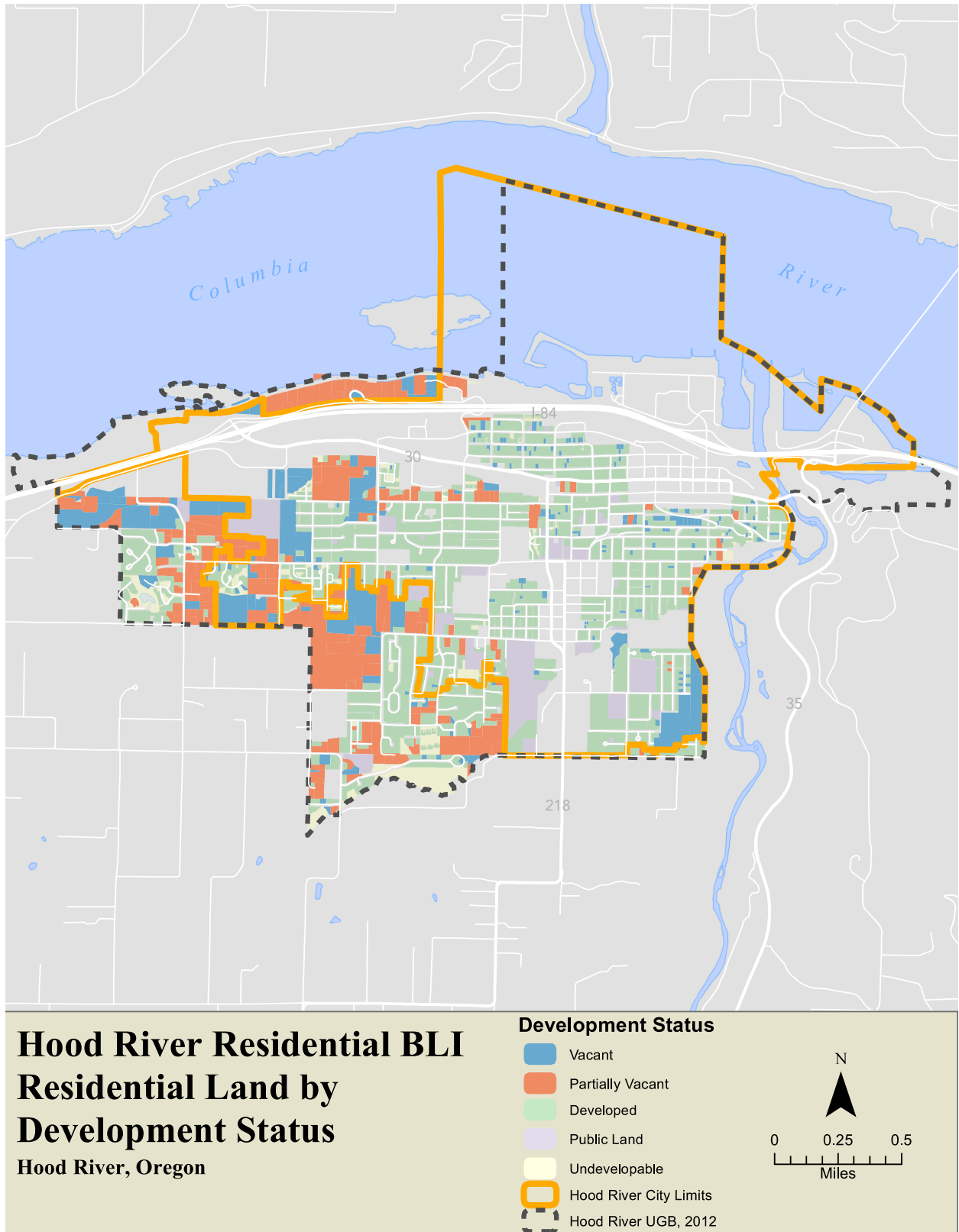
buildable residential acres. Of this, about half is in tax lots classified as vacant, and half in tax lots classified as partially vacant. More than a third of all buildable residential land (113 acres) is in the urban low density plan designation outside of the UGB (U-R-1) and more than a quarter (81 acres) is in the urban standard density plan designation also outside of the UGB (U-R-2). Twenty-four percent (76 acres) is in the urban low density plan designation within the UGB (R-1) with the remaining 15% of buildable acreage in the urban standard density (R-2) and urban high density (R-1) designations.

Table A-3. Buildable acres in vacant and partially vacant tax lots by plan designation, Hood River UGB, 2015

Development Status	Plan Designation					Total	Percent of Total
	R-1	R-2	R-3	U-R-1	U-R-2		
Partially Vacant	32	6	6	71	54	168	53%
Vacant	44	23	12	42	27	149	47%
Total	76	29	18	113	81	318	100%
Percent of Total	24%	9%	6%	35%	26%	100%	

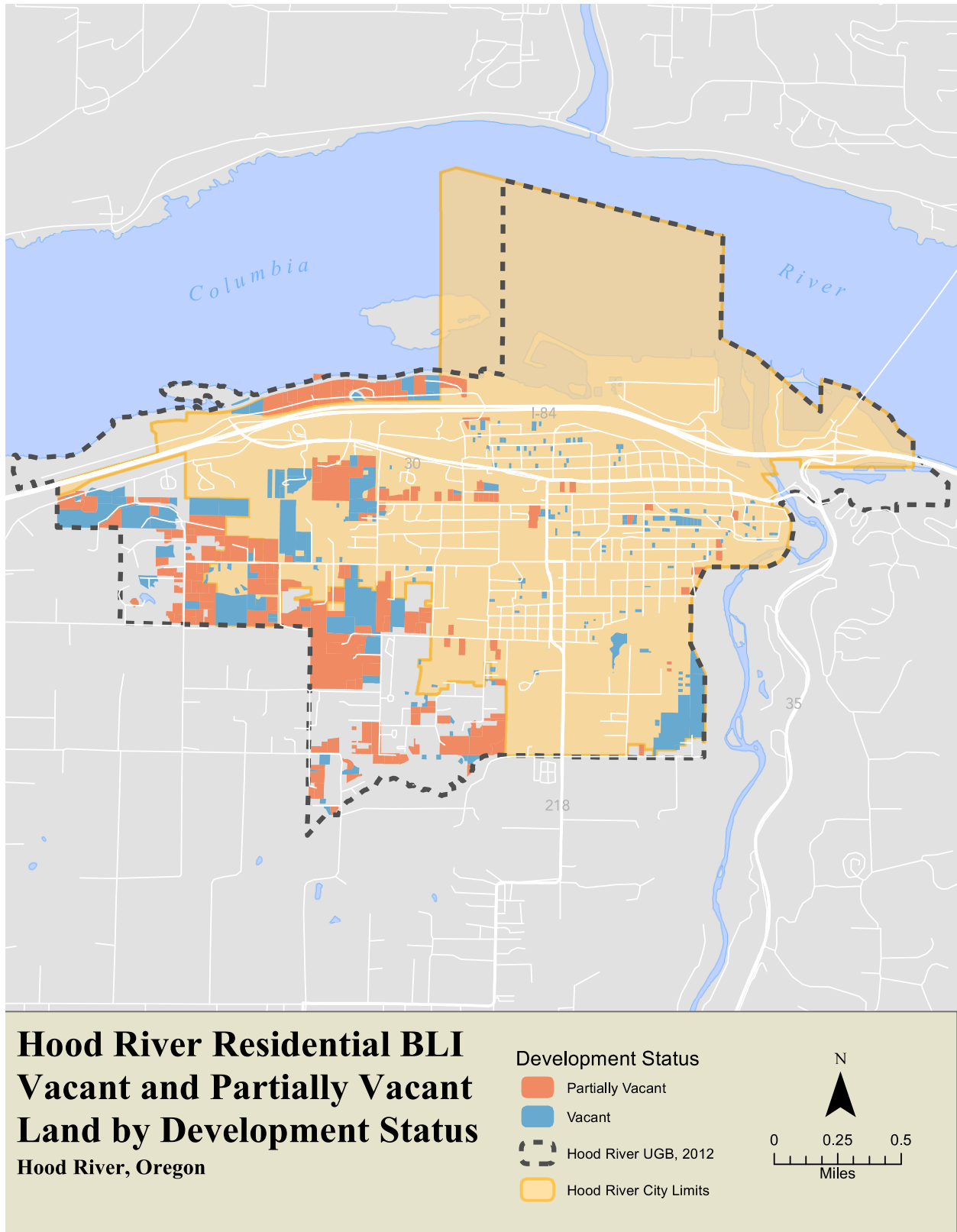
Source: ECONorthwest analysis of City of Hood River GIS data

Map A-2: Residential land by development status



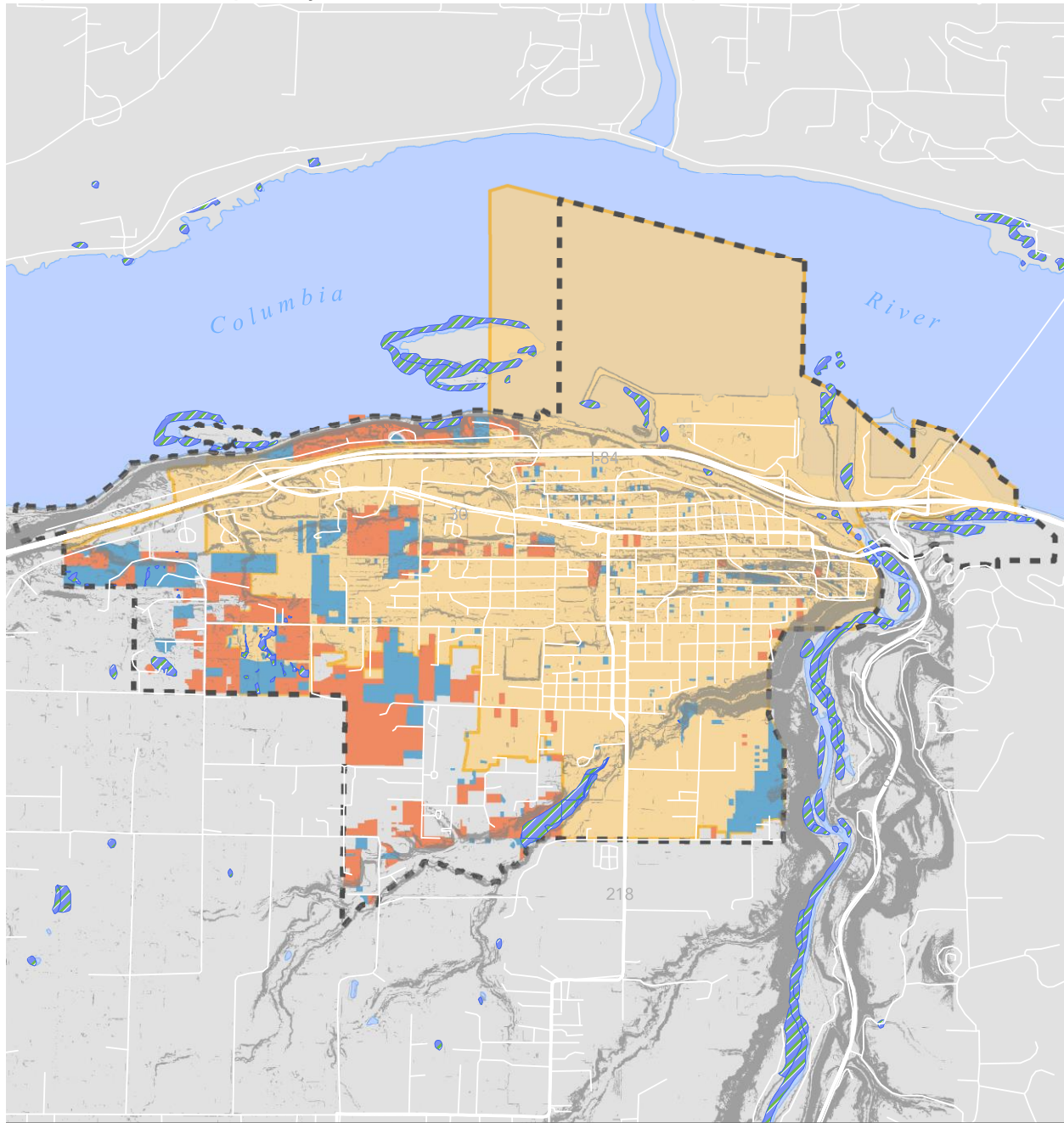
Source: ECONorthwest analysis of City of Hood River GIS data

Map A-3: Vacant and partially vacant residential land.



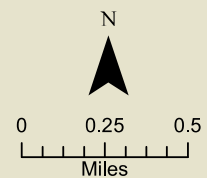
Source: ECONorthwest analysis of City of Hood River GIS data

Map A-4: Vacant and partially vacant residential land and development constraints



**Hood River Residential BLI
Vacant and Partially Vacant
Land by Development Status
with Constraints**
Hood River, Oregon

- Development Status
- Partially Vacant
 - Vacant
 - ▨ Wetlands
 - Slopes > 25%
 - Hood River City Limits
 - Hood River UGB, 2012



Source: ECONorthwest analysis of City of Hood River GIS data

Appendix B. Trends Affecting Housing Need in Hood River

HISTORICAL AND RECENT DEVELOPMENT TRENDS

Analysis of historical development trends in Hood River provides insights into how the local housing market functions. The intent of the analysis is to understand how local market dynamics may affect future housing—particularly the mix and density of housing by type. The housing mix and density by type are also key variables in forecasting 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 must be gathered
2. Identify types of housing to address (at a minimum, all needed housing types identified in ORS 197.303)
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 over the 2000 to 2014 period in Hood River’s housing market. We selected this time period because it provides information about Hood River’s housing market before and after the national housing market bubble’s growth and deflation. In addition, data about Hood River’s housing market is readily available, from sources such as the 2000 Decennial Census and the City and County’s building permit database.

The housing needs analysis presents information about residential development by housing types. For the purposes of this study, we grouped housing types based on: (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are:

- **Single-family detached** includes single-family detached units and manufactured homes on lots and in mobile home parks.
- **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 other than single-family detached units, manufactured units, or single-family attached units.

The reason for choosing these categories of housing type for the analysis is that they meet the requirements for the definition of needed housing types in ORS 197.303.

Data used in this analysis

Throughout this analysis, we use data from multiple sources, choosing data from well-recognized and reliable data sources. One of the key sources for data about housing and household data is the U.S. Census. This report primarily uses data from two Census sources:

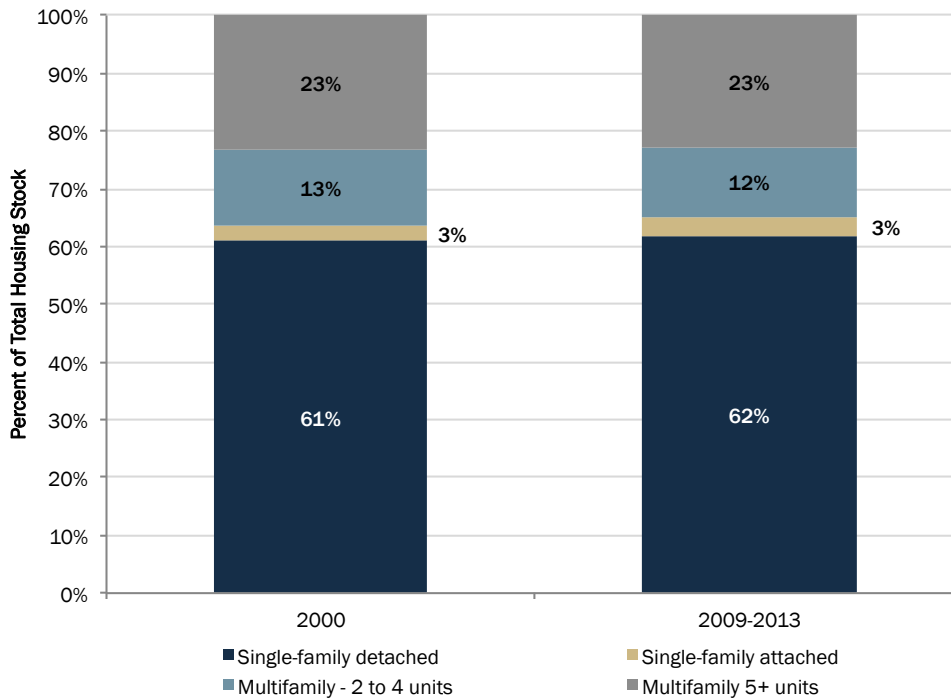
- The **Decennial Census**, which is completed every ten years and is a survey of all households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of the 2010 Decennial Census, it 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 1990, 2000, and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the U.S. The 2013 ACS sampled about 3.5 million households in 2013 or about 2.5% of the households in the nation. The ACS collects detailed information about households, such as: demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

In general, this report uses data from the 2013 ACS for Hood River. Where information is available, we report information from the 2010 Decennial Census.

Trends in housing mix in Hood River

Figure B-1 shows change in the mix of housing stock for Hood River (city limits) 2000, 2010, and 2009 to 2013 based on U.S. Census data. Hood River's mixture of housing has remained relatively stable since 2000, with slightly more than 60% of Hood River's housing in single-family detached housing types. About 3% of Hood River's housing stock is single-family attached and 35% is multifamily. The variation in the precise share of housing types is a result of the fact that the Census and American Community Survey are based on a survey of households, rather than substantial changes in Hood River's housing stock.

Figure B-1. Dwelling units by type, percentage of all housing stock, Hood River, 2000 and 2009 to 2013



Source: U.S. Census, 2000, SF3 H30; U.S. Census, ACS 2009-2013, B25024

Table B-1 and Figure B-2 show that the mix of housing developed over the 2000 to 2014 period was predominantly single-family housing (including single-family detached, single-family attached, and manufactured housing).

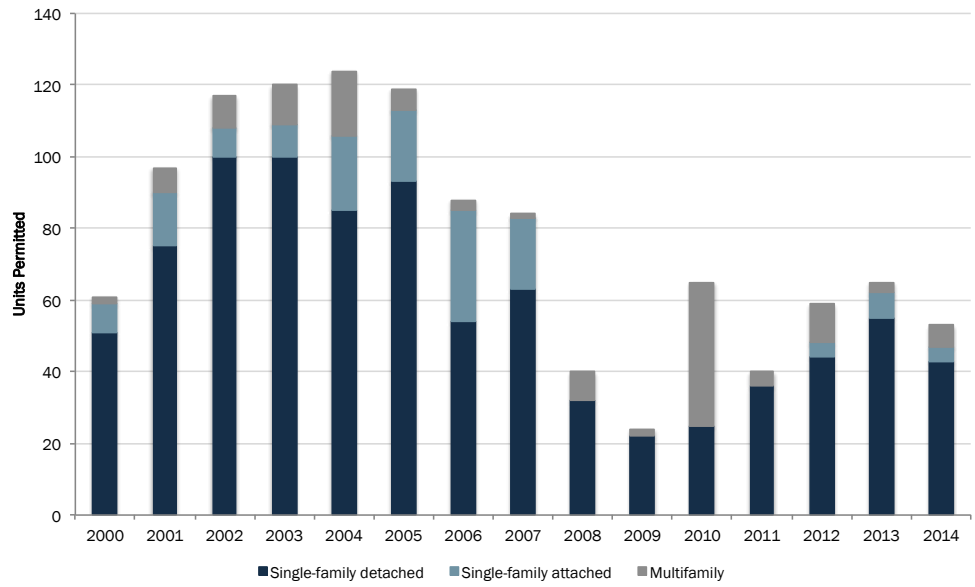
Over the entire 2000 to 2014 period, Hood River issued permits for more than 1,100 dwelling units, with about 83 permits issued per year. About 76% of dwellings permitted were single-family (detached and manufactured) and 11% were multifamily. An annual average of 83 dwelling units were permitted annually between 2000 and 2014.

Table B-1. Building permits by type of unit, Hood River, 2000 to 2014

Units Permitted	2000 - 2014	Percent of Total in City and UGA
Hood River City Limits		
Single-family detached	677	59%
Single-family attached	147	13%
Multifamily	131	11%
Sub-total	955	83%
Urban Growth Area		
Single-family detached	201	17%
Total	1,156	100%
Annual Average	83	

Source: City of Hood River and Hood River County Building Permit Databases

Figure B-2. Building permits by type of unit, Hood River portion of the UGB, 2000 to 2014

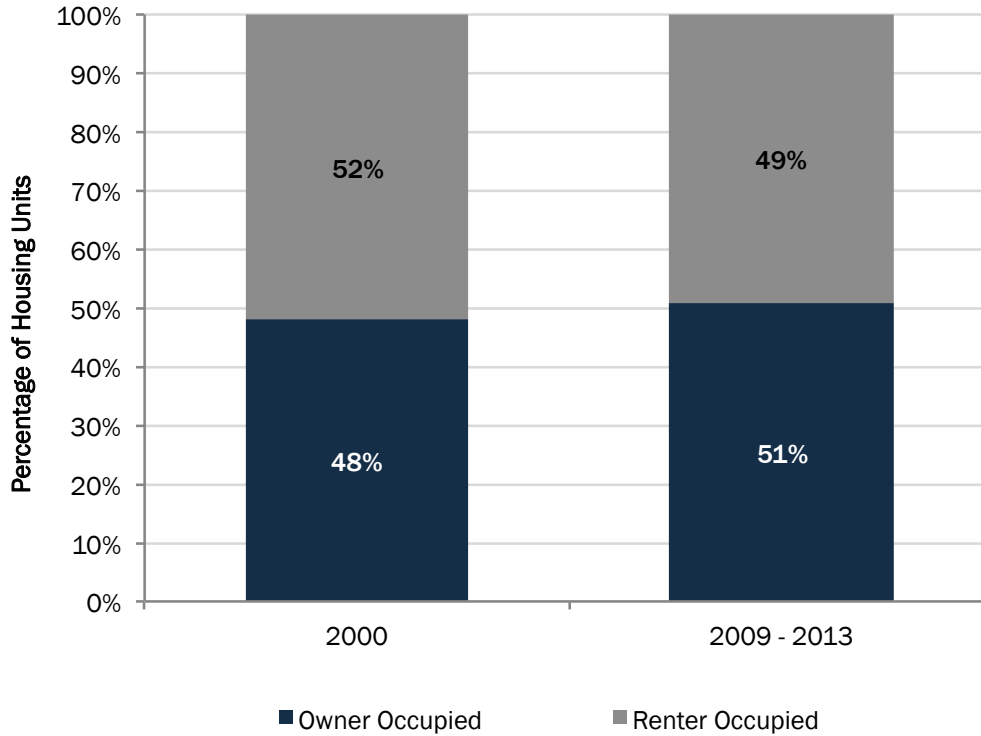


Source: City of Hood River and Hood River County Building Permit Databases

Trends in Tenure

Figure B-3 shows change in tenure for the City of Hood River over the 2000 to 2009-2013 period. The overall homeownership rate increased slightly, from 48% in 2000 to 51% by 2009-2013.

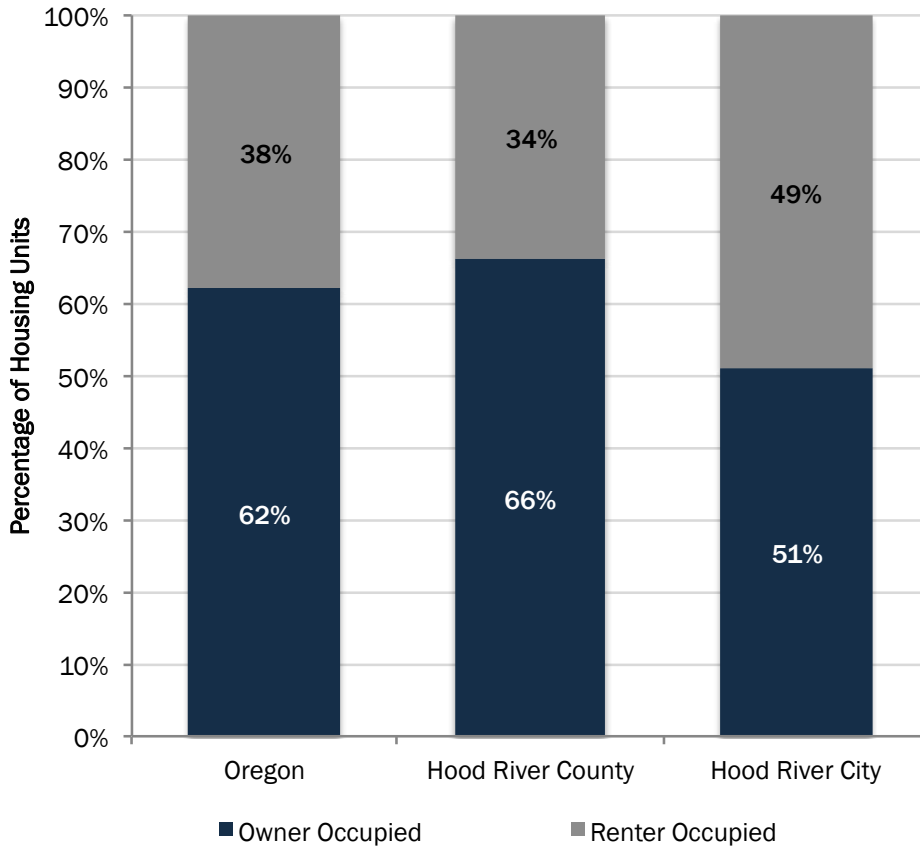
Figure B-3. Tenure, occupied units, Hood River, 2000 and 2009-2013



Source: U.S. Census 2000, SF3 H032; U.S. Census, ACS 2009-2013, B25003

Figure B-4 shows tenure (owner versus renter occupied housing units) for the City of Hood River, Hood River County, and Oregon during the 2009-2013 period. About half of households in the City of Hood River live in owner-occupied dwelling units, compared with 66% of households in Hood River County and 62% of Oregon households.

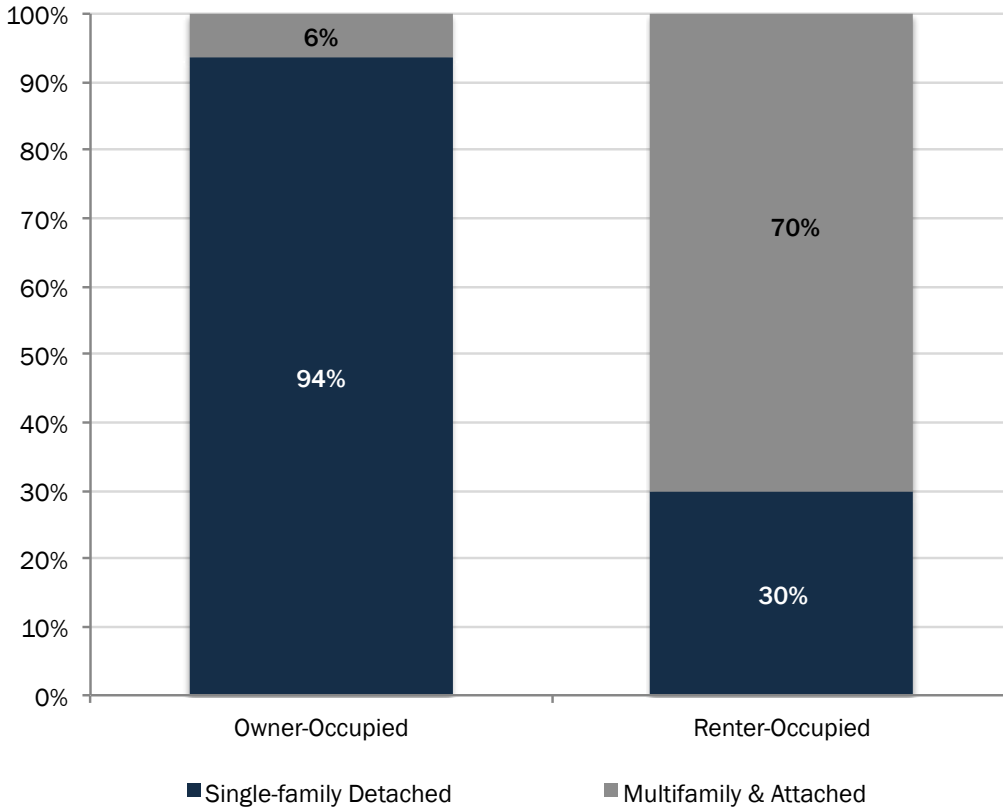
Figure B-4. Tenure, occupied units, City of Hood River, Hood River County, and Oregon, 2009-2013



Source: U.S. Census, ACS 2009-2013, B25003

Figure B-5 shows the types of dwelling units in Hood River in 2009-2013 by tenure (owner/renter-occupied). As seen in the figure, 94% of owner-occupied dwelling units are single-family detached units, while 6% are multi-family units and single-family attached. Among renter-occupied units, 70% are multi-family attached units, while 30% are single-family detached.

Figure B-5. Housing units by type and tenure, Hood River, 2009-2013



Source: U.S. Census, ACS 2009-2013, B25032

Vacancy Rates

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

Table B-2 shows vacancy rates in Oregon, Hood River County, and the City of Hood River between 2000 and 2010. Vacancy rates increased in each jurisdiction during this period. In 2010, Hood River had a relatively high vacancy rate (14.4%) compared to the Hood River County (11.8%) and Oregon (9.3%).

Vacancy rates for housing that is for rent, rented but not occupied, sold, or sold but not occupied were 5.6% in Hood River, 3.3% in Hood River County, and 4.3% in Oregon.

Table B-2 also shows the number and percent of dwellings that are vacant for seasonal, recreational, or occasional use. These units roughly equate to units that are secondary or vacation housing.³¹ In 2010, Hood River had 269 dwelling units that were vacant for seasonal, recreational, or occasional use, up from 105 units in 2000. These vacant units accounted for 7.7% of Hood River's housing stock in 2010.

³¹ The 2010 Census Summary File 1 Technical Documentation (September 2012) defined housing that is vacant seasonal, recreational, or occasional use as:

"These are vacant units used or intended for use only in certain seasons or for weekends or other occasional use throughout the year. Seasonal units include those used for summer or winter sports or recreation, such as beach cottages and hunting cabins. Seasonal units also may include quarters for such workers as herders and loggers. Interval ownership units, sometimes called shared-ownership or time-sharing condominiums, also are included here."

Table B-2. Vacancy rate, Oregon, Hood River County, Hood River, 2000 to 2010

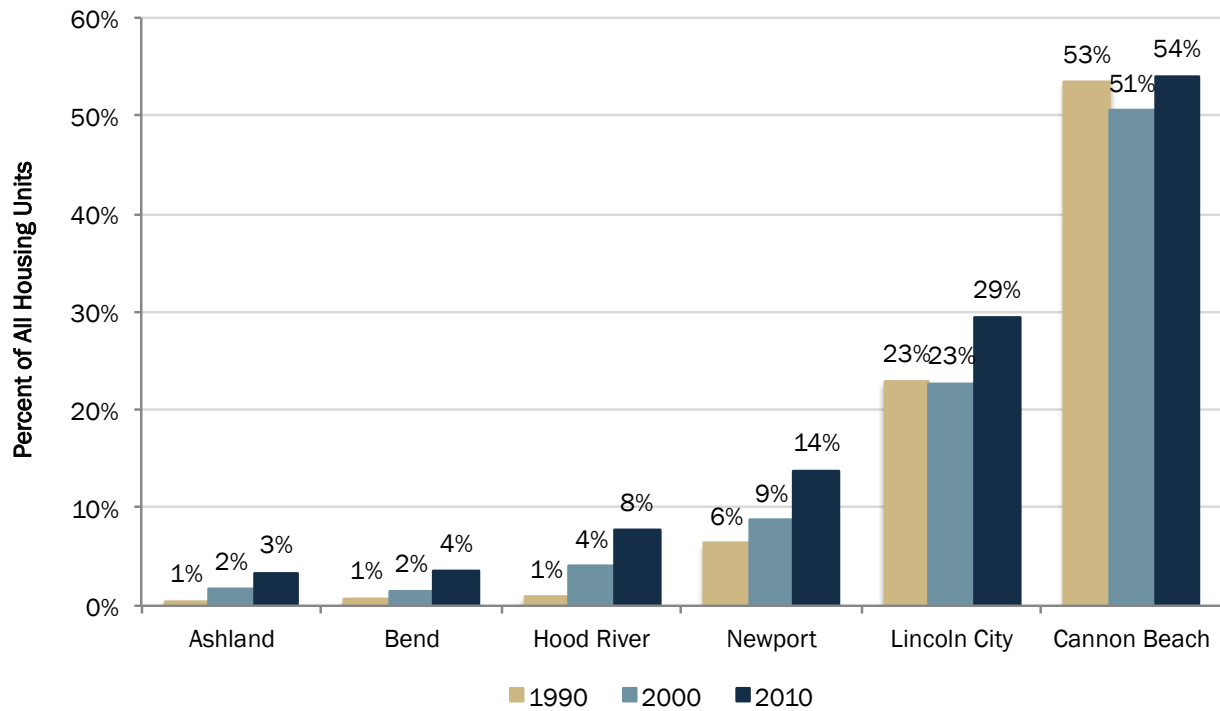
	Oregon		Hood River County		Hood River	
	Units	Percent of total dwellings	Units	Percent of total dwellings	Units	Percent of total dwellings
2000						
Vacant For:						
For rent	37,482	2.6%	97	1.2%	46	1.7%
For sale only	20,349	1.4%	67	0.9%	22	0.8%
Rented or sold, not occupied	7,158	0.5%	31	0.4%	15	0.6%
For seasonal, recreational, or occasional use	36,850	2.5%	227	2.9%	105	4.0%
For migrant workers	333	0.0%	51	0.7%	0	0.0%
Other vacant	16,814	1.2%	97	1.2%	28	1.1%
Total Vacant	118,986	8.2%	570	7.3%	216	8.2%
2010						
Vacant For:						
For rent	40,193	2.4%	164	1.8%	114	3.3%
For sale only	24,191	1.4%	108	1.2%	65	1.9%
Rented or sold, not occupied	7,009	0.4%	32	0.3%	14	0.4%
For seasonal, recreational, or occasional use	55,473	3.3%	497	5.4%	269	7.7%
For migrant workers	461	0.0%	101	1.1%	0	0.0%
Other vacant	29,297	1.7%	196	2.1%	39	1.1%
Total vacant	156,624	9.3%	1,098	11.8%	501	14.4%

Source: U.S. Census, 2000, SF1 DP-1 and H0005; U.S. Census, 2010, SF1 DP-1 and H5

Figure B-6 presents the percent of total housing units that are vacant for seasonal, recreational, or occasional use, for 1990, 2000, and 2010 for Hood River and selected cities in Oregon. In Hood River, this share rose from 1% in 1990 to 4% in 2000 and 8% in 2010. Ashland, Bend, Lincoln City, and Newport have also experienced significant growth in the share of housing units that are vacant for seasonal use since 1990. Cannon Beach, on the other hand, has remained relatively constant around 90% and 73% respectively.

In 2010 Hood River’s share, 8%, was higher than that of Ashland or Bend, at 3% and 4%, respectively. However, some of the other selected cities had a significantly greater share of vacant units devoted to seasonal, recreational, or occasional use. Those include, Newport (14%), Lincoln City (29%), and Cannon Beach (54%).

Figure B-6. Percent of Housing Units Vacant for Seasonal, Recreational, or Occasional Use, Selected Oregon Cities, 1990, 2000, and 2010



Source: U.S. Census Bureau, H5, H1; Social Explorer

Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre.³² The U.S. Census does not track residential development density. Professors with the University of Oregon's Planning, Public Policy, and Management recently completed analysis of residential development for the Department of Land Conservation and Development (DLCD) for all cities in Oregon.³³

This analysis examined residential development for single-family detached dwellings, duplexes, tri-plexes, and quad-plexes.³⁴ It found that development densities in Hood River have increased over time for these housing types. Densities increased over time as follows:

- 1993 to 1997: 6.4 dwelling units per net acre
- 1998 to 2002: 7.2 dwelling units per net acre
- 2003 to 2007: 8.0 dwelling units per net acre
- 2008 to 2012: 10.1 dwelling units per net acre

Hood River's development density was relatively high in the 2008 to 2012 period, especially when compared with other cities of similar size, with densities generally between 4 to 8 dwelling units per acre. Over the 2000 to 2013 period, Hood River's density for single-family and 'plex housing averaged 8.2 dwelling units per net acre.

ECONorthwest developed a separate analysis of townhouse and multifamily density for housing developed over the 2000 to 2014 period.³⁵ That analysis showed the following development densities for townhouse and multifamily housing:

- **Townhouses** (single-family attached) housing developed at a density of about 15.3 dwelling units per net acre, based on permits for development of 136 townhouses.
- **Multifamily** housing developed at a density of 35.4 dwelling units per net acre, based on development of 52 multifamily units.
- Development of townhouse and multifamily by zoning district varied:

³² 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.

³³ This analysis was done for DLCD's UGB Streamlining project, which is in response to HB 2254. Additional information about the project is available from:

<http://www.oregon.gov/LCD/Pages/UGB-Streamlining.aspx>

³⁴ These housing types are grouped together into one category in county assessor files, which was the source information about development by year for the density analysis.

³⁵ ECONorthwest based on analysis on building permits in Table B-1. The analysis required City staff and ECONorthwest to individually geocode the location of each building permit. As a result, most but not all townhouse and multifamily building permits issued between 2000 and 2014 were included in this analysis.

- Urban Standard Density Residential (R-2): 14.7 dwelling units per net acre, based on development of 55 units
- Urban High-density Residential (R-3): 18.3 dwelling units per net acre, based on development of 80 units.
- Urban Low-density Residential (U-R-1): 9.4 dwelling units per net acre, based on development of 9 units.
- General Commercial (C-2): 42.6 dwelling units per net acre, based on development of 43 multifamily units.

Analysis of developed residential areas in Hood River showed the following amounts of land that were used for rights-of-way, such as streets and sidewalks, as of 2014:

- Overall average was 14% of developed land in rights-of-way.
- R-1: 12% of developed land was in rights-of-way
- R-2: 23% of developed land was in rights-of-way
- R-3: 19% of developed land was in rights-of-way
- U-R-1: 8% of developed land was in rights-of-way
- U-R-2: 8% of developed land was in rights-of-way

It is reasonable to expect that similar amounts of land will be in rights-of-way in the future in the R-1, R-2, and R-3 Plan Designations. For the U-R-1 and U-R-2 Plan Designations, it is reasonable to expect that land needed for rights-of-way will be more similar to R-1 and R-2, as these areas develop at urban densities.

NATIONAL HOUSING TRENDS

The overview of national, state, and local housing trends builds from previous work by ECONorthwest, Urban Land Institute (ULI) reports, and conclusions from *The State of the Nation's Housing, 2014* report from the Joint Center for Housing Studies at Harvard University.³⁶ The Harvard report summarizes the national housing outlook as follows:

“With promising increases in home construction, sales, and prices, the housing market gained steam in early 2013. But when interest rates notched up at mid-year, momentum slowed. This moderation is likely to persist until job growth manages to lift household incomes. Even amid a broader recovery, though, many hard-hit communities still struggle and millions of households continue to pay excessive shares of income for housing.”

Several challenges to a strong domestic housing market remain. Demand for housing follows trends in jobs and incomes, which are taking longer to recover than in previous cycles. While trending downward, the numbers of underwater homeowners, delinquent loans, and vacancies remain high. *The State of the Nation's Housing* report projects that it will take several years for market conditions to return to normal and, until then, the housing recovery will likely unfold at a moderate pace.

Trends in housing development

The single-family housing market began strong in 2013, but by the arrival of 2014, housing starts were down 3% and new home sales had fallen 7% from the year before. The *State of the Nation's Housing Report* attributes most of the decline to increases in mortgage interest rates and meager improvements in employment and wages.

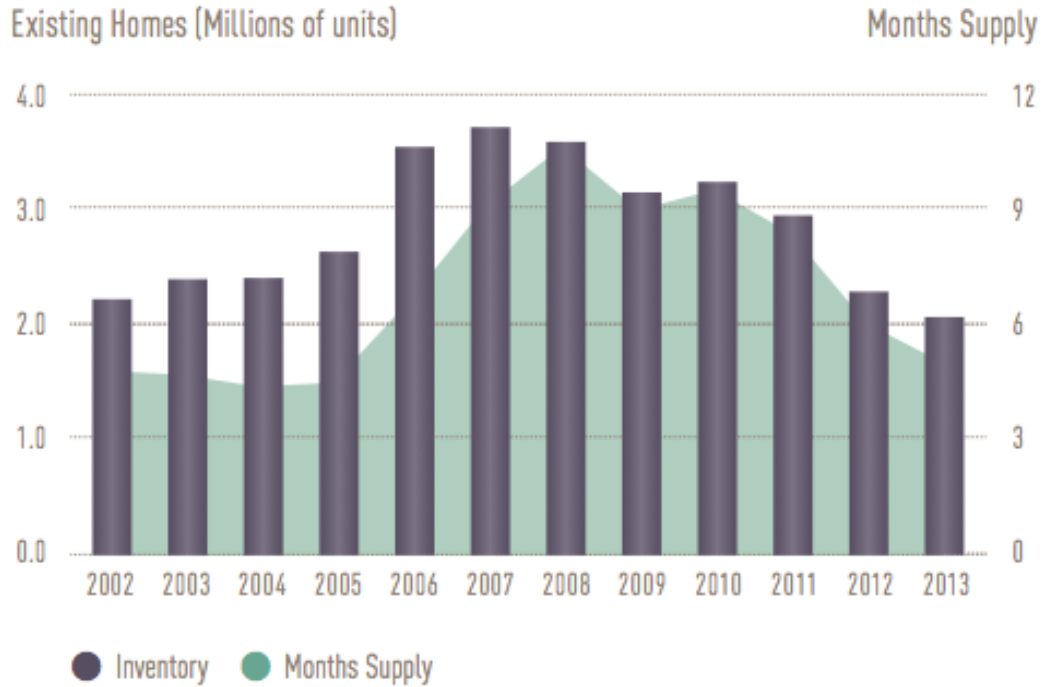
Thirty-year mortgage interest rose in 2014, bucking a downward trend. After falling to a low of around 3.4% in 2013, rates rose to around 5% in 2014. The rise of mortgage interest rates increased the cost of investment in a home and contributed to the fall in the rate of housing starts. In addition to the rise of mortgage interest rates, “steady but unspectacular job growth” presented a fundamental obstacle to the housing market’s progress, according to the report. Employment grew, but slowly, and incomes continued to fall. As long as job and wage growth remain slow, potential homebuyers will not create sufficient demand for robust growth in the housing market.

Other recent trends in the housing market included: home inventories remained low (homes now spend less than six months on the market), investors purchased fewer distressed properties, the renter market grew, and a larger share of young people chose to live with their parents.

³⁶ The State of the Nation's Housing, Harvard University, 2014, accessed January 2014.
http://www.jchs.harvard.edu/research/state_nations_housing

Supplies of existing homes for sale remained low in 2013, which may reflect the unwillingness or inability of owners to sell at current prices (Figure B-3). As home prices return to levels that are more acceptable to sellers, more homes will go on the market.

Figure B-7. Inventories of Homes for Sale Against Months Supply, 2002-2013

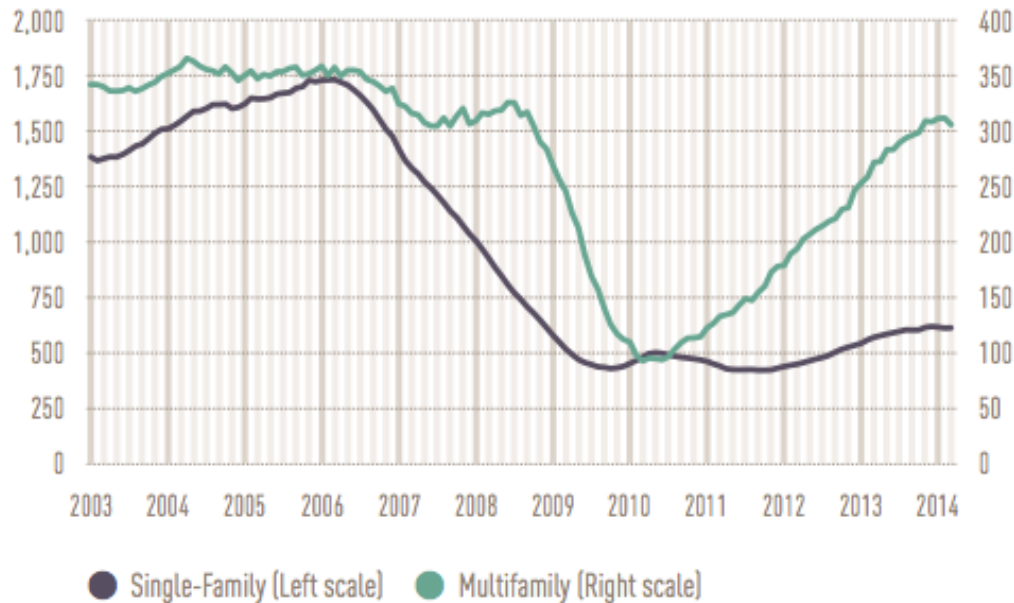


Source: The State of The Nation's Housing, 2014, The Joint Center for Housing Studies of Harvard University, p. 10. <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/sonhr14-color-full.pdf>.

Multifamily home construction continued robust growth for a third consecutive year. Multifamily starts increased 25% to over 300,000 in 2013, approaching pre-recession levels of around 350,000. In contrast to strong multifamily housing growth, single-family home starts grew slowly, at only about 15%, well below pre-recession levels of production: less than 620,000 starts in 2013, compared to over 1.5 million in 2006. These growth trends are shown in Figure B-8.

Figure B-8. Housing Starts, 2003-2014

Starts (Thousands of units)

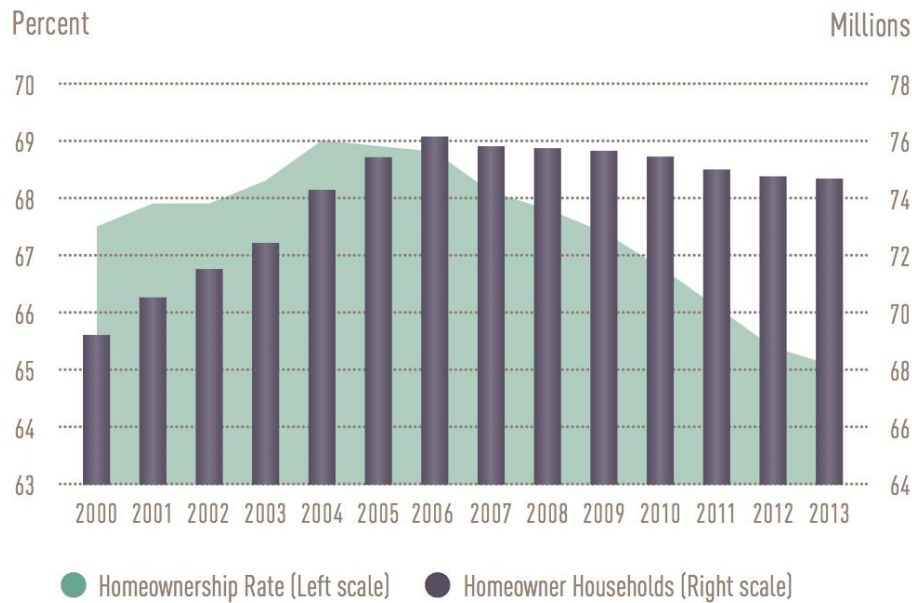


Source: The State of The Nation's Housing, 2014, The Joint Center for Housing Studies of Harvard University, p. 10. <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/sonhr14-color-full.pdf>.

Long run trends in home ownership and demand

The housing market downturn and foreclosure crisis had an immediate and potentially lasting impact on homeownership. After 13 successive years of increases, the national homeownership rate declined each year from 2005 to 2013, and is currently at approximately 65%. However, while the rate declined again in 2013, it was the smallest drop since 2008. As seen in Figure B-9, the US homeownership rate fell only 0.3 percentage points.

Figure B-9. Homeownership Rates and the Number of Homeowner Households, 2000-2013



Source: The State of The Nation’s Housing, 2014, The Joint Center for Housing Studies of Harvard University, p. 10. <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/sonhr14-color-full.pdf>.

The long-term market outlook shows that homeownership is still the preferred tenure. While further homeownership gains are likely during the next decade, they are not assured. Additional increases depend, in part, on the effect of foreclosures on potential owner’s ability to purchase homes in the future, as well as whether the conditions that have led to homeownership growth can be sustained.

The Joint Center for Housing Studies indicates that demand for new homes could total as many as 13 million units nationally between 2015 and 2025. The location of these homes may differ from recent trends, which favored lower-density development on the urban fringe and suburban areas. The Urban Land Institute identifies the markets that have the most growth potential as “global gateway, 24-hour markets,” which are primary coastal cities with international airport hubs (e.g., Washington D.C., New York City, San Francisco, or Seattle). Development in these areas may be nearer city centers, with denser infill types of development.³⁷

The Joint Center for Housing Studies also indicates that demand for higher density housing types exists among certain demographics. They conclude that because of persistent income disparities, as well as the movement of the Millennials into young adulthood, housing demand may shift away from single-family detached homes toward more affordable multifamily apartments, town homes, and manufactured homes.

³⁷ Urban Land Institute, “2011 Emerging Trends in Real Estate” and “2012 Emerging Trends in Real Estate”

Home rental trends

Nationally, the rental market continues to grow. In 2013, the number of households living in rental units increased by half a million, marking the ninth consecutive year of expansion. In addition to growth in rentals in 2013, the million-plus annual increases observed in 2011 and 2012 puts current growth rates on pace to easily surpass the record 5.1 million gain in the 2000s.

Rental markets across the country have been tightening, pushing up rents across the majority of markets. Rental vacancy rates also continued to drop in 2013, both nationwide and in most metros. The US rental vacancy rate stood at 8.3% in 2013 and, while this is the lowest level observed since 2001, this was still high relative to the 7.6% averaged in the 1990s.

Over the longer term, the Joint Center for Housing expects demand for rental housing to continue to grow. Minorities will be the largest driver of rental demand because they are on average younger and less likely to own homes than whites. Demographics will also play a role. Growth in young adult households will increase demand for moderately priced rentals, in part because the oldest Millennials reached their late-20s around 2010. Meanwhile, growth among those between the ages of 45 and 64 will lift demand for higher-end rentals.

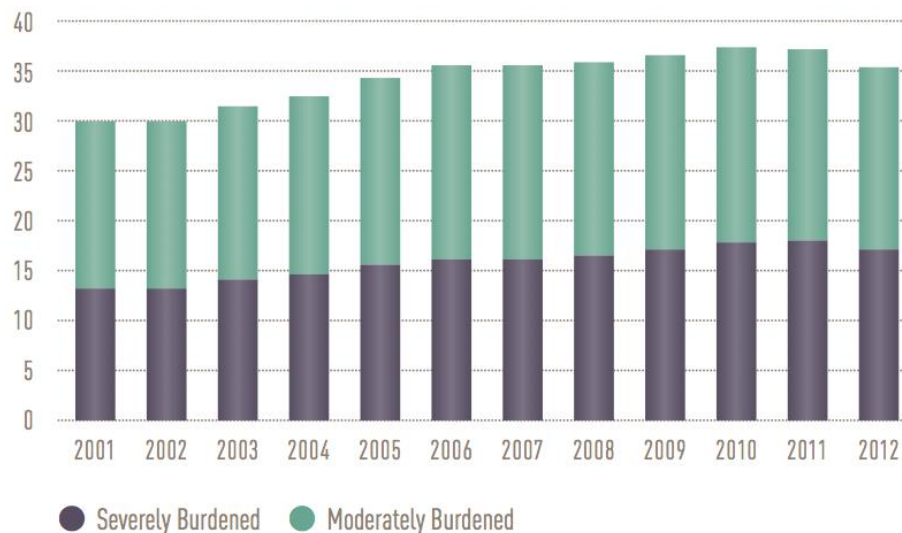
As the homeownership market recovers, the growth in renter households will likely slow. Since much of the increased demand for rental housing has been met through the conversion of single-family homes to rentals, future market adjustments may come from a return of these units to owner-occupancy. Additionally, the echo-boom generation should provide strong demand for rental units in the coming years.

Trends in housing affordability

Many homeowners pay a disproportionate share of their income on housing, with 35% of households in the U.S. who are cost burdened.³⁸ While the share of households that are cost burdened fell by about 4% in 2012, the share of households that were cost burdened increase between 2001 and 2011 (Figure B-10). More than 15% of U.S. households are severely cost burdened.

Figure B-10. Share of Cost-burdened Households, 2001-2012

Share of Households (Percent)



Source: The State of The Nation's Housing, 2014, The Joint Center for Housing Studies of Harvard University, p. 10. <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/sonhr14-color-full.pdf>.

The Joint Center for Housing Studies points to widening income disparities, decreasing federal assistance, and depletion of inventory through conversion or demolition as three factors exacerbating the lack of affordable housing. While the Harvard report presents a relatively optimistic long-run outlook for housing markets and for homeownership, it points to the significant difficulties low- and moderate-income households face in finding affordable housing and preserving the affordable units that do exist.

According to the Joint Center for Housing Studies, these statistics understate the true magnitude of the affordability problem because they do not capture the tradeoffs people make to hold down their housing costs. For example, these figures exclude people who live in crowded or structurally inadequate housing units. They also exclude the growing number of households that move to locations distant from work where they can afford to pay for housing, but must spend more for transportation to work. Among households in the lowest expenditure quartile, those living in affordable housing, spent an average of \$100 more on transportation per

³⁸ Households are considered cost burdened if they spent 30% or more of their gross income on housing costs. Households who spent 50% or more of their gross income on housing costs are considered severely cost burdened.

month in 2010 than those who are severely housing cost-burdened. With total average monthly outlays of only \$1,000, these extra travel costs could amount to roughly 10 percent of the entire household budget.

Demographic trends in housing preference

Demographic changes likely to affect the housing market and homeownership are:

- The aging of the Baby Boomers, the oldest of whom were in their late-60's in 2012.
- Housing choices of younger Baby Boomers, who were in their early to mid-50's in 2010.
- The children of Baby Boomers, called the Millennials, who ranged from their late teens to late twenties in 2012.
- Immigrants and their descendants, who are a faster growing group than other households in the U.S.³⁹

The aging of the Baby Boomers will affect housing demand over the next decades. People prefer to remain in their community as they age.⁴⁰ The challenges that 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.⁴¹ Not all of these issues can be addressed through housing or land use policies. Communities can address some of these issues through adopting policies that:

- Diversify housing stock to allow development of smaller, comparatively easily-maintained houses in single-family zones, such as single-story townhouses, condominiums, and apartments.
- Allow commercial uses in residential zones, such as neighborhood markets.
- Allow a mixture of housing densities and structure types in single-family zones, such as single-family detached, single-family attached, condominiums, and apartments.
- Promote the development of group housing for seniors that are unable or do not choose to continue living in a private house. These facilities could include retirement communities for active seniors, assisted living facilities, or nursing homes.
- Design public facilities so that they can be used by seniors with limited mobility. For example, design and maintain sidewalks so that they can be used by people in wheelchairs or using walkers.

Household formation fell to around 600,000 to 800,000 in the 2007-2013 period, well below the average rate of growth in previous decades. Despite sluggish growth recently, several demographic factors indicate increases in housing growth to come. The Millennial generation

³⁹ Urban Land Institute, "2011 Emerging Trends in Real Estate"

⁴⁰ 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>.

⁴¹ "Aging in Place: A toolkit for Local Governments" by M. Scott Ball.

Other recent surveys suggest that Millennials prefer to live in walkable communities, where there are alternatives to driving. According to surveys from the American Planning Association and Transportation For America, at least three quarters of Millennials want their city to offer opportunities to live and work without relying on a car. While Millennials may choose housing that satisfies these preferences, the cost of living will place parameters on their housing choices. According to the APA survey, 71% percent of Millennials rated affordable housing as a high priority for metro areas.

In coming years Millennials will pursue homes that provide a combination of space, “walkability,” and affordability. They will demonstrate these preferences in the market soon: according to the APA survey, more than half of Millennials consider themselves at least somewhat likely to move within the next five years.⁴²

From 2004 to 2013, homeownership rates for 25-34 year olds and 35-44 year olds fell by around 8% and 9% respectively, with ownership rates for people 25 to 54 years old at the lowest point since recordkeeping started in 1976 (Figure B-11). Nonetheless, the 25 and 34 year-old age group still makes up the majority of first-time homebuyers. Young adults in this cohort make up 54.3 percent of first-time homebuyers. Their majority among first-time homebuyers means that their ability to buy homes will play an important role in growth of the housing market in the near future.

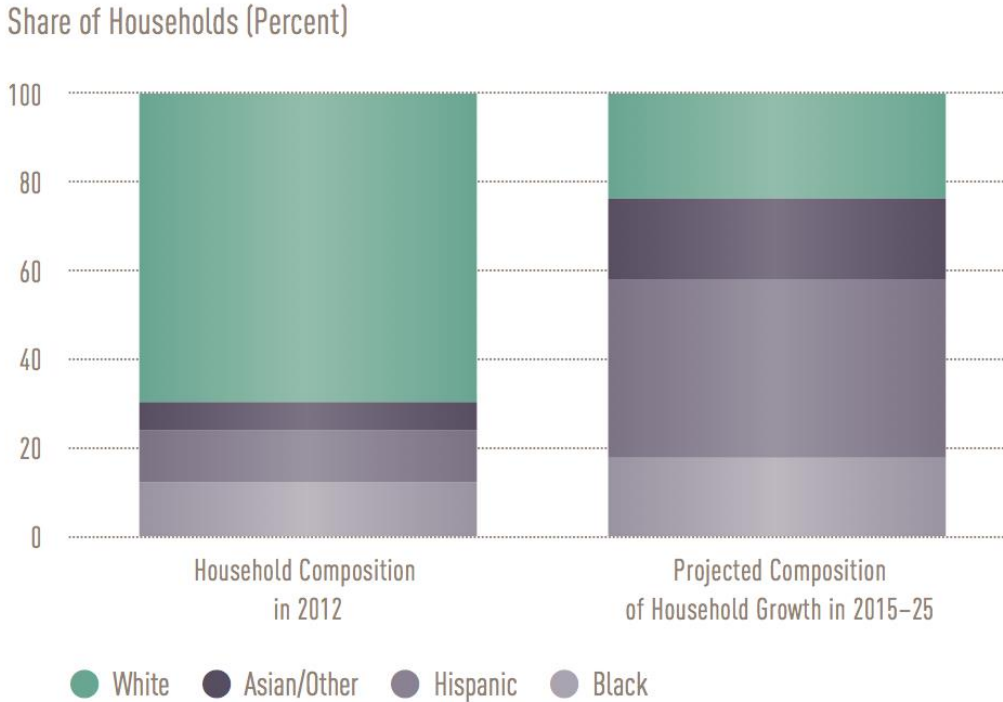
The fall in homeownership among young adults results largely from the decline in income. Approximately 6 million more individuals between 20 and 29 years earned less than \$25,000 than in 2003, while the number of those earning between \$25,000 and \$50,000 fell by over a million. Furthermore, the share of households younger than 30 years with student loan debt increased by more than 7% since 2007, from 33.9% to 41.0%.

According to the Joint Center for Housing Studies, immigration and increased homeownership among minorities will also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and accounted for nearly 30 percent of overall household growth. Beginning in 2008, the influx of immigrants was stanchied by the effects of the Great Recession. After a period of declines, however, the foreign born are again contributing to household growth. Census Bureau estimates of net immigration in 2011–12 indicate an increase of 110,000 persons over the previous year, to a total of nearly 900,000. Furthermore, as shown in Figure B-12, the Harvard report forecasts that minorities will make up about 76% of the household growth between 2015 and 2025. The greater diversity

⁴² The American Planning Association, “Investing in Place; Two generations’ view on the future of communities.” 2014. “Survey Says: Home Trends and Buyer Preferences,” National Association of Home Builders International Builders Show, accessed January, 2015, <http://www.buildersshow.com/Search/isesProgram.aspx?id=17889&fromGSA=1>. “Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows,” Transportation for America, accessed January 2015, http://t4america.org/wp-content/uploads/2014/04/Press-Release_Millennials-Survey-Results-FINAL-with-embargo.pdf.

among young adults partly explains the increased share of growth that will belong to minorities. For example, about 45% of Millennials are minorities, compared to 28% of Baby Boomers.

Figure B-12. Share of Households by Racial/Ethnic Group, 2012 and 2015-25



Source: The State of

The Nation's Housing, 2014, The Joint Center for Housing Studies of Harvard University, p. 10.
<http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/sonhr14-color-full.pdf>.

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. This makes the growing gap in homeownership rates between whites and blacks and whites and Hispanics troubling. Since 2001, the difference in homeownership rates between whites and blacks rose from 25.9 to 29.5 in 2013. Similarly the gap between white and Hispanic homeownership rates increased since 2008, from below 26%, to over 27% in 2013. This growing gap between racial and ethnic groups will hamper the country's homeownership rate as minority households constitute a larger share of the housing market.

Trends in Housing Characteristics

The U.S Census Bureau's Characteristics of New Housing Report (2013) 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:⁴³

- **Larger single-family units on smaller lots.** Between 1990 and 2013 the median size of new single-family dwellings increased 25% nationally from 1,905 sq. ft. to 2,384 sq. ft., and 19% in the western region from 1,985 sq. ft. to 2,359 sq. ft. Moreover, the percentage of units fewer than 1,400 sq. ft. nationally decreased by almost half, from 15% in 1999 to 8% in 2012. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 29% of new one-family homes completed in 2013. In addition to larger homes, a move towards smaller lot sizes is seen nationally. Between 1990 and 2013, the percentage of lots less than 7,000 sq. ft. increased from 27% of lots to 36% of lots.
- **Larger multifamily units.** Between 1999 and 2013, the median size of new multiple family dwelling units increased by 2% nationally and 3% in the western region. The percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 32% in 2013 nationally, and increased from 25% to 32% in the western region.
- **More household amenities.** Between 1990 and 2013, the percentage of single-family units built with amenities such as central air conditioning, 2 or more car garages, or 2 or more baths all increased. The same trend in increased amenities is seen in multifamily units.

During the recession, the trend towards larger units with more amenities faltered. Between 2007 and 2009, for example, the median size of new single-family units decreased by 6% throughout the nation, including in the West. In addition, the share of new units with amenities (e.g., central air conditioning, fireplaces, 2 or more car garages, or 2 or more bath) all decreased slightly during this time. With the recovery, however, housing sizes have been increasing annually; median housing sizes increased by 12% between 2009 and 2013 nationwide, and 10% in the western region. The short term, post-recession trends regarding amenities are mixed, but generally appear to be increasing (albeit more slowly than housing sizes).

It appears that the decreases in unit size and amenities were a short-term trend, resulting from the housing crisis. However, numerous articles and national studies suggest that these changes may indicate a long-term change in the housing market, resulting from a combination of increased demand for rental units because of demographic changes (e.g., the aging of the baby boomers, new immigrants, and the echo-boomers), as well as changes in personal finance and availability of mortgages.⁴⁴

These studies may be correct and the housing market may be in the process of a long-term change, with some fluctuations over time in unit size and amenities. On the other hand, long-term demand for housing may not be substantially affected by the current housing market. The

⁴³ <https://www.census.gov/construction/chars/highlights.html>

⁴⁴ These studies include "Hope for Housing?" by Greg Filsram in the October 2010 issue of Planning and "The Elusive Small-House Utopia" by Andrew Rice in the New York Times on October 15, 2010.

echo-boomers and new immigrants may choose single-family detached housing and mortgages may become easier to obtain.

Studies and data analysis have shown a clear linkage between demographic characteristics and housing choice. This is more typically referred to as the linkage between lifecycle and housing choice and is documented in detail in several publications. Analysis of data from the Public Use Microsample (PUMS) in the 2000 Census helps to describe the relationship between selected demographic characteristics and housing choice. Key relationships identified through this data include:

- Homeownership rates increase as income increases;
- Homeownership rates increase as age increases;
- Choice of single-family detached housing types increases as income increases;
- Renters are much more likely to choose multiple family housing types than single-family; and
- Income is a stronger determinate of tenure and housing type choice for all age categories.

STATE DEMOGRAPHIC TRENDS

Oregon's *2011-2015 Consolidated Plan* includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide.⁴⁵ The plan concludes that, "Oregon's changing population demographics are having a significant impact on its housing market." It identified the following population and demographic trends that influence housing need statewide. Oregon is:

- Facing housing cost increases due to higher unemployment and lower wages, when compared to the nation.
- Experiencing higher foreclosure rates since 2005, compared with the previous two decades.
- Losing federal subsidies on about 8% of federally subsidized Section 8 housing units.
- Losing housing value throughout the State.
- Losing manufactured housing parks, with a 25% decrease in the number of manufactured home parks between 2003 and 2010.
- Increasingly older, more diverse, and has less affluent households.⁴⁶

⁴⁵ http://www.ohcs.oregon.gov/OHCS/HRS_Consolidated_Plan_5yearplan.shtml

⁴⁶ State of Oregon *Consolidated Plan 2011 to 2015*.

http://www.oregon.gov/ohcs/hd/hrs/consplan/2011_2015_consolidated_plan.pdf

REGIONAL AND LOCAL DEMOGRAPHIC TRENDS

Regional demographic trends largely follow the statewide trends discussed above, but provide additional insight into how demographic trends might affect housing in Hood River.

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. This section describes those trends.

The following section presents data tables. In a few places, additional explanatory text is included. For the most part, the text describing the implications of the tables is in the main part of the document.

Growing population

Hood River has a growing population. Table B-3 shows population growth for the U.S, Oregon, Hood River County, and Hood River, as well as Bingen and White Salmon, between 1990 and 2013.

Table B-3. Population in the U.S., Oregon, Hood River County, and Hood River, 1990-2013

Area	Population			Change 1990 to 2013		
	1990	2000	2013	Number	Percent	AAGR
U.S.	248,790,925	281,421,906	316,128,839	67,337,914	27%	1.0%
Oregon	2,842,337	3,421,399	3,919,020	1,076,683	38%	1.4%
Hood River County	16,903	20,411	23,295	6,392	38%	1.4%
Hood River City	4,632	5,831	7,460	2,828	61%	2.1%
Bingen, WA	645	672	955	310	48%	1.7%
White Salmon, WA	1,861	2,193	2,066	205	11%	0.5%

Source: Portland State University, Population Research Center; U.S. Census Bureau, Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico (U.S.); U.S. Census Bureau (WA)

Note: AAGR is average annual growth rate. 2013 data for Washington cities are from the 5-year U.S. Census Bureau, American Community Survey.

A 20-year population forecast (in this instance, 2015 to 2035) is the foundation for estimating needed new dwelling units. The City of Hood River has an adopted population forecast but that forecast only includes population within the Hood River City limits. ECONorthwest staff worked with Hood River staff to update the adopted forecast to include population within the city limits and the urbanizing area (the areas between the City limits and the UGB), to create a forecast for the entire Hood River UGB. The forecast, presented in Table B-4, uses the following assumptions:

- **Population base.** The starting point for the forecast is the population base in the Hood River UGB in 2014, which was 9,134 people. This estimate is based on:
 - *City limits population.* The city limits population is based on the 2014 Certified Population Estimate for Hood River from the Portland State University's Population Research Center.⁴⁷ **In 2014, Hood River's Certified Population Estimate was 7,545 people.**

⁴⁷ http://www.pdx.edu/prc/sites/www.pdx.edu/prc/files/2014_Certified_Pop_Est_Web_97_Version.xls

- Urbanizing area population. An update to the Hood River Transportation System Plan (TSP) estimated that there were 656 dwellings in the urbanizing area. At an estimated 2.25 persons per household, the urbanizing area had a population of 1,475. According to Hood River County building permit data, 50 new dwellings were built in the urbanizing area between 2007 and 2014, resulting in 113 additional residents in the urbanizing area. **In 2014, we estimate that the urbanizing area had a population of 1,589 people.**
- **Growth rate.** The adopted population forecast assumed that Hood River would grow at 2.0% per year over the 2007 to 2035 period. **The forecast in Table B-4 assumes that the Hood River UGB will grow at 2% per year.**⁴⁸

Table B-4. Population forecast, Hood River UGB, 2015 to 2035

Year	Hood River UGB
2015	9,317
2035	13,845
Change 2015 to 2035	
Population	4,528
Percent cha	49%
AAGR	2.00%

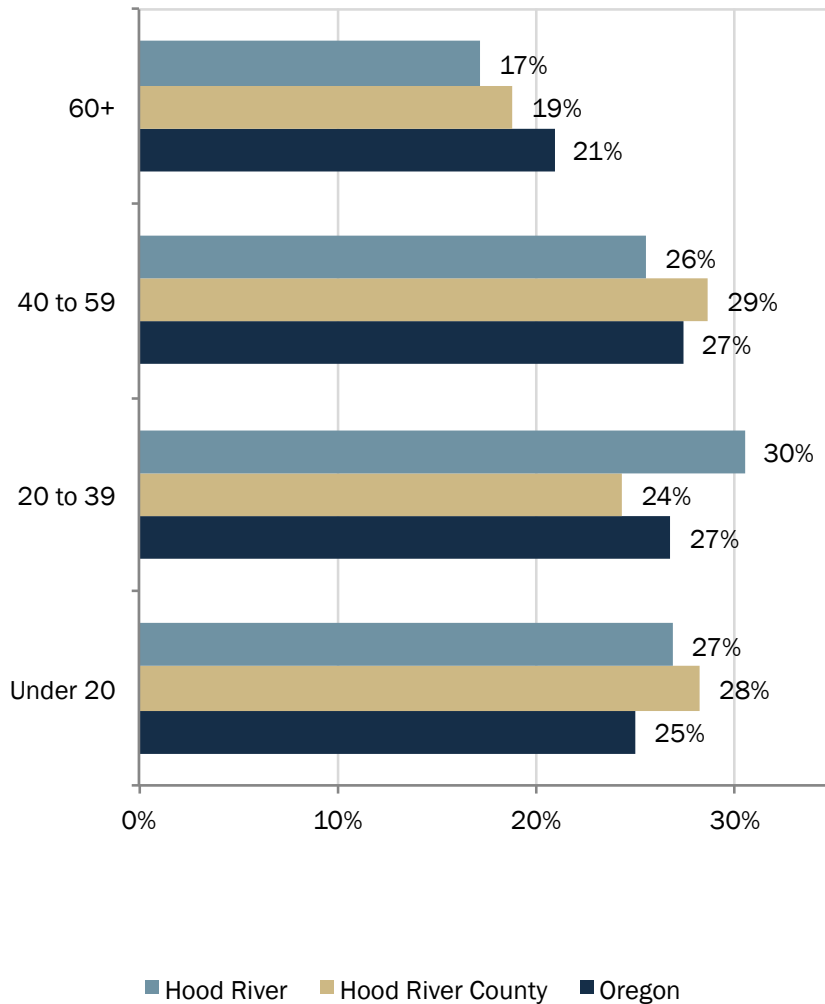
Source: 2014 population is based on the 2014 Certified Population Estimate for Hood River from the Portland State University's Population Research Center
Calculations by ECONorthwest

⁴⁸ The forecast of 2% growth rate is very close to Hood River's actual growth rate. Over the 1990 to 2013 period, Hood River grew at an average annual growth rate of 2.1% and over the 2000 to 2013 period, Hood River grew at an average annual growth rate of 1.9%. Comparing the adopted forecast for Hood River's city limits with PSU's certified forecast for 2014, the forecast is only 163 people above the actual growth. Given the depth of the recent recession, it is not surprising that Hood River grew a little slower than the forecast over the 2007 to 2014 period.

Aging population

In 2009-2013, the median age in Hood River was 34.4 years old, compared to the median of 37.6 in Hood River County and the State average of 38.7. Figure B-13 shows the populations of Oregon, Hood River County, and Hood River by age.

Figure B-13. Population distribution by age, Oregon, Hood River County, and Hood River, 2009-2013



Source: U.S. Census, ACS 2009-2013, B01001

Table B-5 shows population by age in Hood River for 2000 and 2009-2013.

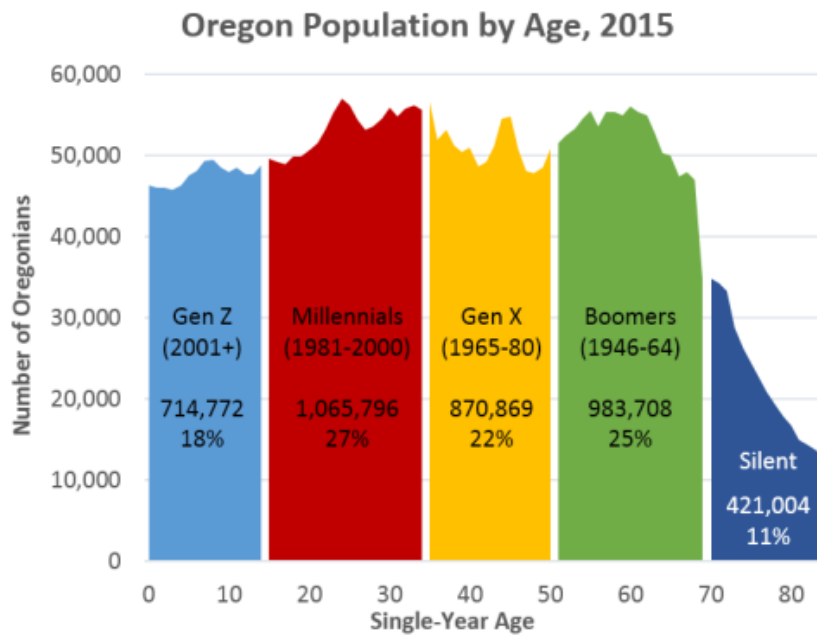
Table B-5. Population by age, Hood River, 2000 and 2009-2013

Age Group	2000		2009 - 2013		Change 2000 to 2009 - 2013		
	Number	Percent	Number	Percent	Number	Percent	Share
Under 5	478	8%	495	7%	17	4%	-1%
5-17	1,048	18%	1,344	19%	296	28%	1%
18-24	563	10%	644	9%	81	14%	-1%
25-44	1,901	33%	2,046	28%	145	8%	-4%
45-64	1,076	18%	1,744	24%	668	62%	6%
65 and over	765	13%	941	13%	176	23%	0%
Total	5,831	100%	7,214	100%	1,383	24%	0%

Source: U.S. Census, 2000, SF1; U.S. Census, ACS 2009-2013, B01001

Figure B-14 shows the population distribution by generation and age in Oregon in 2015. The largest groups are the Millennials (27% of Oregon’s population) and the Baby Boomers (25% of Oregon’s population). By 2035, the end of the planning period for this analysis, Millennials will be between 35 and 54 years old. Baby Boomers will be 71 to 89 years old.

Figure B-14. Population Distribution by Generation and Age, Oregon, 2015

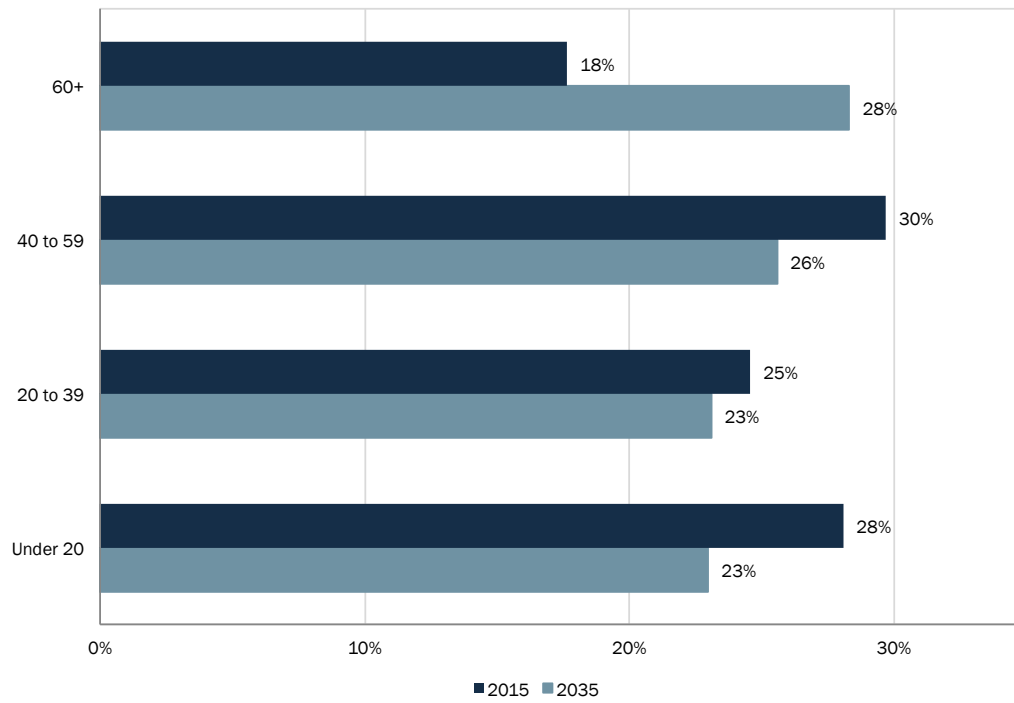


Source: Oregon Office of Economic Analysis

Source: Oregon Office of Economic Analysis, “Population, Demographics, and Generations” by Josh Lehner, February 5, 2015. <http://oregoneconomicanalysis.com/2015/02/05/population-demographics-and-generations/>

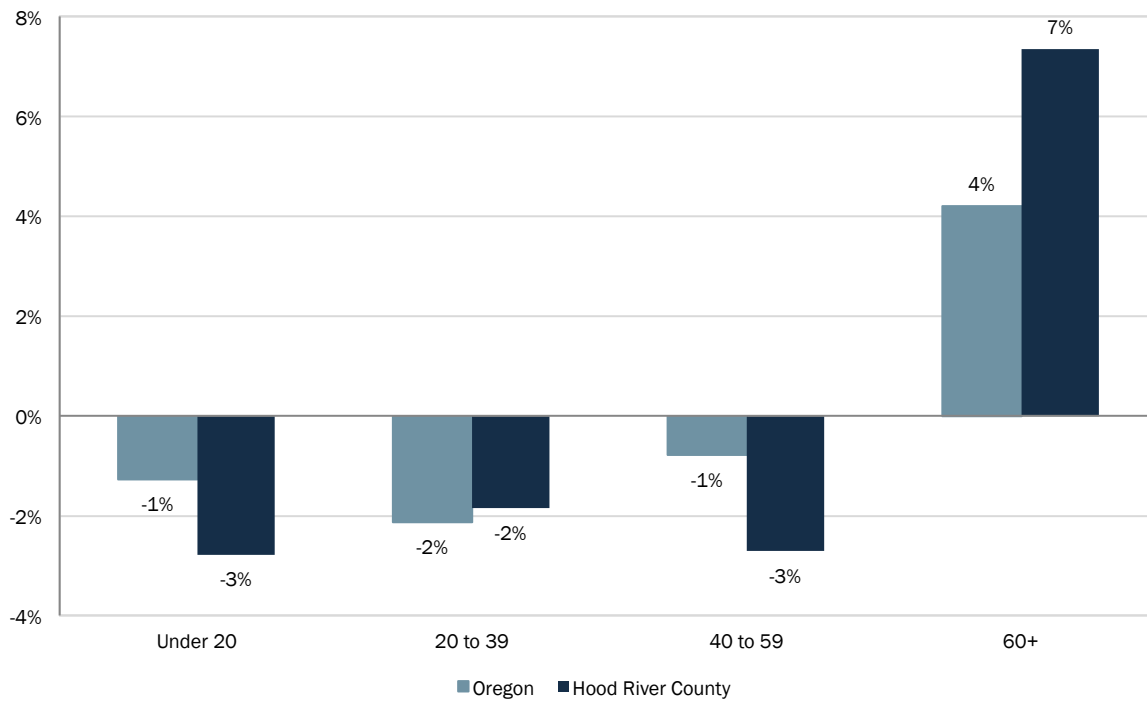
Figure B-15 shows the Office of Economic Analysis’s (OEA) forecast of population change by age group, 2015 to 2035, for Hood River County. Figure B-16 shows the change in each age group’s share of the total population over the same period.

Figure B-15. Current and projected population by age, Hood River County, 2015 and 2035



Source: Oregon Office of Economic Analysis.
http://www.oregon.gov/DAS/OEA/docs/demographic/pop_by_ageandsex.xls

Figure B-16. Change in share of population by age group, Oregon, Hood River County, 2015 to 2035



Source: Oregon Office of Economic Analysis. http://www.oregon.gov/DAS/OEA/docs/demographic/pop_by_ageandsex.xls

Increased ethnic diversity

Table B-6 shows the change in the size of the Hispanic or Latino population in Oregon, Hood River County, and Hood River between 2000 and 2009-2013.

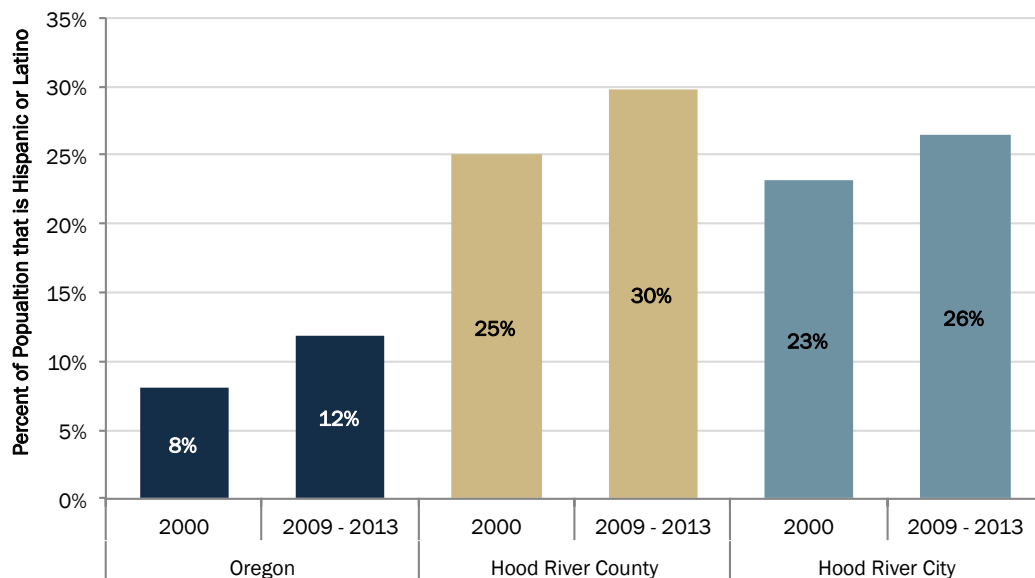
Table B-6. Change in Hispanic or Latino population, Oregon, Hood River County, and Hood River, in 2000 and 2009-2013

	Oregon	Hood River County	Hood River
2000			
Total Population	3,421,399	20,411	5,831
Hispanic or Latino	275,314	5,107	1,351
Percent Hispanic or Latino	8%	25%	23%
2009 - 2013			
Total Population	3,868,721	22,427	7,214
Hispanic or Latino	461,901	6,687	1,910
Percent Hispanic or Latino	12%	30%	26%
	Oregon	Hood River County	Hood River
Change 2000 to 2009 - 2013			
Hispanic or Latino Population	186,587	1,580	559
Percentage Increase	68%	31%	41%
Increase in share of population	4%	5%	3%

Source: U.S. Census, 2000, SF1; U.S. Census, ACS 2009-2013, B03002

Figure B-17 shows the percentage of the total population that is of Hispanic or Latino origin for Oregon, Hood River County, and Hood River in 2000 and 2009-2013.

Figure B-17. Hispanic or Latino population by percentage, Oregon, Hood River County, Hood River, in 2000 and 2009-2013



Source: U.S. Census, 2000, P4; U.S. Census, ACS 2009-2013, B03002

Household size and composition

Household size

Table B-7 displays average household sizes in Oregon, Hood River County, and Hood River in 2000 and 2010.

Table B-7. Average household size, Oregon, Hood River County, and Hood River, 2000 to 2010

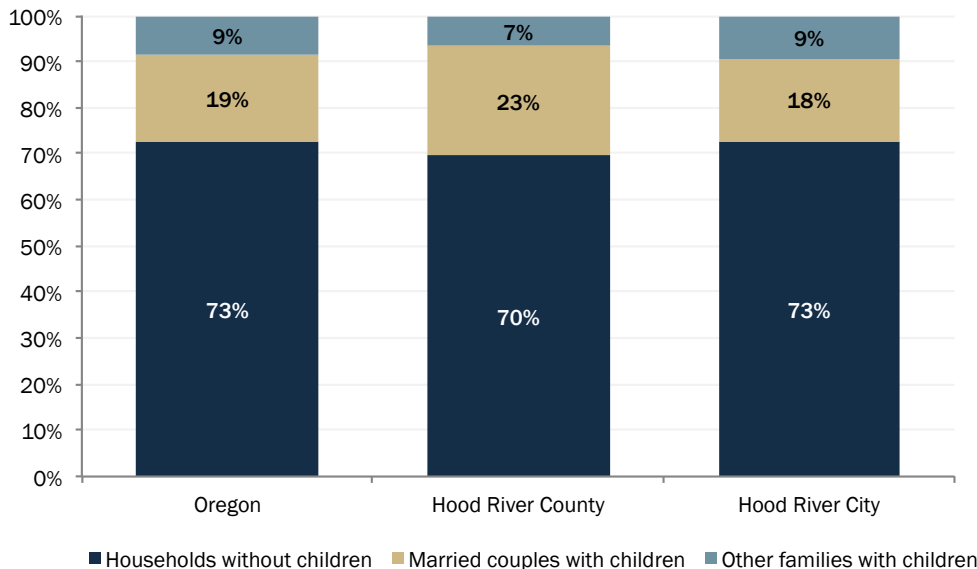
	Oregon	Hood River County	Hood River
2000			
Average household size	2.51	2.70	2.38
Owner-occupied units	2.61	2.60	2.28
Renter-occupied units	2.32	2.88	2.46
2010			
Average household size	2.47	2.64	2.39
Owner-occupied units	2.53	2.65	2.56
Renter-occupied units	2.36	2.61	2.23
Change 2000 to 2010			
Average household size	-0.04	-0.06	0.01
Owner-occupied units	-0.08	0.05	0.28
Renter-occupied units	0.04	-0.27	-0.23

Source: U.S. Census, 2000, SF1 H12; U.S. Census, 2010, SF1 H12

Household composition

Figure B-18 shows household composition in Oregon, Hood River County, and Hood River in 2009-2013.

Figure B-18. Household composition, Oregon, Hood River County, and Hood River, 2009-2013

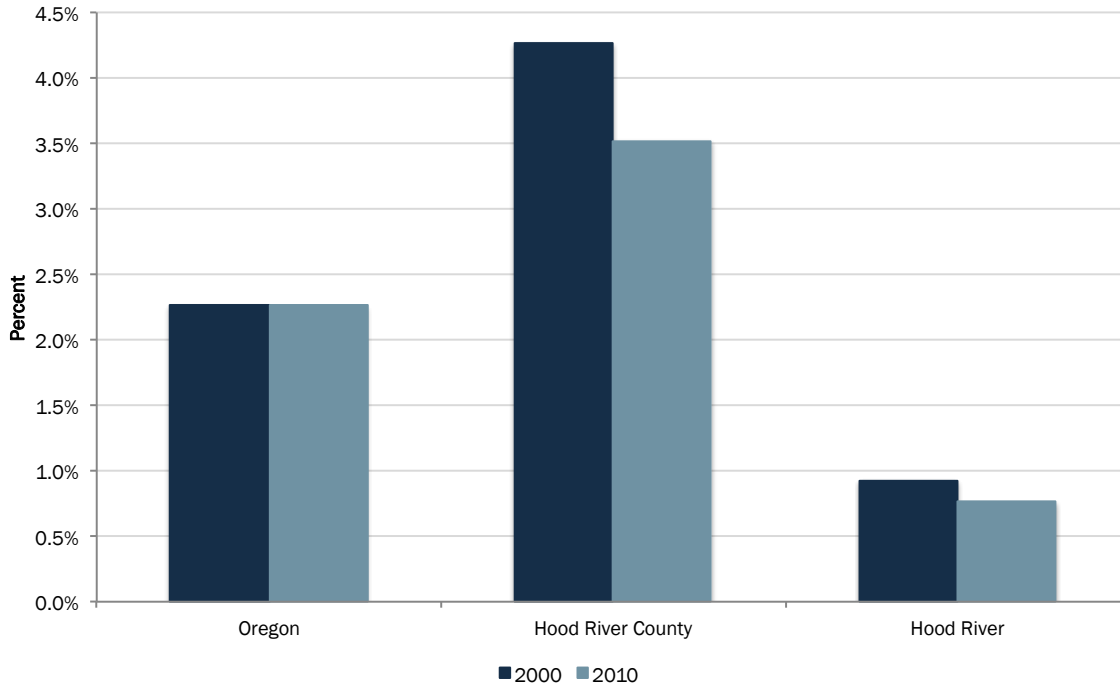


Source: U.S. Census, ACS 2009-2013, B25115 and B25010

Group Quarters

Table B-8 shows the population living in group quarters in Oregon, Hood River County, and Hood River in 2000 and 2010.

Table B-8. Percent of Population in group quarters, Oregon, Hood River County, and Hood River, 2000 to 2010



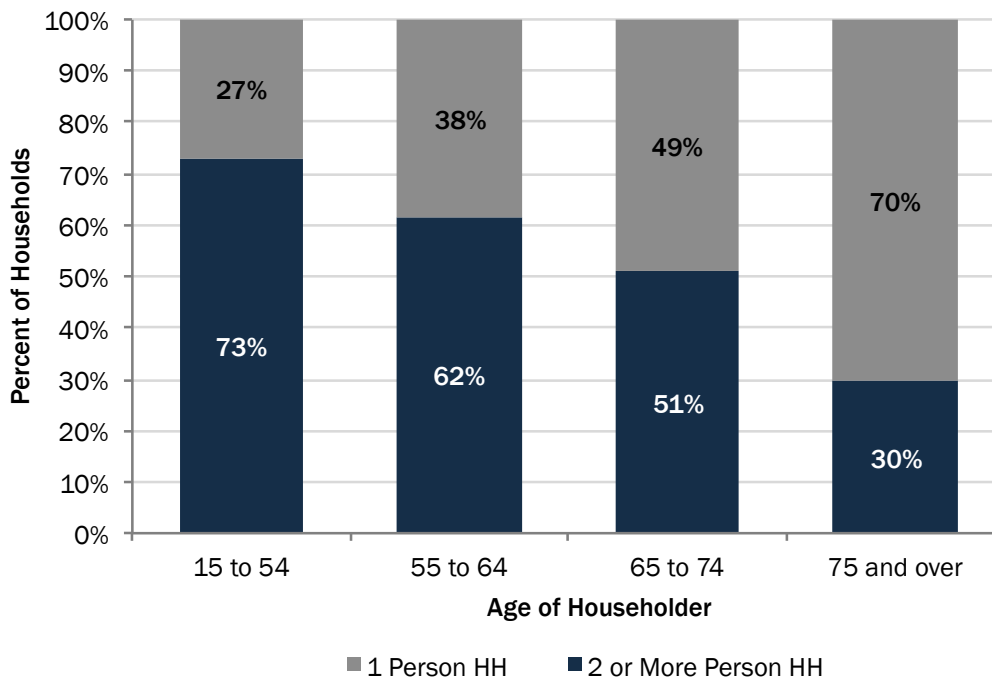
Source: U.S. Census, 2000, SF1 P1 and P12; U.S. Census, 2010, SF1 P12

Demographics and changes in housing choice

Housing needs change throughout a person's life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student are different than the needs of a 40-year-old parent with children, or an 80-year-old single-person.

Figure B-19 shows households by household size and age of householder in Hood River in 2009-2013.

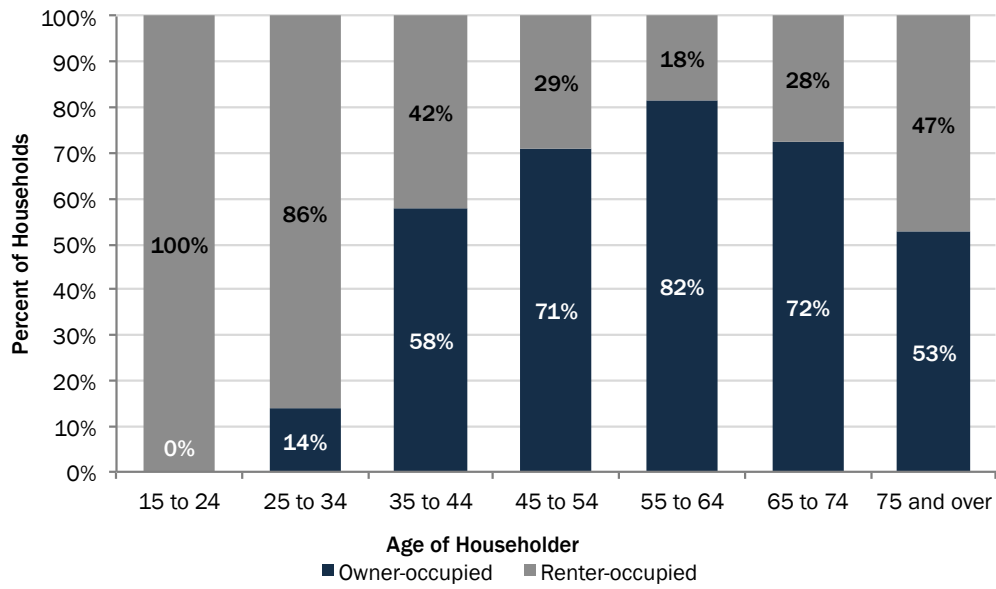
Figure B-19. Households by household size and age of householder, Hood River, 2009-2013



Source: U.S. Census, ACS 2009-2013, B25116

Figure B-20 shows households by tenure and age of householder in Hood River in 2009-2013.

Figure B-20. Households by tenure and age of householder, Hood River, 2009-2013



Source: U.S. Census, ACS 2009-2013, B25007

Commuting trends

Table B-9 shows the places where Hood River residents were employed in 2011.

Table B-9. Places where residents of Hood River were employed, 2011

Location	Number	Percent
County		
Hood River County, OR	1,977	59%
Wasco County, OR	237	7%
Multnomah County, OR	211	6%
Klickitat County, WA	121	4%
Clackamas County, OR	97	3%
Washington County, OR	81	2%
Skamania County, WA	61	2%
Marion County, OR	58	2%
Umatilla County, OR	45	1%
Deschutes County, OR	38	1%
All Other Locations	422	13%
Total	3,348	100%
Cities		
Hood River city, OR	1,165	35%
The Dalles city, OR	227	7%
Portland city, OR	152	5%
Odell CDP, OR	84	3%
White Salmon city, WA	50	1%
Gresham city, OR	45	1%
Salem city, OR	34	1%
Bend city, OR	26	1%
Bingen city, WA	25	1%
Milwaukie city, OR	23	1%
All Other Locations	1,517	45%
Total	3,348	100%

Source: U.S. Census Bureau, Center for Economic Studies, LEHD OnTheMap, <http://lehdmap3.did.census.gov/themap3/>

Table B-10 shows where employees of firms located Hood River lived in 2011.

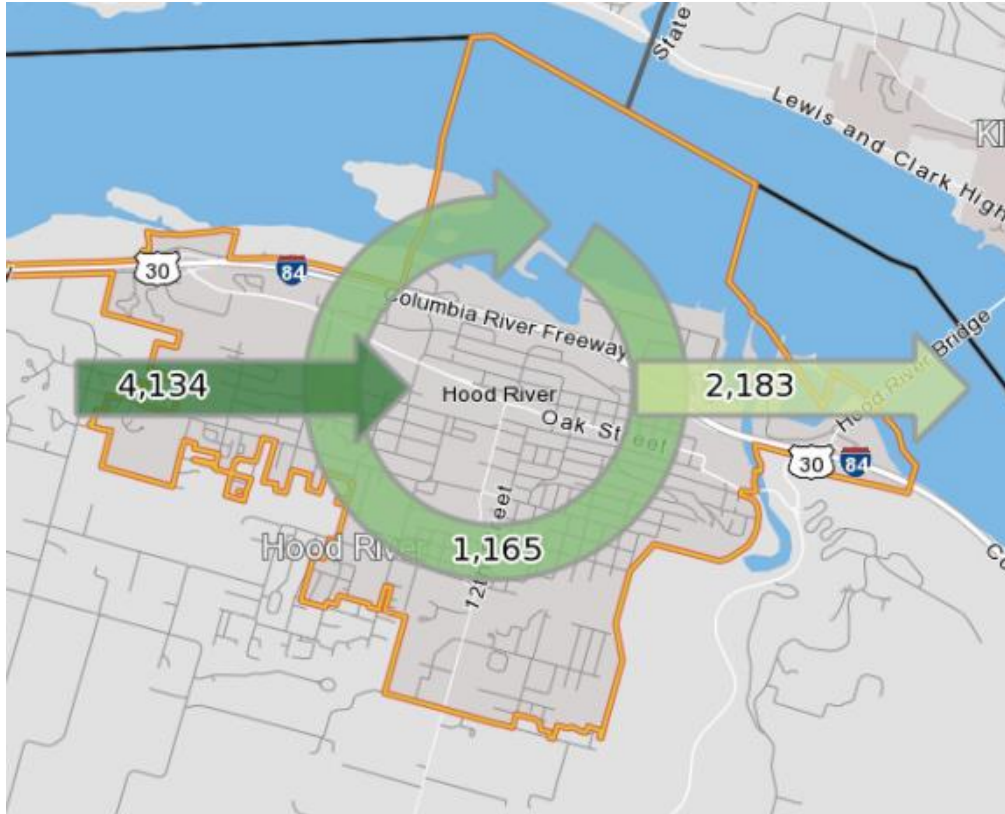
Table B-10. Places where workers in Hood River lived, 2011

Location	Number	Percent
County		
Hood River County, OR	2,743	52%
Wasco County, OR	608	11%
Klickitat County, WA	372	7%
Multnomah County, OR	218	4%
Clackamas County, OR	163	3%
Skamania County, WA	150	3%
Umatilla County, OR	117	2%
Washington County, OR	82	2%
Marion County, OR	63	1%
Cowlitz County, WA	59	1%
All Other Locations	724	14%
Total	5,299	100%
Cities		
Hood River city, OR	1,165	22%
The Dalles city, OR	350	7%
Odell CDP, OR	196	4%
Portland city, OR	156	3%
Chenoweth CDP, OR	79	1%
Cascade Locks city, OR	65	1%
White Salmon city, WA	61	1%
Gresham city, OR	49	1%
Dallesport CDP, WA	34	1%
Carson CDP, WA	33	1%
All Other Locations	3,111	59%
Total	5,299	100%

Source: U.S. Census Bureau, Center for Economic Studies, LEHD OnTheMap, <http://lehdmap3.did.census.gov/themap3/>

Figure B-21 presents the commuting flows for primary jobs in Hood River, Oregon. As displayed in the graphic, 4,134 people are employed in Hood River, but live outside of the city; 2,183 people live in Hood River, but are employed outside of the city; and 1,165 people live and work in Hood River.

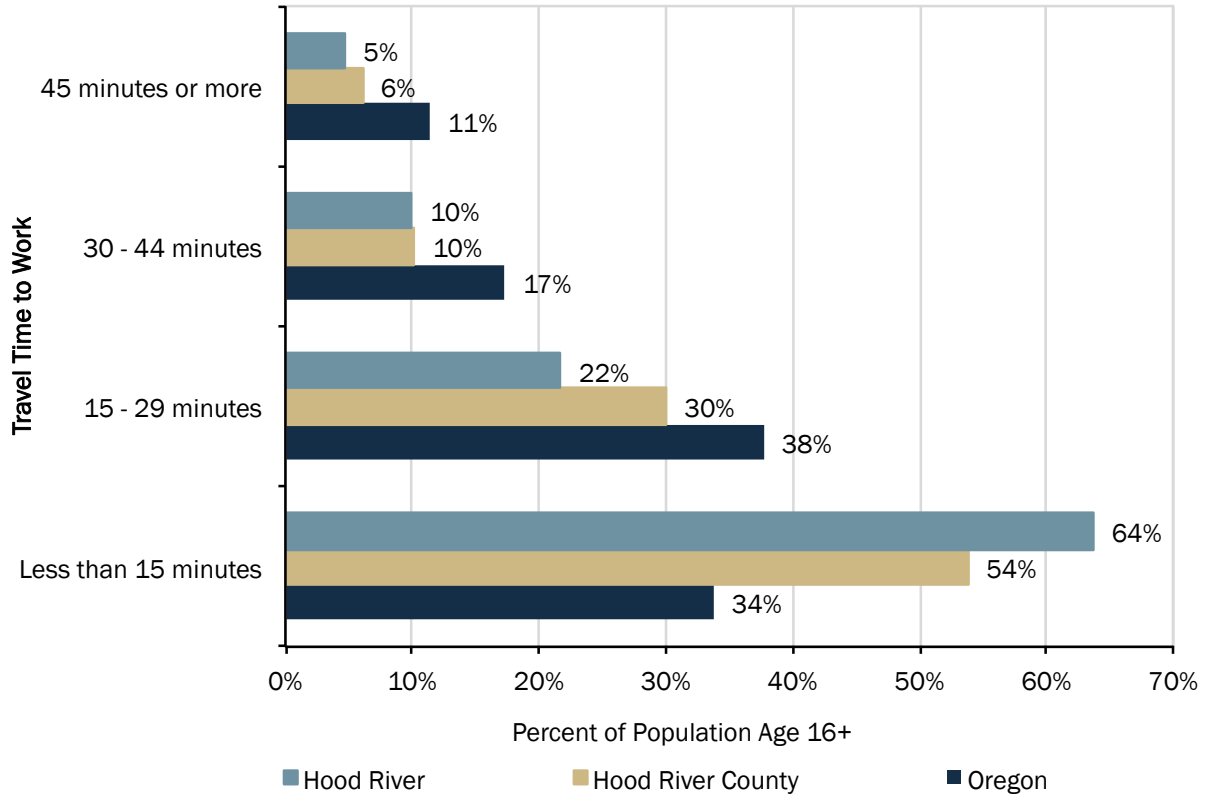
Figure B-21. Commuting Flows in Hood River, 2011



Source: U.S. Census Bureau, Center for Economic Studies, LEHD OnTheMap, <http://lehdmap3.did.census.gov/themap3/>

Commute times in Hood River tend to be shorter than those in Hood River County and in Oregon as a whole. Sixty-four percent of Hood River residents travel less than 15 minutes to get to work, as compared to 54% of Hood River County residents, and only 34% of people across the State. On the other end of the spectrum, only 5% of Hood River residents travel more than 45 minutes or more to work, as compared to 6% in Hood River County, and 11% statewide.

Figure B-22. Commuting Time in Oregon, Hood River County, and Hood River, 2009-2013



Source: U.S. Census Bureau, ACS 2009-2013, B08303

MANUFACTURED HOMES

Manufactured homes have provided a limited source of affordable housing in Hood River. 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. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate another manufactured home to escape rent increases. 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.

Hood River had 133 mobile homes in 2000 and 42 mobile homes in the period from 2009 to 2013, a decrease of 91 dwellings. According to Census data, roughly 67% of the mobile homes in Hood River were owner-occupied in 2009-2013.

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. Table B-11 presents the inventory of mobile and manufactured home parks within Hood River in 2015. The results show that Hood River had three manufactured home parks in the UGB with a total of 78 spaces and no vacant spaces.

Table B-11. Inventory of Mobile/Manufactured Home Parks, Hood River, 2015

Name	Location	Park Type	Total Spaces	Vacant Spaces
Gorge Trailer Park (Oak Crest Mobile Home Village)	1823 Cascade Ave	Family	24	0
Hood River Mobile Manor	3300 Cascade Ave	Family	48	0
God's Little Acre	3391 Avalon Dr	Family	6	0

Note: Used Google Maps to identify borders of Hood River City.

Source: Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

GOVERNMENT-ASSISTED HOUSING PROGRAMS

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home including. The Mid-Columbia Housing Authority provides services to Hood River County, as well as Sherman and Wasco Counties in Oregon and Skamania and Klickitat Counties in Washington.

The Mid-Columbia Housing Authority manages the Housing Choice Voucher program for its participating counties. This program allows very low-income families (including elderly and disabled) to choose where they live by providing rental certificates that limit tenants' rent to 30% of their monthly income. The Housing Choice Voucher program is one of the key tools available to provide financial support low-income households.

About 78 households in Hood River County are Housing Choice Voucher recipients, accounting for about 10% of the total participating households in the five counties served by the Mid-Columbia Housing Authority. Fewer households in Hood River County are Housing Choice Voucher recipients than would be expected based on the fact that Hood River County accounts for about 20% of the population in the five-county area. One reason that Hood River County has fewer Housing Choice Voucher participants than expected may be that rents in Hood River are higher than qualifying rents (as set by HUD) for the Housing Choice Voucher program.

Table B-12 shows government-subsidized housing development in Hood River. There are 382 subsidized units in Hood River, with 84% of units in ten developments that have 15 or more units per development. The populations served by subsidized housing include: families, farmworkers, and the elderly.

Table B-12. Government Subsidized Housing Development, Hood River, 2015

Development Name	Total Units	Affordable/ Regulated Units	Population(s) Served
Indian Creek Village	56	56	Families
Indian Creek Court	48	48	Families
Hood River Crossing Apts	40	40	Families and Farmworkers
Wind River Place Apts	32	32	Families
Bella Vista Apts	28	28	Families
Dethman Manor	27	27	Elderly
The Riverside	26	26	Families
WyEast Vista Apartments	25	25	Families and Farmworkers
Casa De Alma	20	20	Farmworkers
Thomsen Orchards	18	18	Farmworkers
M Goe & Son Inc	8	8	Farmworkers
Nakamura Orchards Labor Camp	7	7	Farmworkers
Oates Orchards	6	6	Farmworkers
Parkhurst House (ALF)	30	6	Assisted Living Facility
BLM Inc.	4	4	Farmworkers
Sunset Orchard	4	4	Farmworkers
Benton	3	3	
Gays Farm Labor Camp	3	3	Farmworkers
Mallon Farmworker Housing	3	3	Farmworkers
Rodrigo Carrillo	3	3	Farmworkers
Columbia Ag Inc	2	2	Farmworkers
Robert Benton	2	2	Farmworkers
Tamura Orchards	2	2	Farmworkers
Bone Drive	1	1	Farmworkers
C & D Orchards	1	1	Farmworkers
Cascade Orchards	1	1	Farmworkers
Endow Farm	1	1	Farmworkers
Hanners Orchards	1	1	Farmworkers
Moore Orchards	1	1	Farmworkers
Orchard Lands	1	1	Farmworkers
Sunburst Orchards	1	1	Farmworkers
Wimmers' Orchards	1	1	Farmworkers
Total	406	382	

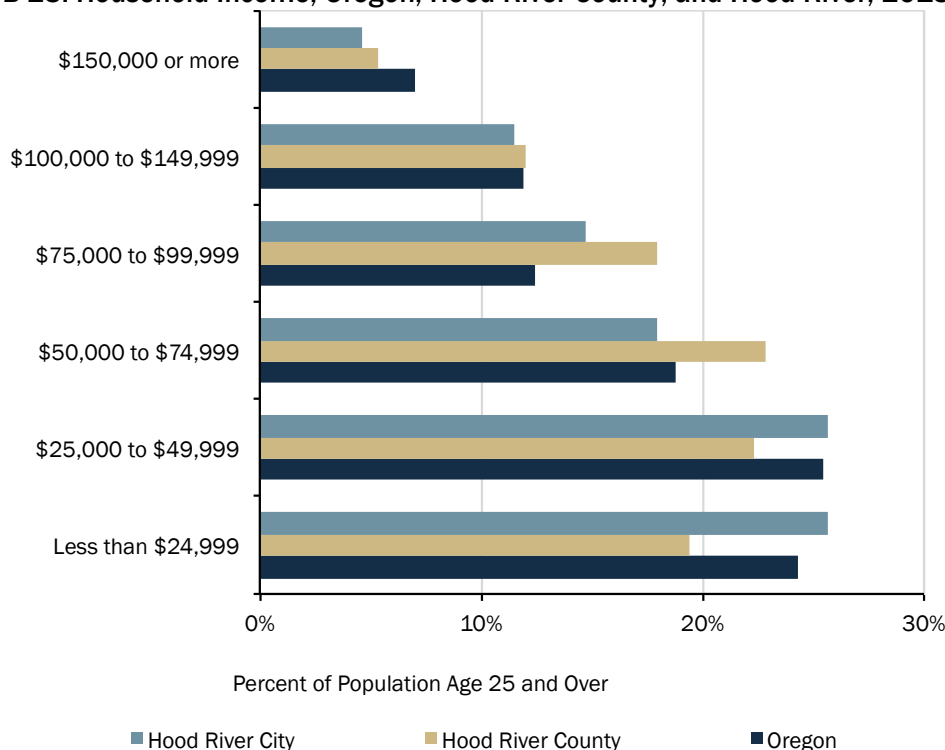
Source: Oregon Affordable Housing Inventory from the Oregon Housing and Community Services Departments, with edits by Joel Madsen, Executive Director of the Mid-Columbia Housing Authority.

INCOME AND AFFORDABILITY OF HOUSING

This section summarizes regional and local income, and housing cost trends. Income is a key determinant in housing choice and a household’s ability to afford housing. A review of historical income and housing price trends provides insight into the local and regional housing markets.

Hood River had a slightly lower median household income in 2009-2013 (\$48,858) than that of Hood River County (\$56,725) and Oregon as a whole (\$50,229). Figure B-23 shows the distribution of household income in Oregon, Hood River County, and Hood River in 2009-2013.

Figure B-23. Household Income, Oregon, Hood River County, and Hood River, 2013



Source: U.S. Census, ACS 2009-2013, B19001

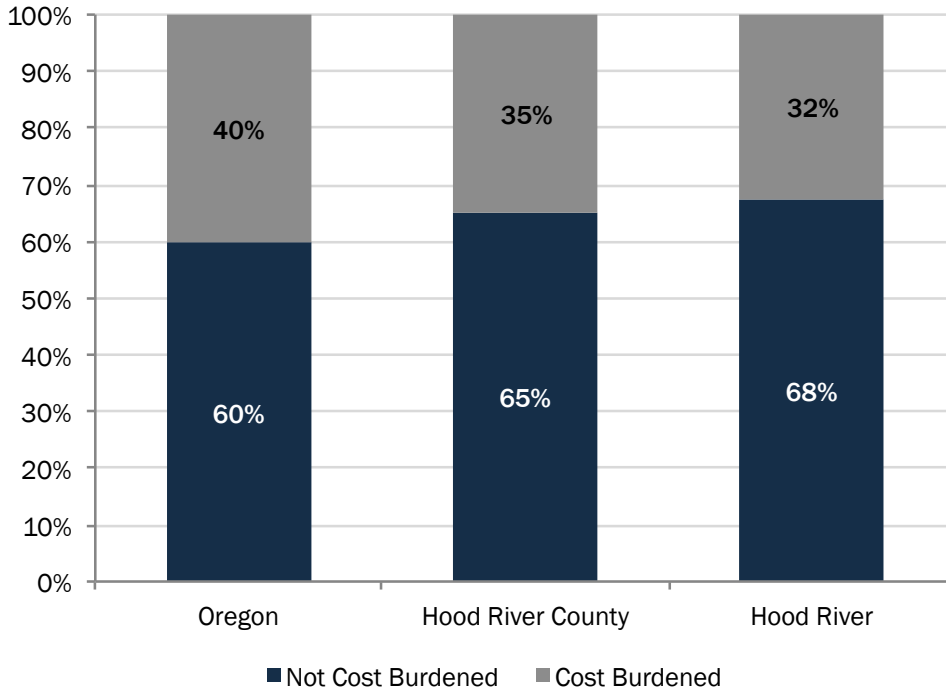
A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income 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 consistent with the Goal 10 requirement to provide housing that is affordable to all households in a community.

According to the U.S. Census, nearly 569 households in Hood River—or 32%—paid more than 30% of their income for housing expenses in 2009-2013. About 40% of renter households in Hood River were cost burdened, compared with 25% of owner households. In comparison, 40%

of Oregon’s households were cost burdened in 2009-2013, with 54% of renter households and 32% of owner households cost burdened.

Figure B-24 shows the percentage of the population experiencing housing cost burdens in Oregon, Hood River County, and Hood River in 2009-2013.

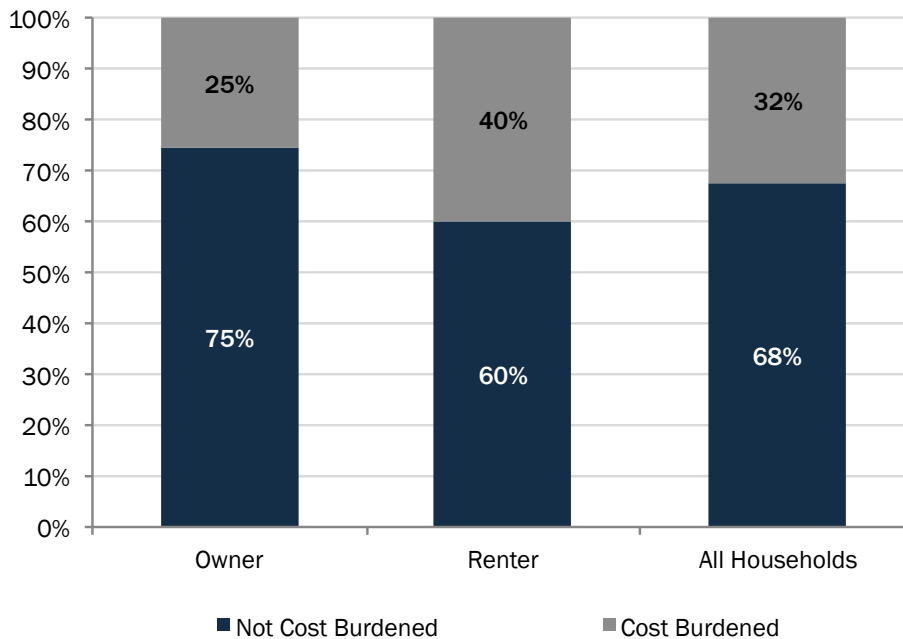
Figure B-24. Housing cost burden, Oregon, Hood River County, and Hood River, 2009-2013



Source: U.S. Census, ACS 2009-2013, B25070 and B25091

Figure B-25 shows housing cost burden, by tenure, for Hood River households in 2012.

Figure B-25. Housing cost burden by tenure, Hood River, 2009-2013



Source: U.S. Census, ACS 2009-2013, B25070 and B25091

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

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

Cost burden is only one indicator of housing affordability. Another way of exploring the issue of financial need is to review wage rates and housing affordability.

Table B-13 shows an illustration of affordable housing wage and rent gap for households in Hood River at different percentages of median family income (MFI). The data are for a typical

family of four. The results indicate that a household must earn \$14.63 an hour to afford a two-bedroom unit according to HUD's market rate rent estimate.

Table B-13. Illustration of affordable housing wage and rent gap by HUD income categories for a two-bedroom rental unit, Hood River County, 2014

Value	Minimum Wage	50% MFI	80% MFI	100% MFI	120% MFI
Annual Hours	2,080	2,080	2,080	2,080	2,080
Derived Hourly Wage	\$9.25	\$15.38	\$24.62	\$30.77	\$36.92
Annual Wage	\$19,240	\$32,000	\$51,200	\$64,000	\$76,800
Annual Affordable Rent	\$6,413	\$10,667	\$17,067	\$21,333	\$25,600
Monthly Affordable Rent	\$534	\$889	\$1,422	\$1,778	\$2,133
HUD Fair Market Rent (2 Bedroom)	\$845	\$845	\$845	\$845	\$845
Is HUD Fair Market Rent Higher Than The Monthly Affordable Rent?	Yes	No	No	No	No
Rent Paid Monthly OVER 30% of Income	\$311	n/a	n/a	n/a	n/a
Rent Paid Annually OVER 30% of Income	\$3,727	n/a	n/a	n/a	n/a
Percentage of Income Paid OVER 30% of Income for Rent	23%	n/a	n/a	n/a	n/a
Percentage of Income Spent on Housing	53%	32%	20%	16%	13%
For this area what would the "Affordable Housing Wage" be?	\$14.63	\$14.63	\$14.63	\$14.63	\$14.63
The Affordable Housing Wage Gap IS:	\$5.38	n/a	n/a	n/a	n/a

Source: U.S. Department of Housing and Urban Development, <http://www.huduser.org/portal/datasets/fmr.html>

MFI: Median family income, FMR: Fair market rent

Note: 30% of MFI corresponds to an hourly wage (\$8.05) below the minimum wage, so this table does not show that category of income.

Table B-14 shows a rough estimate of affordable housing cost and units by income levels for Hood River in 2014 based on Census data about household income, the value of owner-occupied housing in Hood River, and rental costs in Hood River. Several points should be kept in mind when interpreting this data:

- Affordable monthly housing costs and estimate of affordable purchase prices are based on HUD income standards and assume that a household will not spend more than 30% of household income on housing costs. Some households pay more than 30% of household income on housing costs, generally because they are unable to find more affordable housing or because wealthier households are able to pay a larger share of income for housing costs.
- HUD's affordability guidelines for Fair Market Rent are based on median family income and provide a rough estimate of financial need. These guidelines may mask other barriers to affordable housing such as move-in costs, competition for housing from higher-income households, and availability of suitable units. They also ignore other important factors such as accumulated assets, purchasing housing as an investment, and the effect of down payments and interest rates on housing affordability.
- Households compete for housing in the marketplace. In other words, affordable housing units are not necessarily available to low-income households. For example, if an area has a total of 50 dwelling units that are affordable to households earning 30% of median family income, 50% of those units may already be occupied by households that earn more than 30% of median family income.

The data in Table B-14 indicate that in 2015:

- More than 25% of the region's households could not afford a studio apartment according to HUD's estimate of \$683 as fair market rent;

- About 35% of households in Hood River could not afford a two-bedroom apartment at HUD's fair market rent level of \$845;
- A household earning median family income (\$64,000) could afford a home valued up to about \$160,000.

Table B-14. Rough estimate of housing affordability, Hood River, 2009-2013

Income Level	Number of HH	Percent	Affordable Monthly Housing Cost	Crude Estimate of Affordable Purchase Owner-Occupied Unit	Est. Number of Owner Units	Est. Number of Renter Units	Surplus (Deficit)	HUD Fair Market Rent (FMR) in 2015
Less than \$10,000	156	5%	\$0 to \$250	\$0 to \$25,000	38	18	(100)	
\$10,000 to \$14,999	121	4%	\$250 to \$375	\$25,000 to \$37,000	33	58	(30)	
\$15,000 to \$24,999	495	16%	\$375 to \$625	\$37,500 to \$62,500	19	397	(79)	
\$25,000 to \$34,999	356	12%	\$625 to \$875	\$62,500 to \$87,500	48	403	95	Studio: \$683 1 bdrm: \$713
\$35,000 to \$49,999	416	14%	\$875 to \$1,250	\$87,500 to \$125,000	27	333	(56)	2 bdrm: \$845 3 bdrm: \$1,245
\$50,000 to \$74,999	541	18%	\$1,250 to \$1,875	\$125,000 to \$187,500	116	182	(243)	4 bdrm: \$1,377
Hood River County MFI (\$64,000)			\$1,600	\$160,000				
\$75,000 to \$99,999	443	15%	\$1,875 to \$2,450	\$187,500 to \$245,000	121	68	(254)	
\$100,000 to \$149,999	347	12%	\$2,450 to \$3,750	\$245,000 to \$375,000	680	14	347	
\$150,000 or more	139	5%	More than \$3,750	More than \$375,000	455	5	320	
Total	3,014	100%			1,536	1,478	0	

Sources: U.S. Census, ACS 2009-2013; HUD Section 8 Income Limits, HUD Fair Market Rent.

Based on Oregon Housing & Community Services. Housing Strategies Workbook: *Your Guide to Local Affordable Housing Initiatives*, 1993.

Notes: FMR-Fair market rent; bdrm - bedrooms

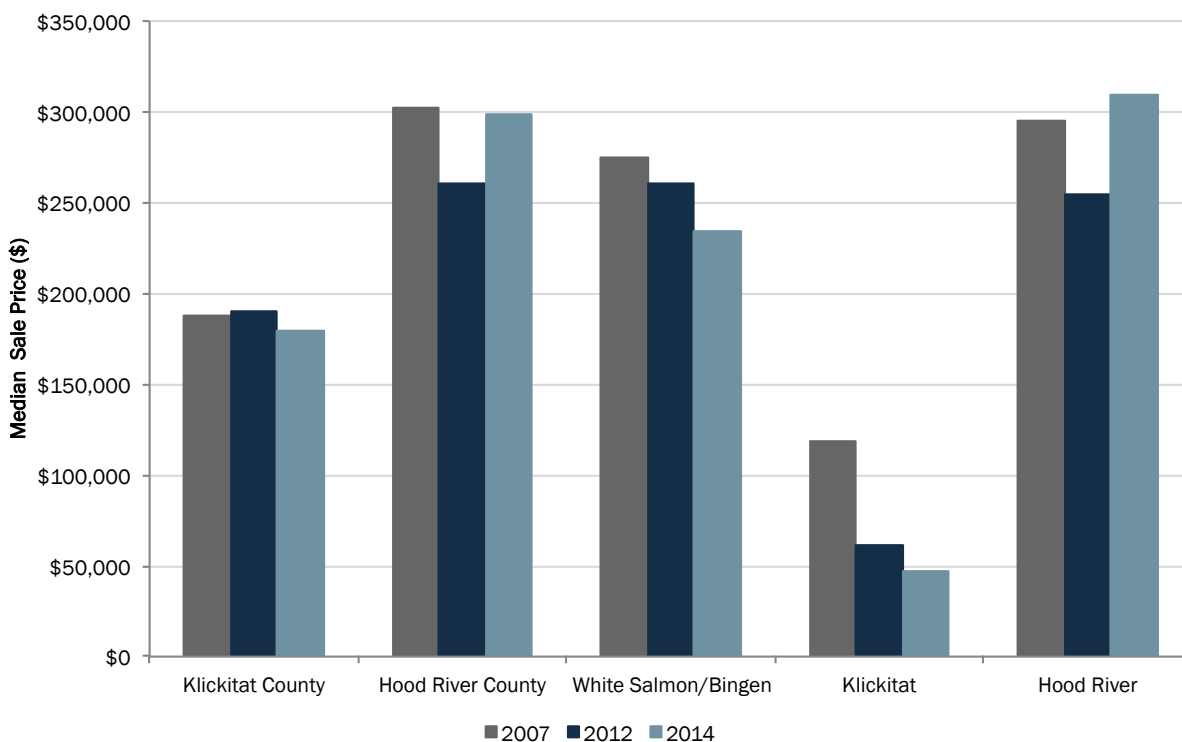
The conclusion based on the data presented in Table B-14 is that in Hood River had a deficit of over 200 affordable housing units for households that earn less than \$25,000 annually. Hood River also has a deficit of housing affordable to people earning \$35,000 to \$100,000. The fact that most households have housing suggests that many of these households are cost burdened (consistent with information Figure B-24). The next section examines changes in housing cost between 2000 and 2013.

Changes in housing cost

Ownership costs

Regional Multiple Listing Service (RMLS) provides property sales data and statistical summaries for many cities and counties across the State. Figure B-26 shows housing median sales price in Hood River and nearby communities at three points in time. In general, housing prices peaked in Oregon communities in about 2007 and were lowest between 2010 and 2012. Across the State of Oregon, the median sale price in many communities is still below its 2007 pre-recession peak. However, housing prices in the City of Hood River have increased faster, with a median sale price in 2014 that is higher than its 2007 pre-recession peak. According to RMLS, the 2014 median sale price was \$309,000 in Hood River, \$234,000 in White Salmon/Bingen and \$47,000 in Klickitat.

Figure B-26. Median Sale Price, Klickitat and Hood River County, White Salmon/Bingen, and Hood River, 2007 – 2014

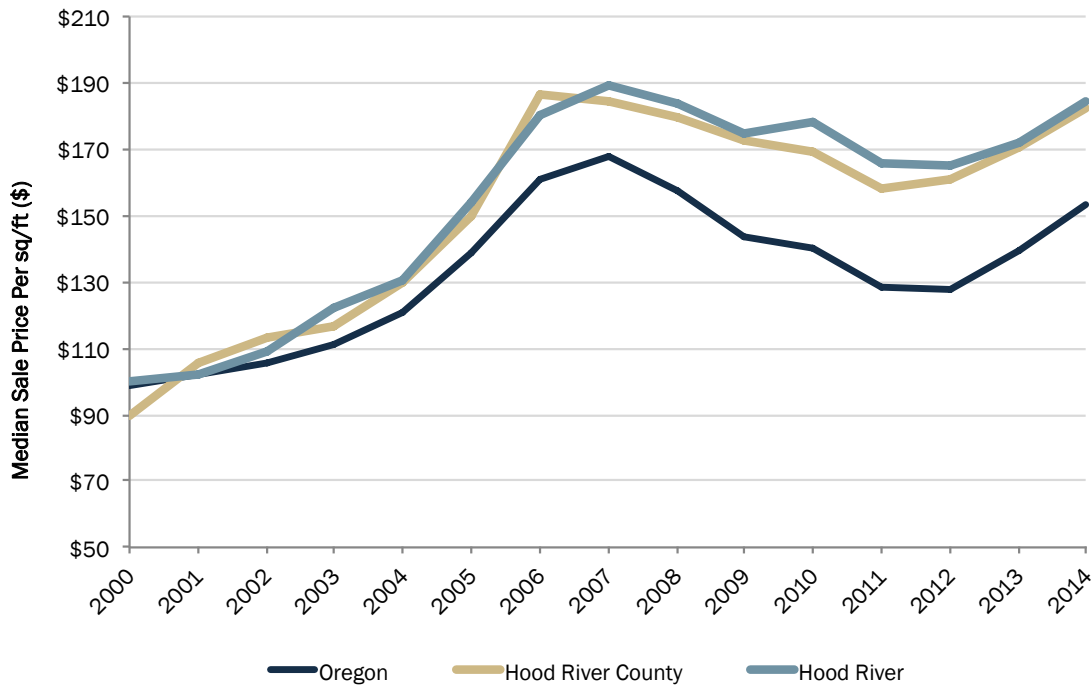


Source: RMLS, Average and Median Sale Price Appreciation by Area

While housing prices in Hood River generally increased since 2013, at the beginning of 2015, they showed slight decreases. In February 2015, median sales prices decreased to \$284,000 in Hood River. It is unclear if this decrease is reflective of a general change in the trend of Hood River's housing prices or of a short-term change in housing prices.

Figure B-27 shows the median sales price per square foot based on data from Zillow for homes in Oregon, Hood River County, and Hood River.⁴⁹ Prices for these geographies have followed similar trends to median home sales prices. For the City of Hood River, the median sales price per square foot rose from \$100 in 2000 to \$184 in 2014, unadjusted for inflation. The statewide average change was slower, rising from \$99 to \$153 over the same time period.

Figure B-27. Median Sales Price Per Square Foot, Oregon, Hood River County, and Hood River, 2000-2014

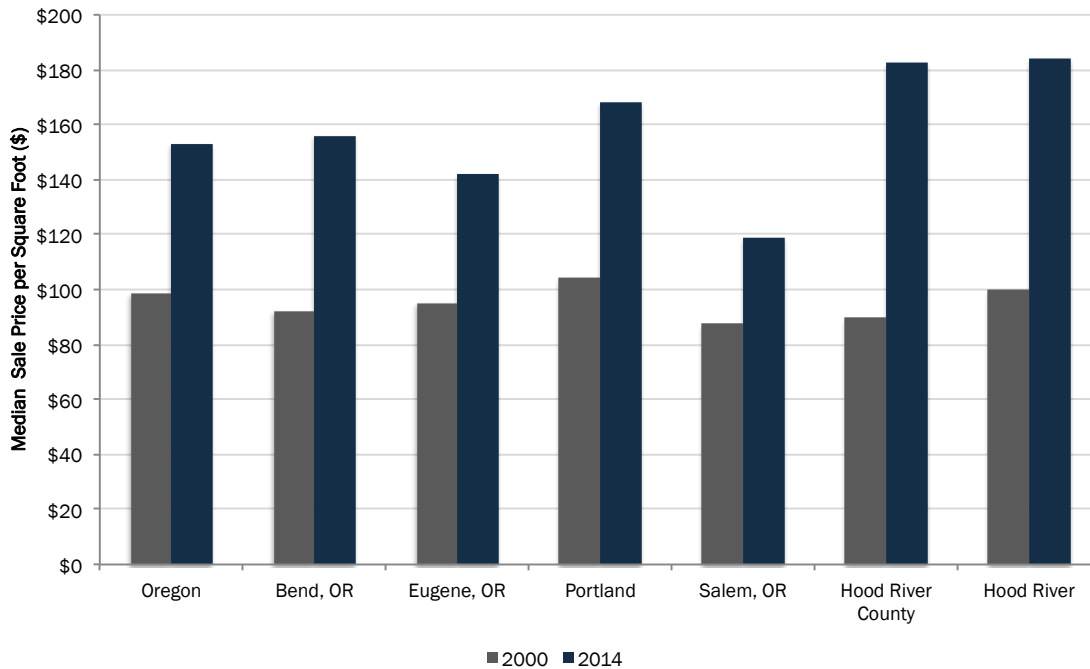


Source: Zillow Real Estate Research, <http://www.zillow.com/research/data/>

In comparison to other Oregon cities, Hood River’s increase in per square foot housing costs is larger than any of the other selected cities, rising \$84 between 2000 and 2014. Over the fourteen-year period, per square foot prices in Portland and Bend increased by \$64, by \$47 in Eugene, and \$32 in Salem.

⁴⁹ RMLS does not provide housing cost per square foot in an easily obtainable format. As a result we used Zillow data for this analysis.

Figure B-28. Median Sales Price per Square Foot of Built Space, Hood River and selected jurisdictions in Oregon, 2014



Source: Zillow Real Estate Research, <http://www.zillow.com/research/data/>

Table B-15 shows a comparison of median household income to housing value. Adjusting for inflation, at the State level, median household income decreased substantially between 2000 and 2009-2013, nearly erasing the gains made in the previous decade, while housing values (after substantial change in the interim) have continued to increase at the end of this period. However, Hood River has seen an even more dramatic increase in housing values, coincided by an increase in median household incomes. The resulting ratio of housing values to income was 6.4 for the City of Hood River in 2009-2013 and 4.7 for State.

Table B-15. Comparison of income and housing value, adjusted for inflation Oregon and Hood River, 2000 and 2009-2013

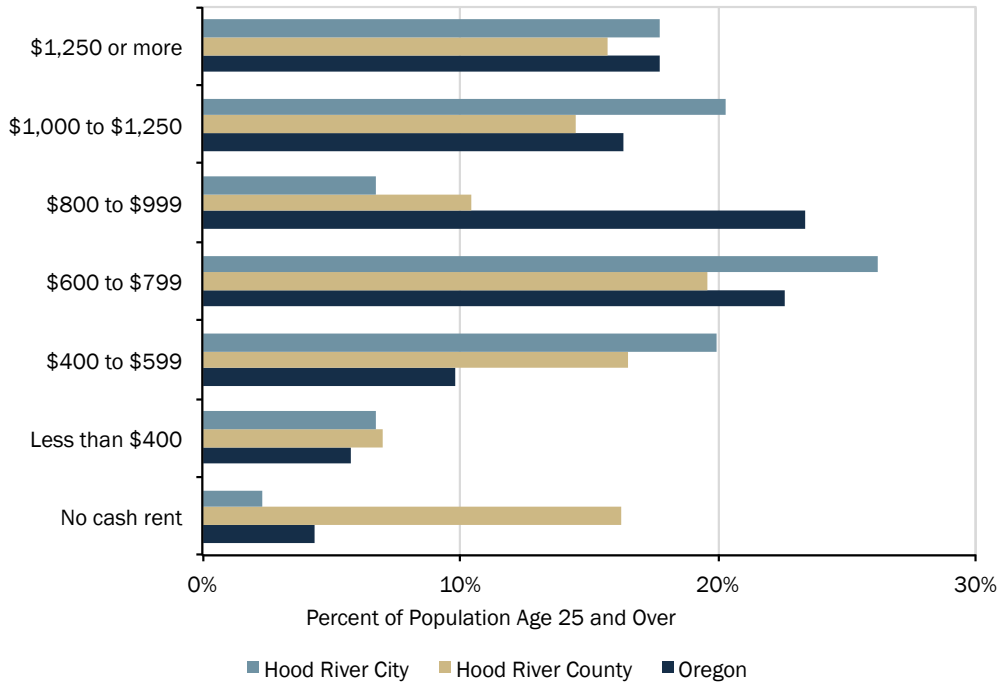
Indicator	Hood River City		Oregon	
	2000	2009 - 2013	2000	2009 - 2013
Median HH Income	\$43,435	\$48,858	\$57,076	\$50,229
Median Owner Value	\$197,160	\$314,200	\$203,872	\$238,000
Ratio of Housing Value to Income	4.54	6.43	3.57	4.74

Source: U.S. Census, 200,0 HC012 H085; U.S. Census, ACS 2009-2013, B19013 and B25077

Housing rental costs

Figure B-29 shows a comparison of gross rent for renter-occupied housing units in Oregon, Hood River County, and Hood River in 2009-2013.⁵⁰

Figure B-29. Gross rent, renter-occupied housing units, Oregon, Hood River County, and Hood River, 2009-2013



Source: U.S. Census, ACS 2009-2013, B25063

Table B-16 shows the gross rent for market-rate multifamily housing in Hood River based on a study completed for the Columbia Cascade Housing Corporation in 2012. The analysis considered rents at 13 multifamily buildings, with a total of 110 units. The average rent was \$960 per month, ranging from a low of \$660 for a one-bedroom unit to a high \$1,740 for a three-bedroom unit.

Table B-16. Market-rate multifamily rent by number of bedrooms, Hood River, 2012

Dwelling size	Gross Rents
One Bedroom	\$660 to \$935
Two Bedroom	\$720 to \$960
Three Bedroom	\$825 to \$1,740
Total Average	\$960

Source: "Rental Housing Needs Assessment, Hood River," prepared for Columbia Cascade Housing Corporation, August 30, 2012.

⁵⁰ The U.S. Census defines gross rent as: "the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid for by the renter (or paid for the renter by someone else)."