City of Keizer
Housing Needs Analysis Update
(2021—2041)

August 2021

City of Keizer

DRAFT REPORT

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ECONOMICS · FINANCE · PLANNING

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Executive Summary

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

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

How much housing will Keizer need?

Growth in housing will be driven by population growth. The number of residents in Keizer's portion of the shared Salem-Keizer Urban Growth Boundary (UGB) is forecast to grow by 5,345 people between 2021 and 2041. To accommodate new residents, the City will plan for 2,061 new dwelling units. Historically, about 69% of Keizer's housing stock was single-family detached. To meet the City's future housing needs, Keizer will plan for more single-family attached housing. Exhibit 1 presents Keizer's housing forecast.

Exhibit 1. Housing Forecast by Housing Type, Keizer's Portion of the Shared UGB, 2021 to 2041
Source: ECONorthwest.

Housing Type:		Housing Mix:	Housing Forecast:
Single-Family Detached Units		63%	1,298
Single-Family Attached Units		10%	206
Duplex, Triplex, and Quadplex		11%	227

Multifamily (with 5+ Units per Structure)		16%	330

How much buildable residential land does Keizer have?

Keizer has 234 unconstrained, buildable residential acres available for new housing development. Of Keizer's 234 acres, about 31% are in tax lots classified as vacant and 69% are in tax lots classified as partially vacant.

Exhibit 2. Buildable Acres in Vacant and Partially Vacant Tax Lots by Plan Designation, Keizer's Portion of the Shared UGB, 2020
Source: Metro; ECONorthwest analysis. Note: values may not sum due to rounding.

Plan Designation	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots	Total Buildable Acres
Outside River Cherry Overlay District	52	133	185
Low Density Residential	25	120	145
Low Density Residential (Odor Overlay Zone)	-	-	-
Medium Density Residential	-	1	1
Medium-High Density Residential	7	5	12
Mixed Use	7	2	9
Special Policy Area (SPA-LU)	2	-	2
Commercial	11	5	16
Inside River Cherry Overlay District	21	28	49
Low Density Residential	3	16	19
Medium Density Residential	-	-	-
Medium-High Density Residential	3	12	15
Mixed Use	15	-	15
Total	**73**	**161**	**234**

How much land will be required for housing?

Keizer has a deficit of land to accommodate development in the low density residential, medium density residential, and medium-high density residential plan designations.

- Low Density Residential has a deficit of capacity (177 dwelling units or 28 gross acres).

- Medium Density Residential has a deficit of capacity 219 dwelling units or 24 gross acres).

- Medium-High Density Residential has a balance of capacity.

- The Mixed-Use and Commercial plan designations havesmall surpluses of capacity beyond the forecast of needed housing.

Exhibit 3. Final Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit,[1] Keizer's Portion of the Shared UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Plan Designation	Capacity (Dwelling Units)	Need (Dwelling Units)	Group Quarters (Dwelling Units)	Remaining Capacity (Dwelling Units)	Land Sufficiency (Gross Acres)
Low Density Residential (LDR)	844	1,021		(177)	(28)
Medium Density Residential (MDR)	4	223		(219)	(24)
Medium-High Density Residential (MDHR)	329	279	50	0	0
Mixed-Use (MU)	363	266		97	5
Commercial (C)	139	62		77	3

What are the conclusions of Keizer's Housing Needs Analysis?

Keizer's portion of the UGB is forecast to grow from 38,695 people in 2021 to 44,040 people in 2041, an increase of 5,345 people. This population growth will occur at an average annual growth rate of 0.65%%. In addition to population growth, Keizer's households have grown larger on average. After considering a number of factors, including household size and vacancy, Keizer will have demand for about 2.061 new dwelling units over the 20-year planning period. To meet this need, Keizer will need to accommodate an average development trajectory of 103 new dwelling units (to include eight redeveloped units and three accessory dwelling units per year).

In the future, Keizer will need to plan for more single-family attached dwelling units to meet the City's housing needs. Historically, about 4% of Keizer's housing stock was single-family attached (69% was single-family detached and 27% was multifamily). The City will need to shift away from single-family detached housing (63% of new housing stock) to provide opportunities for single-family attached housing (10% of new housing). Duplex through quadplex will account for 11% of Keizer's housing growth and multifamily with 5 or more units will account for 16% of Keizer's housing growth.

The 2019 Keizer HNA concluded that Keizer needed slightly higher average residential densities than it has in the past, increasing from 6.8 to 7.3 dwelling units per net acre. The 2021 Keizer HNA accounted for higher densities as a result of measures taken by the City to implement the River Cherry Overlay District (RCOD). Accordingly, when analyzing future densities by plan designation, this analysis relied on historical net densities for residential lands outside RCOD and assumed future densities for residential lands inside RCOD. The resulting average density for future development in Keizer is approximately 9.1 dwelling units per net acre and 7.6 dwelling units per gross acre.

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

Keizer has a need for housing across the affordability spectrum indicating a need for a wider range of housing types, for renters and homeowners. About 34% of Keizer's households (overall) are cost burdened (paying more than 30% of their income on housing). Further, about 53% of renter households are cost burdened. Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions about:

- **481 of the forecasted new households will have incomes of less than 50% of MFI (about $35,300 in 2020 dollars or less).** These households often cannot afford market-rate housing without government subsidy.

- **825 new households will have incomes between 50% and 120% of MFI (between $35,300 and $84,720 in 2020 dollars).** These households will need access to affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot, and "traditional"), single-family attached housing, and multifamily products (particularly "middle" housing types such as duplexes, triplexes, quadplexes, and smaller apartments). This will include rental and ownership housing.

- **755 new households will have incomes over 120% of MFI (about $84,720 in 2020 dollars or more).** These households will likely be higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

Keizer's portion of the shared Salem-Keizer Urban Growth Boundary will not accommodate all of Keizer's housing needs. Keizer has a capacity deficit of about 396 dwelling units, which means the City has an approximate deficit of 52 gross acres. These units will predominantly be single-family housing types, as well as missing middle housing types such as cottage housing, townhouses, duplexes, triplexes, and quadplexes. Keizer will need to work with Salem to determine how to accommodate these units within the Salem-Keizer UGB.

1. Introduction

This report presents an updated Housing Needs Analysis for the City of Keizer. Consistent with state requirements, this analysis uses a 20-year planning period from 2021 to 2041. It builds from Keizer's previous draft Housing Needs Analysis for the 2019 to 2039 period.

This report is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing), ORS 197.296, OAR 660 Division 8, and other applicable statutes and rules. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The City of Keizer adopted its Comprehensive Plan in 1987. The city has changed considerably since then. Keizer grew from 21,884 people in 1990 to 38,580 people in 2019. This is an addition of 16,696 people or 76% growth. Since 2000, Keizer's population has grown a little older on average and has become slightly more ethnically diverse, consistent with statewide trends. Keizer last completed a housing needs assessment in 2019 (conducted by ECONorthwest). Since then, the City of Keizer has updated standards in its zoning code to accommodate greater housing variety and density in its Cherry River Overlay District. Further, under Oregon House Bill 2001 (which passed in 2019), the Oregon legislature has required cities with more than 25,000 people to allow duplexes, triplexes, fourplexes, townhomes, and cottage clusters in all areas that are zoned for residential use and allow single-family homes. These changes have triggered a need for Keizer to update its Housing Needs Analysis to better plan for housing over the next 20 years.

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

Framework for a Housing Needs Analysis

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

turn are a function of many factors like income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing markets in Marion County and Keizer are the result of the individual decisions of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in Keizer between 2021 and 2041.

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

Statewide Planning Goal 10

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

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[2] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

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

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

(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.[3]

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

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

(e) Housing for farmworkers.

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

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

Public Process

At the broadest level, the purpose of a Housing Needs Analysis is to understand how much Keizer will grow over the next 20 years. The project can be broken into two components: (1) technical analysis and (2) housing strategies. The technical analysis requires a broad range of assumptions that influence the outcomes; the housing strategy is a series of high-level policy choices that will affect Keizer residents. Both benefit from public input which was received during Keizer's 2019 planning process.

The intent of the previous 2019 project was to establish broad public engagement throughout the project as work occurred. Public engagement was accomplished through various avenues, which are discussed below. Because this updated analysis (conducted in 2020/21) is meant to only renew key assumptions for relevancy, new public engagement efforts were not pursued.

Project Advisory Committee Engagement

The City of Keizer and ECONorthwest solicited public input from an ad-hoc Project Advisory Committee. The Project Advisory Committee met four times[4] to discuss project assumptions, results, and implications. The project relied on the Project Advisory Committee to review draft products and provide input at key points (e.g., before recommendations and decisions were made and before draft work products were finalized).

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

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

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

Public Engagement

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

Organization of this Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Keizer's inventory of residential land.

- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Keizer's housing market.

- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Keizer** presents factors that affect housing need in Keizer, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Keizer relative to the larger region.

- **Chapter 5. Housing Need in Keizer** presents the forecast for housing growth in Keizer, describing housing need by density ranges and income levels.

- **Chapter 6. Residential Land Sufficiency within Keizer** estimates Keizer's residential land sufficiency needed to accommodate expected growth over the planning period.

- **Appendix A. Residential Buildable Lands Inventory** provides an overview of the buildable land inventory methodology and results.

2. Residential Buildable Lands Inventory

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

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

Definitions

ECONorthwest developed the buildable lands inventory with a tax lot database from the Mid-Willamette Council of Governments Geographic Information Systems (GIS) through the City of Keizer. Maps produced for the buildable lands inventory used a combination of GIS data, adopted maps, and visual verification to verify the accuracy of county data. The tax lot database is current as of December 2018.

In 2020, ECONorthwest updated the buildable lands inventory, to account for lots that developed between January 2019 and November 2020. The development status of parcels with development over that period were was changed from vacant or partially vacant to developed (or partially vacant, if they still met the criteria for that land class). ECONorthwest also incorporated the new River Cherry Overlay District (RCOD) into the inventory, reporting land that is inside and outside of the district.

The inventory builds from the database to estimate buildable land within Plan Designations that allow residential uses. The following definitions were used to identify buildable land for inclusion in the inventory:

- **Vacant land.** Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes).

- **Partially vacant land.** Partially vacant tax lots are those occupied by a use but contain enough land to be developed further. Consistent with the safe harbor established in OAR 660-024-0050 (2)(a), tax lots that are one-half acre or larger are considered partially vacant.[5] This was refined through visual inspection of recent aerial photos.

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

- **Developed land.** Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.

Development Constraints

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

- **Lands within floodways and floodplains.** Flood Insurance Rate Maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways and 100-year floodplains.

- **Land within wetlands.** Keizer does not have a local wetlands inventory, thus the BLI uses data from the National Wetlands Inventory (NWI) to identify wetland constraints.

- **Land with slopes over 25%.** Lands with slopes over 25% are considered unsuitable for residential development.

- **Land within landslide hazards.** The DOGAMI SLIDO database and landslide susceptibility datasets were used to identify lands with landslide hazards. ECONorthwest included lands with "very high" or "high" susceptibility to landslides in the constrained area.

Buildable Lands Inventory Results

Land Base

Exhibit 4 shows residential land in Keizer by classification (development status). The results show that the Keizer UGB has 3,087 total acres in Plan Designations that allow housing outright. About 425 acres have development capacity (14%) and 2,662 acres do not have development capacity (86%). Of the 425 acres with development capacity, most (312 acres or 73%) are located in lots that are partially vacant. In addition, most (356 acres of 84%) are located in lots that are outside of the River Cherry Overlay District.

Exhibit 4. Residential Acres by Classification and Plan Designation, Keizer UGB, 2020
Source: Data from Mid-Willamette Council of Governments, Analysis by ECONorthwest.

Generalized Plan Designation	Lots with Development Capacity		Lots with No Development Capacity		Total Acres
	Acres in Vacant Taxlots	Acres in Partially Vacant Taxlots	Acres in Vacant Taxlots	Acres in Partially Vacant Taxlots	
Outside River Cherry Overlay District	84	272	1,945	38	2,339
Low Density Residential	53	257	1,600	38	1,948
Low Density Residential (Odor Overlay Zone)	-	-	32	-	32
Medium Density Residential	-	1	76	-	77
Medium-High Density Residential	11	6	169	-	186
Mixed Use	7	2	51	-	60
Public	-	-	-	-	-
Special Policy Area (SPA-LU)	2	-	1	-	3
Commercial	11	6	16	-	33
Inside River Cherry Overlay District	29	40	678	1	748
Low Density Residential	3	25	272	1	301
Medium Density Residential	-	1	1	-	2
Medium-High Density Residential	3	13	165	-	181
Mixed Use	23	1	219	-	243
Commercial	-	-	7	-	7
High School	-	-	14	-	14
Total	**113**	**312**	**2,623**	**39**	**3,087**

Note 1: Lots with development capacity include constrained areas of lots.

Note 2: The numbers in the table may not sum to the total as a result of rounding.

Exhibit 5 shows land in all residential Plan Designations by development status and constraint status. After development constraints have been applied, about 81% of Keizer's total residential land (2,487 acres) has no development capacity, 12% (362 acres) is constrained, and 8% (234 acres) is unconstrained and buildable.

Exhibit 5. Residential Land by Plan Designation and Constraint Status, Keizer UGB, 2020
Source: Data from Mid-Willamette Council of Governments, Analysis by ECONorthwest.

Plan Designation	Number of Taxlots	Committed Acres	Constrained Acres	Buildable Acres	Total Acres
Outside River Cherry Overlay District	**9,101**	**1,847**	**306**	**185**	**2,338**
Low Density Residential	7,917	1,525	276	146	1,947
Low Density Residential (Odor Overlay Zone)	219	31	1	-	32
Medium Density Residential	363	69	8	1	78
Medium-High Density Residential	463	157	17	12	186
Mixed Use	105	49	3	8	60
Public	2	-	-	-	-
Special Policy Area (SPA-LU)	2	1	-	2	3
Commercial	30	15	1	16	32
Inside River Cherry Overlay District	**1,978**	**640**	**56**	**49**	**745**
Low Density Residential	1,233	266	15	19	300
Medium Density Residential	4	2	-	-	2
Medium-High Density Residential	327	159	6	15	180
Mixed Use	400	194	33	15	242
Commercial	13	5	2	-	7
High School	1	14	-	-	14
Total	**11,079**	**2,487**	**362**	**234**	**3,083**

Note 1: "Committed Acres" consists of developed parcels and the built portion of partially vacant parcels.

Note 2: The numbers in the table may not sum to the total as a result of rounding.

Vacant Buildable Land

Exhibit 6 shows buildable acres (e.g., acres in tax lots after constraints are deducted) for vacant and partially vacant land by Plan Designation. Of Keizer's 234 unconstrained buildable residential acres, about 31% (73 acres) are in tax lots classified as vacant and 69% (161 acres) are in tax lots classified as partially vacant. About 62% of Keizer's buildable residential land (145 acres) is in the Low-Density Residential Plan Designation located outside of Keizer's River Cherry Overlay District.

Exhibit 6. Buildable Acres in Vacant / Partially Vacant Tax lots by Plan Designation, Keizer UGB, 2020
Source: Data from Mid-Willamette Council of Governments, Analysis by ECONorthwest.

Plan Designation	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots	Total Buildable Acres
Outside River Cherry Overlay District	52	133	185
Low Density Residential	25	120	145
Low Density Residential (Odor Overlay Zone)	-	-	-
Medium Density Residential	-	1	1
Medium-High Density Residential	7	5	12
Mixed Use	7	2	9
Special Policy Area (SPA-LU)	2	-	2
Commercial	11	5	16
Inside River Cherry Overlay District	21	28	49
Low Density Residential	3	16	19
Medium Density Residential	-	-	-
Medium-High Density Residential	3	12	15
Mixed Use	15	-	15
Total	**73**	**161**	**234**

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

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

Exhibit 7. Residential Land by Development Status with Constraints, Keizer UGB, 2020

Keizer Buildable Lands Inventory
Residential Development Status

City Limits
River Cherry Overlay District
Constraints
Development Status
Developed
Partially Vacant
Public
Vacant

Date: January 2021
Source: ECONorthwest; Mid-Willamette Valley COG
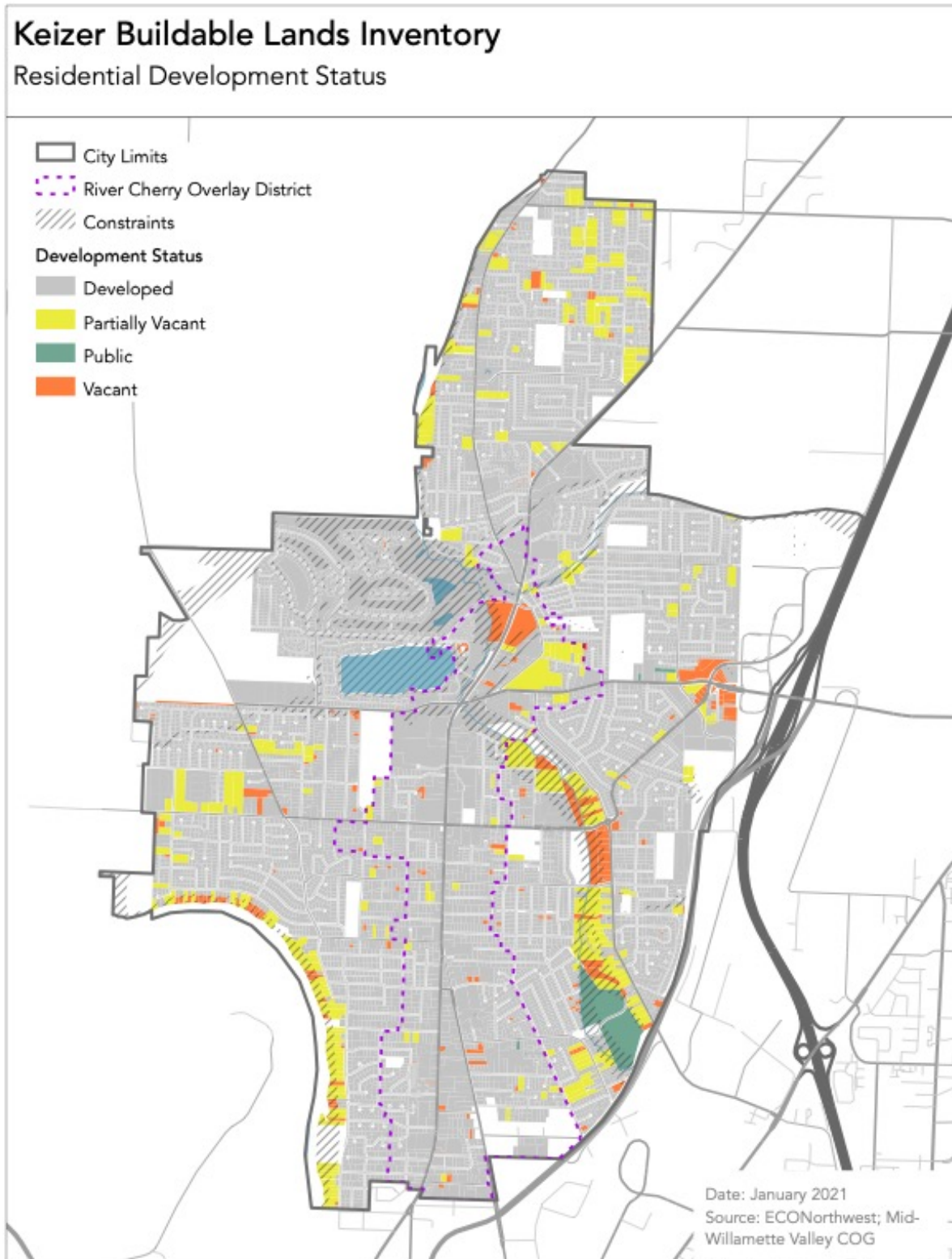
Exhibit 8. Unconstrained Vacant and Partially Vacant Residential, Keizer UGB, 2020

Keizer Buildable Lands Inventory
Unconstrained Vacant and Partially Vacant Residential Land

Legend:
- River Cherry Overlay District
- City Limits

Plan Designations
- Commercial
- Low Density Residential
- Low Density Residential Overlay
- Medium Density Residential
- Medium High Density Residential
- Mixed Use
- Special Policy Area Limited Use

Date: January 2021
Source: ECONorthwest; Mid-Willamette Valley COG

Redevelopment Potential

Redevelopment potential deals primarily with developed land that is designated for two-family or multifamily residential uses (plan designations MDR, MDHR, MU) and has single-family residences and an improvement-to-land-value ratio of less than 1:1.[6] Not all parcels that meet these criteria for redevelopment potential will be assumed to redevelop during the planning period.

As a starting point, we plotted the distribution of improvement-to-land-value ratios for all residential parcels classified as developed.[7] Exhibit 9 shows the distribution of improvement-to-land values for developed residential land in Keizer in the MDR, MDHR, and MU plan designations. It provides a summary of potentially redevelopable parcels by improvement-to-land-value ratios in 2019. A ratio of less than 1:1 is a typical, but arbitrary, standard for estimating lands with redevelopment potential.

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

Exhibit 9. Developed Residential Parcels by Improvement/Land Value Ratio
Inside the Keizer Portion of the Salem-Keizer UGB in 2019
Source: Data from Mid-Willamette Council of Governments, Analysis by ECONorthwest.

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

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

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

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

3. Historical and Recent Development Trends

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

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

This HNA examines changes in Keizer housing market since 2000. We selected this time period because (1) Keizer last completed periodic review in 2014; (2) the period provides information about Keizer's housing market before and after the national housing market bubble's growth and deflation, in addition to the more recent increase in housing costs; and (3) data about Keizer's housing market during this period is readily available from sources such as the Census and the City building permit database (which provides information for 2007 onward).

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

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

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

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.

- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.

- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

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

Data Used in This Analysis

Throughout this analysis (including the subsequent Chapter 4), we used data from multiple sources, choosing data from well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from two Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the United States. It is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.

- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the United States. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

- **Keizer Building Permit database**, which includes information on permits issued at the City of Keizer from 2000 to 2020.

- **Redfin**, an online platforms providing real estate and property owner data. We use this source to collect housing sale price data in aggregate.

As this report is an update from the Housing Needs Analysis conducted in 2019, this report uses data from several ACS periods: 2012–2016, 2013–2017, 2014–2018, and 2015–2019. Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points, this report includes population, income, and housing price data from the Oregon Office of Economic Analysis, the Oregon Bureau of Labor and Industries, the U.S. Department of Housing and Urban Development, and Redfin. It also uses the Oregon Department of Housing and Community Services' affordable housing inventory and Oregon's Manufactured Dwelling Park inventory.

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

It is worth commenting on the methods used for the American Community Survey (ACS).[8] The ACS is a national survey that uses continuous measurement methods. It uses a sample of about 3.5 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

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

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Keizer and compares Keizer to Marion County and Oregon. These trends demonstrate the types of housing developed in Keizer historically. Unless otherwise noted, this chapter uses data from the 2000 and 2010 Decennial Census, and the 2013–2017 ACS five-year estimates.

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

- **Keizer's housing stock is predominantly single-family detached housing units.** Sixty-nine percent of Keizer's housing stock is single-family detached, 27% is multifamily, and 4% is single-family attached (e.g., townhouses).

- **Since 2000, Keizer's housing mix has remained relatively similar with a slight shift in multifamily unit composition.** Keizer's housing stock grew by about 14% (about 1,849 new units) between 2000 and the 2013–2017 period.

- **Single-family housing accounted for much of the new housing growth in Keizer between 2007 and quarter 2 of 2020.** About 77% of new housing permitted in this time was single-family units and 23% was for multifamily units.

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

Housing Mix

The total number of dwelling units in Keizer increased by 14% from 2000 to 2013–2017.
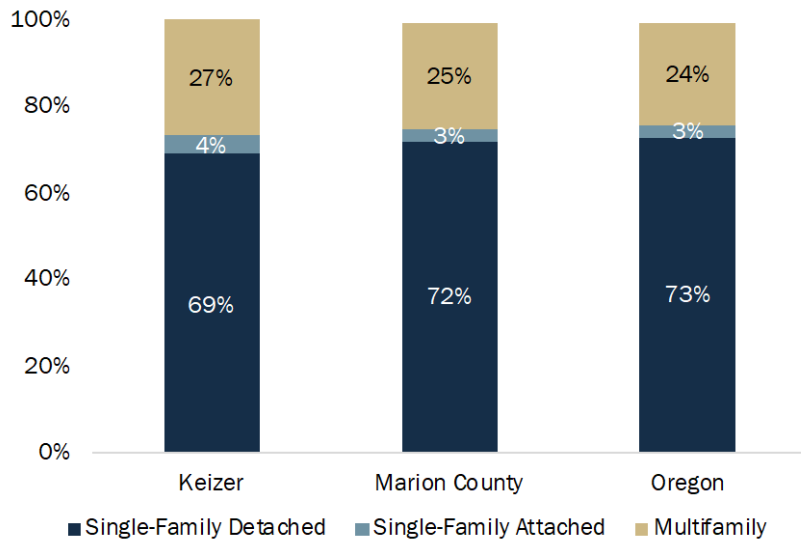
Keizer added 1,849 new units since 2000.

Exhibit 10. Total Dwelling Units, Keizer, 2000 and 2013–2017
Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013–2017 ACS Table B25024.
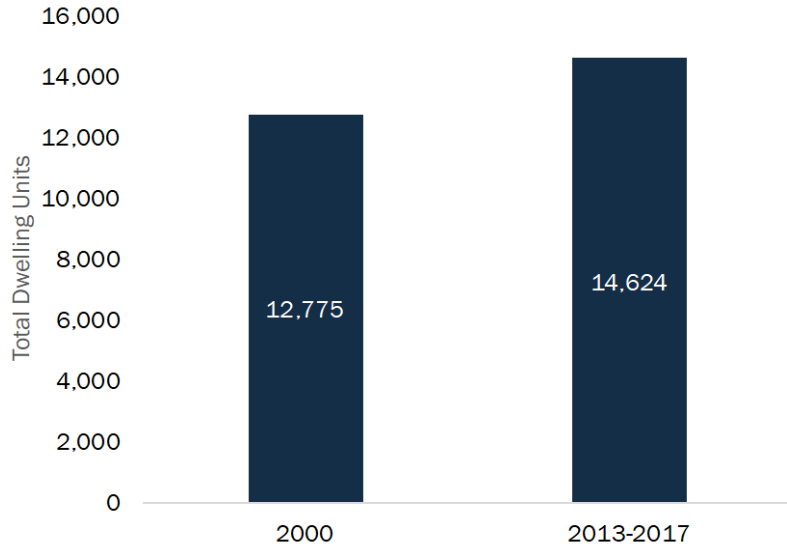
About 69% of Keizer's housing stock is single-family detached.
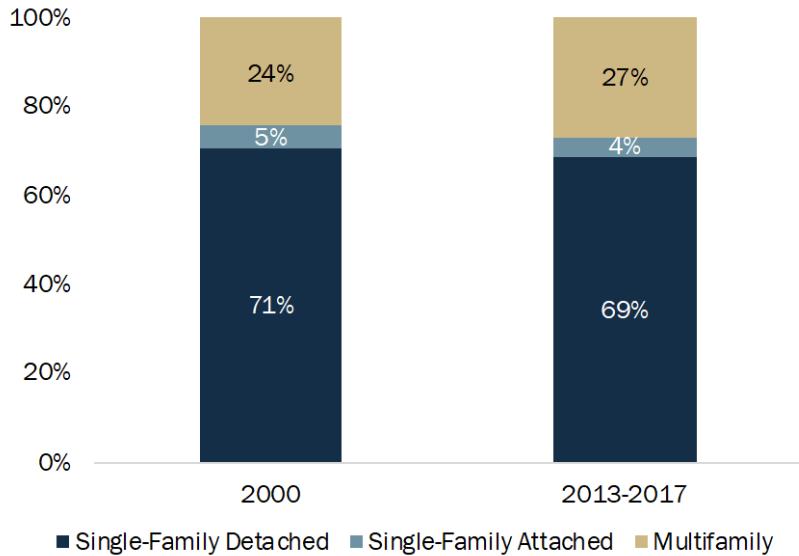
Keizer has a slightly larger share of multifamily housing than Marion County and Oregon.

Exhibit 11. Housing Mix, Keizer, Marion County, and Oregon, 2013–2017
Source: U.S. Census Bureau, 2013–2017 ACS Table B25024.

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

Exhibit 12. Change in Housing Mix, Keizer, 2000 and 2013–2017
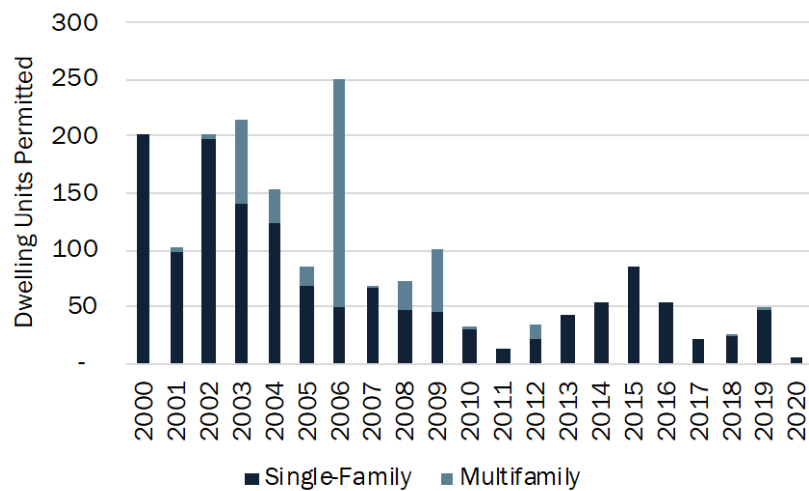
Building Permits

Over the 2000–2020 Q2 analysis period, Keizer issued permits for 1,868 dwelling units, with an annual average of 93 permits issued.

Of these 1,868 permits, about 77% were for single-family dwelling units and 23% were for multifamily dwelling units.

Exhibit 13. Building Permits Issued for New Residential Construction by Type of Unit, Keizer, 2000–2020 Q2

Housing Density

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

The U.S. Census does not track residential development density; thus, this study analyzes housing density based on Keizer's permit database for development between 2000 and 2020 Q2.

Between January 2000 and quarter 2 of 2020, Keizer permitted 1,868 new dwelling units. Of the 1,868 new units, 1,432 units were single family (77%) and 436 units were multifamily (23%). During this time, housing in Keizer developed at an average net density of 6.8 dwelling units per net acre. Exhibit 14 shows average net residential development by structure type for the historical analysis period. Single-family housing developed at 5.9 units per net acre and multifamily housing developed at 13.3 units per net acre.

Exhibit 14. Net Density by Unit Type and Zone, Keizer, 2000–2020 Q2
Source: City of Keizer Building Permit Database.

Plan Designation	Single-Family			Multifamily			Total		
	Dwelling Units	Net Acres	Net Density	Dwelling Units	Net Acres	Net Density	Dwelling Units	Net Acres	Net Density
Low Density Residential	1,306	214	6.1	34	4	8.5	1,340	218	6.1
Medium Density Residential	66	13	5.0	-	-	-	66	13	5.0
Medium High Density Residentia	45	8	5.7	77	9	8.2	122	17	7.1
Mixed Use	12	6	1.8	261	18	14.4	273	25	11.1
Commercial	3	1	2.2	64	1	51.2	67	3	25.5
Total	**1,432**	**243**	**5.9**	**436**	**33**	**13.3**	**1,868**	**276**	**6.8**

Trends in Tenure

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

The homeownership rate in Keizer decreased by 3% from 2000 to 2010. It has since remained stable.

Exhibit 15. Tenure, Occupied Units, Keizer, 2000–2016
Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2012–2016 ACS Table B24003.
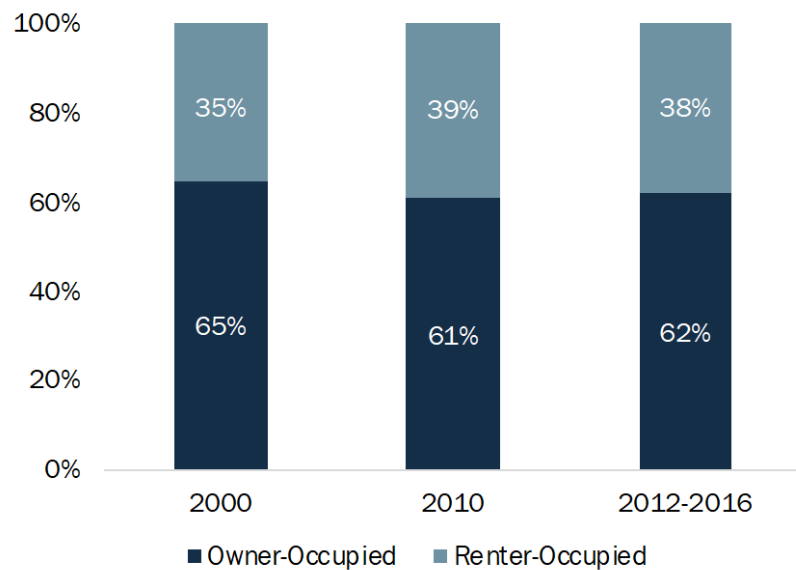
Keizer has a similar share of homeowners and renters as Marion County and Oregon.

Exhibit 16. Tenure, Occupied Units, Keizer, Marion County, and Oregon, 2012–2016
Source: U.S. Census Bureau, 2012-2016 ACS Table B24003.
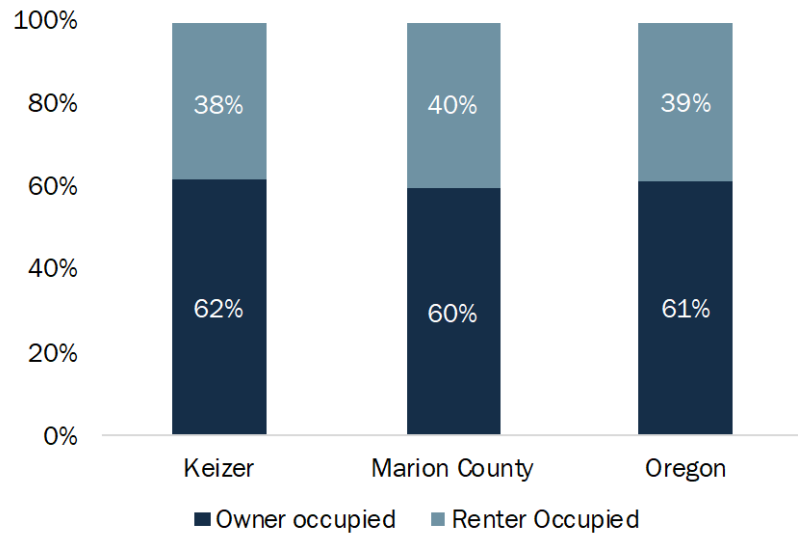
Nearly all homeowners (96%) live in single-family detached housing.

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

Exhibit 17. Housing Units by Type and Tenure, Keizer, 2012–2016
Source: U.S. Census Bureau, 2012–2016 ACS Table B25032.
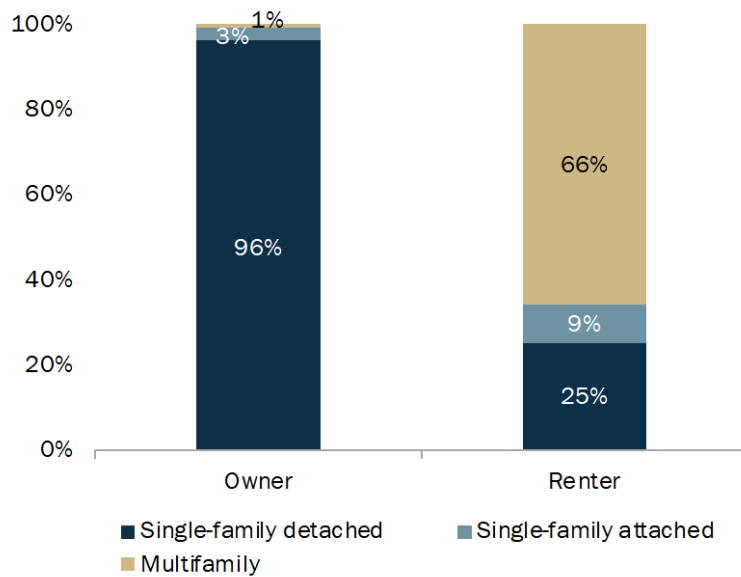
Vacancy Rates

Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancies through an enumeration, separate from (but related to) the survey of households. Enumerators are obtained using information from property owners and managers, neighbors, rental agents, and others.

According to the 2015–2019 Census, the vacancy rate in Keizer was 5.5%, compared to 6.5% for Marion County, and 8.9% for Oregon.

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

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

Exhibit 18. Vacancy of Seasonal, Recreational, or Occasional Use Housing, Keizer, 2000, 2010, and 2014–2018
Source: Census Bureau, 2000 Decennial Census SF1 Table H005, 2010 Decennial Census SF1 Table H5, 2014–2018 ACS Table B25004.

30 Units
2000

49 Units
2010

13 units
2014-2018

-57%
Change from 2000 to 2018

Government-Assisted Housing

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are eight government-assisted housing developments and properties in Keizer.

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

Manufactured Homes

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

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. However, the value of the manufactured home generally does not appreciate in the way a conventional home would. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Homeowners living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

Keizer had 786 mobile homes in 2000 and 813 mobile homes in the 2012–2016 period, an increase of 27 dwellings. According to Census data, 97% of the mobile homes in Keizer were owner-occupied in the 2012–2016 period. Of the 813 mobile homes in the 2012–2016 period, approximately 634 units were located in manufactured housing parks (78%).

OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. Exhibit 19 presents the inventory of mobile and manufactured home parks within Keizer in November of 2020.

Keizer has eight manufactured home parks within their portion of the UGB. Within these parks, there are a total of 634 spaces, one of which was vacant as of November 2020.

Exhibit 19. Inventory of Mobile/Manufactured Home Parks, Keizer's portion of UGB, 2020
Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total Spaces	Vacant Spaces	Comprehensive Plan Designation
Briarwood Estates	5098 Briarwood Circle N #1	Family	66	0	Low Density Residential
Kennedy Meadows Mobile Home Park	2096 Kennedy Circle NE	Family	99	1	Medium and High Density Residential
McNary Oaks Mobile Villa	5355 River Rd N	55+	122	0	Medium and High Density Residential
Rainbow Gardens Mobile Village, LLC	1011 Chemawa Road NE	55+	87	0	Medium and High Density Residential
Spring Meadow MHC, LLC	1505 Garwood Way N	Family	83	0	Low Density Residential
Stadium Village	3460 Tepper Parkway NE	55+	24	0	Low Density Residential
Wildwood Mobile Villa Inc	5510 Windsor Island Rd N	55+	105	0	Medium and High Density Residential
Oakwood Mobile Manor	1029 Oakwood St NE	Family	48	0	Median and High Density Residential
Total			**634**	**1**	

4. Demographic and Other Factors Affecting Residential Development in Keizer

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

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

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

1. Project the number of new housing units needed in the next 20 years.

2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.

3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.

4. Determine the types of housing that are likely to be affordable to the projected households based on household income.

5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.

6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4 in this list. Chapter 5 presents data to address steps 1, 5, and 6 in this list.

Demographic and Socioeconomic Factors Affecting Housing Choice[9]

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

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

- **Age of householder is** the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of Baby Boomers (people born from about 1946 to 1964) and Millennials (people born from about 1980 to 2000).

- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).

- **Income** is the household income. Income is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses

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

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

The American Planning Association, "Investing in Place; Two Generations' View on the Future of Communities," 2014.

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

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

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

E. Zietz, "Multi-Family Housing: A Review of Theory and Evidence." *Journal of Real Estate Research* 25 (2), 2003.

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

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

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

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

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

(e.g., single-family detached, duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

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

National Trends[10]

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports and conclusions from *The State of the Nation's Housing* report from the Joint Center for Housing Studies of Harvard University. The Harvard report (2020) summarizes the national housing outlook as follows:

> Given the profound impact of the pandemic on how US households live and work, there is plenty of reason to believe that it could bring meaningful changes to housing markets. With millions of people forced to work remotely, employers and employees alike may find this an attractive option even after the pandemic ends. If so, demand would likely increase for homes large enough to provide office space, as well as easy access to outdoor spaces to exercise and socialize. And if long commutes are no longer everyday requirements, many households may move to lower-density areas where housing is less expensive. However, a major shift in residential development patterns is far from certain. What is certain is that the need for more housing of all types, locations, and price points will persist. In the near term, the outlook for housing markets is bright, fueled by very low interest rates as well as unabated demand from more affluent households. If the pandemic persists, however, it will remain a serious drag on the labor market and wage growth, and ultimately on household formations. Still, the pandemic's negative impact on markets should be relatively muted given historically tight conditions on the supply side.

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

- **Bounce back in residential construction led by single-family starts.** New construction made a sharp comeback in summer 2020 led by single-family construction. Single-family starts in 2020 began at about a 900,000-unit annual rate (the fastest pace since the Great

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[10] 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 2020," (2) Urban Land Institute, "2021 Emerging Trends in Real Estate," and (3) the U.S. Census.

Recession), before dipping to a below 700,000-unit annual rate in April due to the COVID-19 pandemic. Then, single-family starts hit a 1.1-million-unit annual rate in September 2020—marking it as the strongest month for single-family homebuilding in over 13 years. Multifamily unit starts also continued to climb, increasing by 7.5% from about 374,000 units in 2018 to about 402,000 units in 2019. Notably, 2019 marked the first year since 1988 that multifamily starts topped 400,000. In 2019, home sales averaged 3.9 months which is below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. *The State of the Nation's Housing* report cited lack of skilled labor, rising construction costs, land use regulations (particularly density restrictions), and development fees as constraints on new construction.

- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 64.6% in 2019. Trends suggest the recent homeownership increases are among householders of all age groups; however, new growth in homeownership since the post-Great Recession low of 2013 resulted from households with higher incomes. About 88% of net new growth (2013 to 2019) was among households with incomes of $150,000 or more.

- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing in 2019 which is 5.6 million more households than in 2001. Renter households experienced cost-burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges continued to move up the income ladder, with the share of cost-burdened middle-income households increasing slightly from 2018 to 2019 even as the share of low-income households experiencing cost-burden declined slightly over the same period. Households under the age of 25 and over the age of 85 had the highest rates of housing cost-burden.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 12 million units between 2018 and 2028[11]. Much of the demand will come from Baby Boomers, Millennials,[12] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.

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[11] The Joint Center for Housing Studies of Harvard University. The State of the Nation's Housing 2019.

[12] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 to 2012 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

- **Growth in rehabilitation market.**[13] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (and 40% at least 50 years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

  Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Declining residential mobility.**[14] Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While reasons for decline in residential mobility are uncertain, contributing factors include demographic, housing affordability, and labor-related changes. For instance, as Baby Boomers and Millennials age, mobility rates are expected to fall as people typically move less as they age. Harvard University's Research Brief (2020) also suggests that increasing housing costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include: the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably: the aging of Baby Boomers, housing demand from Millennials and Generation Z, and growth of immigrants.

  - *Baby Boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the Baby Boomer generation will affect the housing market. In particular, Baby Boomers' will influence housing preference and homeownership trends. Preferences (and needs) will vary for Boomers' moving through their 60s, 70s, and 80s (and beyond). They will require a range of housing opportunities. For example, "aging baby boomers are

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[13] These findings are copied from: Joint Center for Housing Studies. (2019). Improving America's Housing, Harvard University. Retrieved from:
https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf
[14] Frost, R. (2020). "Are Americans stuck in place? Declining residential mobility in the US." Joint Center for Housing Studies of Harvard University's Research Brief.

increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities."[15] Many seniors are also moving to planned retirement destinations earlier than expected as they experience the benefits of work-from-home trends (accelerated by COVID-19). Additionally, the supply of caregivers is decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[16] A broader definition exists, which explains that aging in place means "remaining in the current community and living in the residence of one's choice."[17] Some Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multifamily housing or age-restricted housing developments, before they move into to a dependent living facility or into a familial home. Moreover, "the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[18]

▪ *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.[19] However, as Millennials move into their early to mid-thirties, postponement of family formation is ending, and millennials are likely to prefer detached, single family homes in suburban areas.

At the beginning of the 2007–2009 recession, Millennials only started forming their own households. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. As this generation continues to progress into their homebuying years, they will seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level,

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[15] Urban Land Institute. Emerging Trends in Real Estate, United States and Canada. 2019.

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

[17] *Ibid.*

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

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

single-family homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, they only represented 24% of single-family units.

Millennials' average wealth may remain far below Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2020, Millennials comprised 38% of home buyers, while Gen Xers comprised 23% and Boomers 33%.[20] "By the year 2061, it is estimated that $59 trillion will be passed down from boomers to their beneficiaries," presenting new opportunities for Millennials (as well as Gen Xers).[21]

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early 20s and the youngest in their early childhood years. By 2040, Generation Z will be between 20 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues, they look very much like Millennials. Generation Z was set to inherit a strong economy and record-low unemployment.[22] However, because the long-term impacts of COVID-19 are unknown, Generation Z may now be looking at an uncertain future.

  While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations. A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close proximity). However, this cohort is smaller than Millennials (67 million vs. 72 million) which may lead to slowing real estate demand in city centers.

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite decline in immigration rates in 2019. The Census Bureau's estimates of net immigration in 2019 indicate that 595,000 immigrants moved to the United States from abroad, down from 1.2 million immigrants in 2017–2018. However, as noted in

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

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

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

The State of the Nation's Housing (2020) report, "because the majority of immigrants do not immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time."

▪ *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between Whites and Blacks, as well as the larger share of minority households that are cost burdened warrants consideration. White households had a 73% homeownership rate in 2019 compared to a 43% rate for Black households. This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Hispanic households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to White households, leads to higher rates of cost burden for minorities —43% for Blacks, 40% for Latinx, 32% for Asians and 25% for Whites in 2019. As noted in *The State of the Nation's Housing (2020)* report "the impacts of the pandemic have shed light on the growing racial and income disparities in the nation between the nation's haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy."

▪ **Changes in housing characteristics.** The U.S. Census Bureau's Characteristics of New Housing Report (2019) 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:[23]

▪ *Larger single-family units on smaller lots.* Between 1999 and 2019, the median size of new single-family dwellings increased by 13% nationally, from 2,028 sq. ft. to 2,301 sq. ft., and 14% in the western region from 2,001 sq. ft. in 1999 to 2,279 sq. ft in 2019. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by more than half, from 16% in 1999 to 7% in 2019. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 25% of new one-family homes completed in 2019. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2009 and 2019, the percentage of lots less than 7,000 sq. ft. increased from 25% to 33% of lots.

Based on national study about homebuying preferences that differ by race/ethnicity, African Americans home buyers wanted a median unit size of 2,664 square feet, compared to 2,347 sq. ft. for Hispanic buyers, 2,280 sq. ft. for Asian buyers, and 2,197

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[23] U.S. Census Bureau, Highlights of Annual 2019 Characteristics of New Housing. Retrieved from: https://www.census.gov/construction/chars/highlights.html

sq. ft. for White buyers.[24] This same study found that minorities were less likely to want large lots.

- *Larger multifamily units.* Between 1999 and 2019, the median size of new multifamily dwelling units increased by 3.4% nationally. In the western region, the median size decreased by 1.9%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 35% in 2019 and increased from 25% to 27% in the western region.

- *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 96% in 2019. The share of new multifamily units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2019, 92% of new single-family houses in the United States had garages for one or more vehicles (from 89% in 2000). Additionally, if work from home dynamics become a more permanent option, then there may be rising demand for different housing amenities such as more space for home offices or larger yards for recreation.

- *Shared amenities*. Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs), [25] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.[26]

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

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

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

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

State Trends

In August 2019, the State of Oregon passed statewide legislation -- Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required many Oregon communities to accommodate middle housing within single-family neighborhoods. "Medium Cities"—those with 10,000 to 25,000 residents outside the Portland metro area—are required to allow duplexes on each lot or parcel where a single-family home is allowed. "Large Cities"—those with over 25,000 residents and nearly all jurisdictions in the Portland metro urban growth boundary (UGB)—must meet the same duplex requirement as well as allow triplexes, fourplexes, townhomes, and cottage clusters in all areas that are zoned for residential use and allow single-family homes. Note that the middle housing types (other than duplexes) do not have to be allowed on *every* lot or parcel that allows single-family homes, which means that larger cities maintain some discretion.

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

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

Prior to the passage of these bills, Oregon developed its *2016–2020 Consolidated Plan* which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that "a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon." It identified the following issues that describe housing need statewide:[27]

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, one in two Oregon households pays more than one-third of their income toward rent, and one in three pays more than half of their income toward rent.

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

- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.

- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.

- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.

- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.

- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinx, and 50% of African Americans, are employed in low-wage industries.

- The majority of low-wage workers are adults over the age of 20, many of whom have earned a college degree, or some level of higher education.

- In 2019, minimum wage in Oregon[28] was $11.25, compared to $12.50 in the Portland Metro, and $11.00 for nonurban counties.

Oregon developed its *Statewide Housing Plan* in 2018. The Plan identified six housing priorities to address in communities across the State over the 2019 to 2023 period (summarized below). In August 2020, Oregon Housing and Community Services (OHCS) released a summary of their progress.[29] The following section includes summaries and excerpts from their status report:

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

  OHCS built internal organizational capacity through staff trainings on Equity and Racial Justice (ERJ) and hired an Equity, Diversity and Inclusion Manager. OHCS established a workgroup to support equity in their data system and approved an internal organizational structure to advance and support ERJ within all areas of OHCS. Now, OHCS is developing funding mechanisms to encourage culturally specific organizations to increase services to underserved communities and to increase the number and dollar

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

[29] This section uses many direct excerpts from the OHCS Statewide Housing Plan Year One Summary August 2020 Report to HSC. Oregon Statewide Housing Plan, Status Reports.
https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf

amounts of contracts awarded to minority, women, and emerging small businesses (MWESBs).

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

  The Homeless Services Section (HSS) made progress in building a foundation for planning and engagement across intersecting economic, social, and health systems. The OHCS Veteran Leadership team established recurring information-sharing sessions with federal, state, and local partners. HSS convened Oregon Homeless Management Information System (HMIS) stakeholders to build recommendations and co-construct a path toward a new HMIS implementation and data warehouse. HSS established successful workflows to analyze demographic data of people entering/exiting the homeless service system.

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

  OHCS funded 405 of their 1,000 PSH-unit targets. Almost half of these units were the result of the NOFA tied to the first PSH Institute cohort.

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

  OHCS implemented a new electronic application and widespread adoption of system work modules. They also established a capacity building team to assess and recommend opportunities for growth in their development priorities and began training and technical assistance to potential PSH and rural developers. OHCS increased their units by 8,408 representing 22.8% of their 25,000 unit 5-year target.

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

  OHCS pursued a strategy to align programs with the needs of communities of color, improved their Homeownership Center framework and Down Payment Assistance product, began developing their TBA program and focused on low-cost homeownership through manufactured housing. Additionally, they began developing the Restore Health and Safety program and re-opening the Oregon Homeownership Stabilization Initiative (OHSI) program. OHCS also supported the Joint Task Force on Racial Equity in Homeownership and advocating for additional funds to support communities of color. OHCS provided 678 mortgage lending products of their 6,500 5-Year goal with 170 going to households of color.

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

OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a full-time capacity building analyst who has conducted outreach to key stakeholders across the state representing rural communities and developed a strategy to address those needs. OHCS has funded 532 units in rural communities, out of a total of 2,543 units in the 5-year goal (21% of target).

Regional and Local Demographic Trends that May Affect Housing Need in Keizer

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

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

Housing needs and preferences change in predictable ways over time, such as with changes in marital status and size of family.
Families of different sizes need different types of housing.

Exhibit 20. Effect of Demographic Changes on Housing Need
Source: ECONorthwest, adapted from Clark, William A.V., and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.
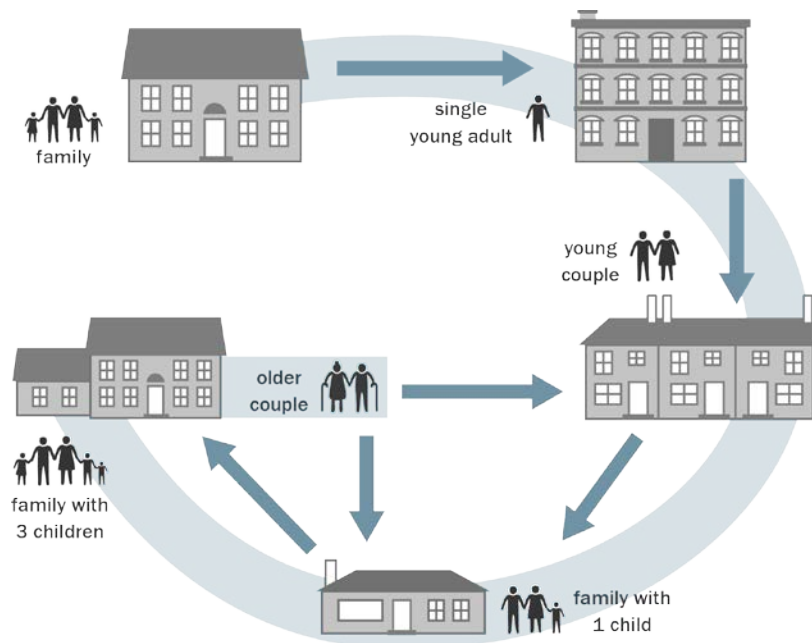
Growing Population

Keizer's population growth will drive future demand for housing in the City over the planning period. Keizer's population grew by 20% between 2000 and 2019. Keizer added about 6,377 new residents in that time, at an average annual growth rate of 1.0%.

Exhibit 21. Population Change, Keizer, Marion County, Oregon, and U.S., 2000–2019
Source: U.S. Decennial Census 1990, and Portland State University, Population Research Center.

	1990	2000	2010	2019	Change 2000 to 2019		
					Number	Percent	AAGR
U.S.	248,709,873	281,421,906	308,745,538	328,239,523	46,817,617	17%	0.8%
Oregon	2,842,321	3,421,399	3,831,074	4,236,400	815,001	24%	1.1%
Marion County	228,483	284,834	315,335	347,760	62,926	22%	1.1%
Keizer	21,884	32,203	36,478	38,580	6,377	20%	1.0%

The population forecast in Exhibit 22 is Keizer's official population forecast from the Oregon Population Forecast Program. Keizer must use this forecast as the basis for forecasting housing growth over the 2021–2041 period.

Keizer's population within their portion of the UGB is projected to grow by 5,345 people between 2021 and 2041, at an average annual growth rate of 0.65%.[30]

Exhibit 22. Forecast of Population Growth, Keizer's Portion of UGB, 2021–2041
Source: Portland State University Population Research Center Forecast for Marion and Polk County, June 30, 2017. Estimated by ECONorthwest.

38,695	44,040	5,345	14% Increase
Residents in 2021	Residents in 2041	New Residents 2021-2041	0.65% AAGR

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[30] This forecast of population growth is based on the Oregon Population Forecast Program for the Keizer portion of the Salem-Keizer UGB, which was issued on June 30, 2021.

ECONorthwest extrapolated the population forecast for 2020 and 2025 (to 2021) and 2024 and 2045 (to 2041) based on the methodology specified in the following file (from the Oregon Population Forecast Program website): http://www.pdx.edu/prc/sites/www.pdx.edu.prc/files/Population_Interpolation_Template.xlsx.

Aging Population

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

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

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

  The impact of growth in seniors in Keizer will depend, in part, on whether older people already living in Keizer continue to reside there as they retire and whether Keizer attracts people nearing or in retirement, consistent with the expected changes in Marion County's age distribution. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.[31]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted living facilities or nursing homes), as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[32]

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

  People currently aged 18 to 38[33] are referred to as the Millennial generation and account for the largest share of the population in Oregon.[34] By 2040, Millennials will be about 40

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[31] 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.

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

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

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

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

Keizer's ability to attract and retain people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to and is affordable to Millennials. Retaining (or attracting) Millennials will depend on availability of housing types (such as townhouses, cottages, duplexes and multifamily housing similar in size, and apartments).

In the near-term, Millennials may increase demand for rental units. The long-term housing preference of Millennials is uncertain. Research suggests that Millennials' housing preferences may be similar to Baby Boomers, with a preference for smaller, less-costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[35]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[36] The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows similar results as national surveys and studies about housing preference for Millennials.

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

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

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

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

Exhibit 23. Median Age, Years, 2000 to 2012–2016
Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.
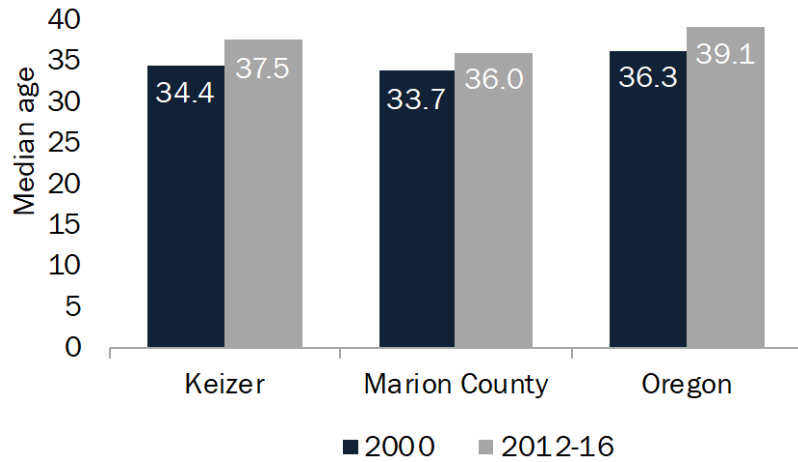
In 2016, 50% of Keizer's residents were between the ages of 20 and 59 years.

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

Exhibit 24. Population Distribution by Age, 2012–2016
Source: U.S. Census Bureau, 2012–2016 ACS, Table B01001.
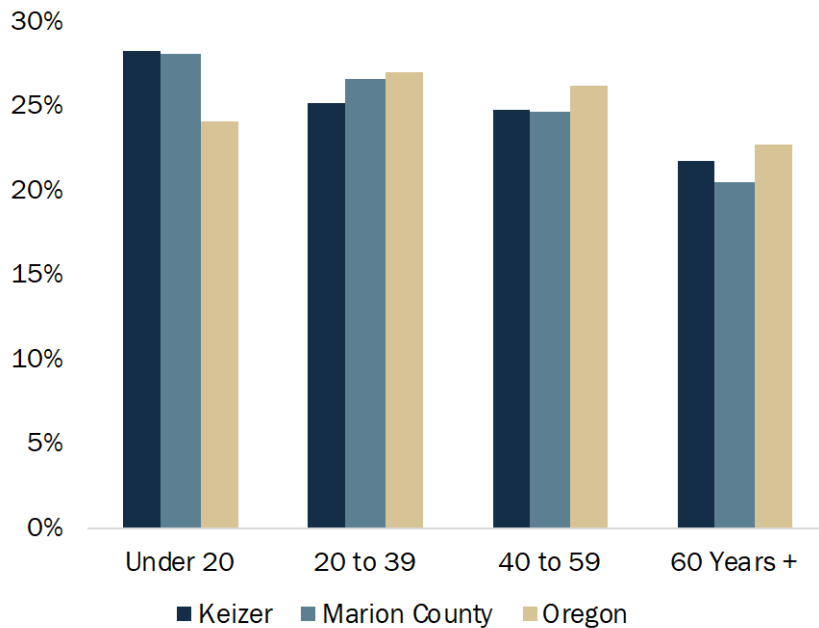
Between 2000 and 2016, all age groups in Keizer, Marion County, and Oregon grew in size.

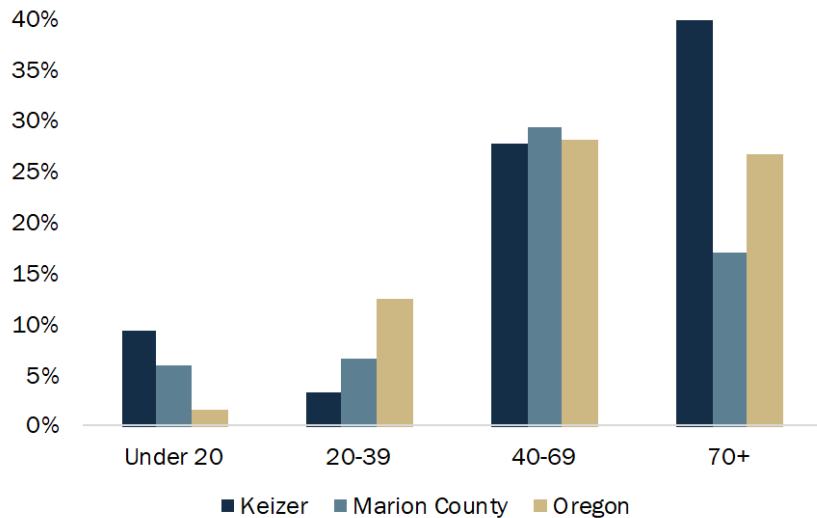In Keizer, those aged 70 and older grew the most (40%), followed by those aged 40 to 69 (28%).

Exhibit 25. Population Growth by Age, 2000 to 2012–2016
Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2012–2016 ACS, Table B01001.

Marion County's population forecast showed that the population of people aged 60 years and older will grow by nearly 29,000 people between 2020 and 2040.

Exhibit 26. Population Growth by Age Group, Marion Co, 2020–2040
Source: PSU Population Research Center, Marion Forecast, June 2017.

14,909 People	12,746 People	15,185 People	28,544 People
Under 20	**20–39 Years**	**40–59 Years**	**60+ Years**

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

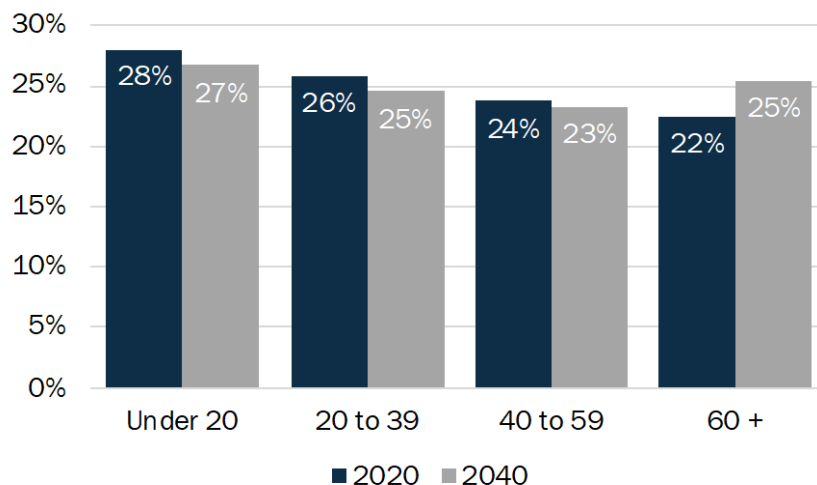Exhibit 27. Population Growth by Age Group, Marion County, 2020 and 2040
Source: Portland State University, Population Research Center, Marion County Forecast, June 2017.

Increased Ethnic Diversity

The Latinx population grew from 12% of Keizer's population in 2000 to 19% of the population in 2016, adding about 3,304 new Latinx residents. The U.S. Census Bureau forecasts that at the national level, the Latinx population will continue growing faster than most other non-Latinx populations between 2020 and 2040. The Census forecasts that the Latinx population in the U.S. will increase 93%, from 2016 to 2060, and foreign-born Latinx populations will increase by about 40% in that same time.[37]

Continued growth in the Latinx population may affect Keizer's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third generation Latinx immigrants, will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that, Latinx households are twice likely to include multiple generations households than the general populace.[38] As Latinx households integrate over generations, household size typically decreases, and housing needs become similar to housing needs for all households.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals:[39] the Latinx population accounted for 31% of the nation's new households in 2019, up 2.8 percentage points from 2017. The rate of homeownership for Latinx households increased from 45.6% in 2015 to 47.5% in 2019. In that time, Latinx households were the only demographic that increased their rate of homeownership.

Keizer's Latinx population grew by 7% between 2000 and 2012–2016.

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

Exhibit 28. Latinx Population as Percent of Total Population, 2000, 2012–2016
Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.

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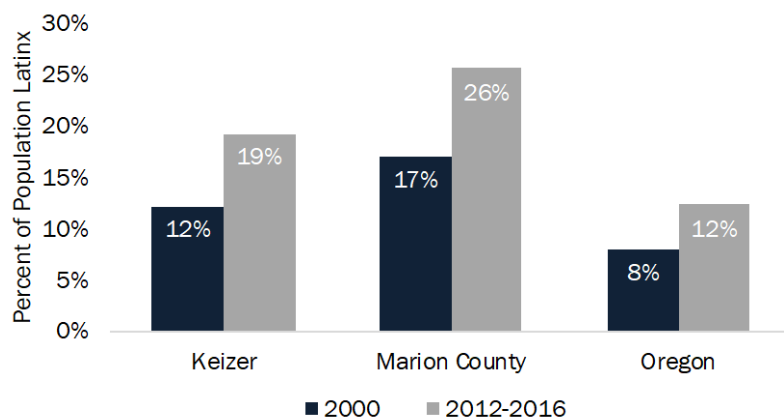
[37] U.S. Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060.*

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

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

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

People Experiencing Homelessness

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

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

Between 2015 and 2019, Marion County's Point-in-Time (PIT) homeless estimate increased by 242 people.

In this time, the share of persons who experienced unsheltered homelessness increased.

Exhibit 29. Point-in-Time Homeless Counts, Sheltered vs. Unsheltered, Marion County, 2015, 2017, and 2019
Source: Oregon Department of Housing and Community Services.

2015	**78%** Sheltered	**22%** Unsheltered	**732** Total Homeless (PIT)
2017	**72%** Sheltered	**28%** Unsheltered	**1,049** Total Homeless (PIT)
2019	**52%** Sheltered	**48%** Unsheltered	**974** Total Homeless (PIT)

Household Size and Composition

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

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

Exhibit 30. Average Household Size, Keizer, Marion County, Oregon, 2013–2017
Source: U.S. Census Bureau, 2013–2017 ACS 5-year estimate, Table B25010.

2.69 Persons
Keizer

2.76 Persons
Marion County

2.50 Persons
Oregon

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

Exhibit 31. Household Size, Keizer, Marion County, Oregon, 2012–2016
Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B25009.
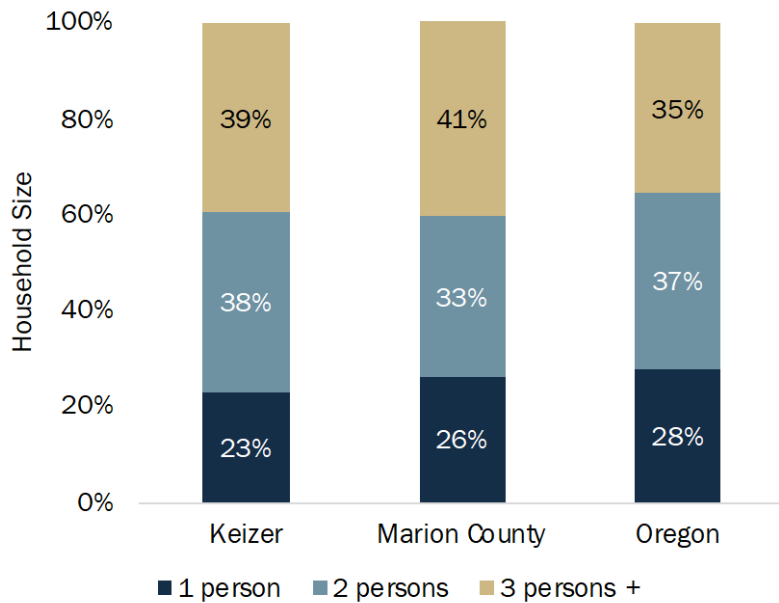
Keizer has a larger share of households with children than Oregon, but a nearly identical household composition to the county.

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

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

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

Keizer: Nonfamily households 30%, Family households without children 39%, Family Households with children 31%

Marion County: Nonfamily households 31%, Family households without children 38%, Family Households with children 31%

Oregon: Nonfamily households 37%, Family households without children 37%, Family Households with children 26%

Legend:
- Nonfamily households
- Family households without children
- Family Households with children

Income of Keizer Residents

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

In 2019, Keizer's median household income (MHI) was above that of its comparison cities, the county, and the state.

Exhibit 33. Median Household Income, Keizer and Comparison Areas, 2015–2019
Source: U.S. Census Bureau, 2015–2019 ACS 5-year estimate, Table B25119.

Median household income, inflation adjusted to 2019 dollars
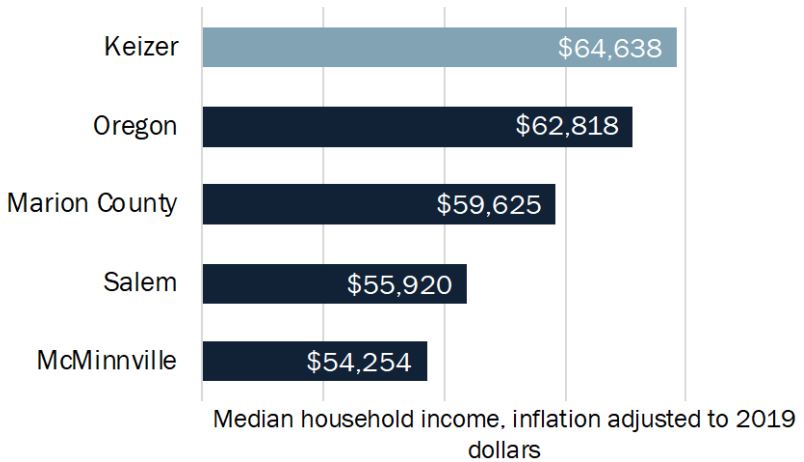
Keizer has more households earning $50,000 or more than Salem, McMinnville, the county, or the state.

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

Exhibit 34. Household Income, Keizer, Salem, McMinnville, Marion County, Oregon, 2012–2016
Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B19001.
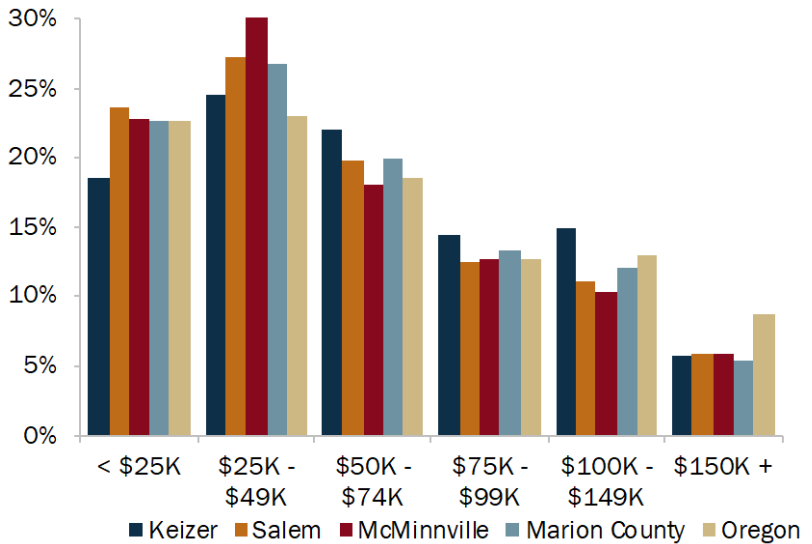
In Keizer, 80% of householders that earned $100,000 or more were 25 or older during the 2012–2016 period.

Exhibit 35. Income by Age of Householder, Keizer, 2012–2016
Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B19037.
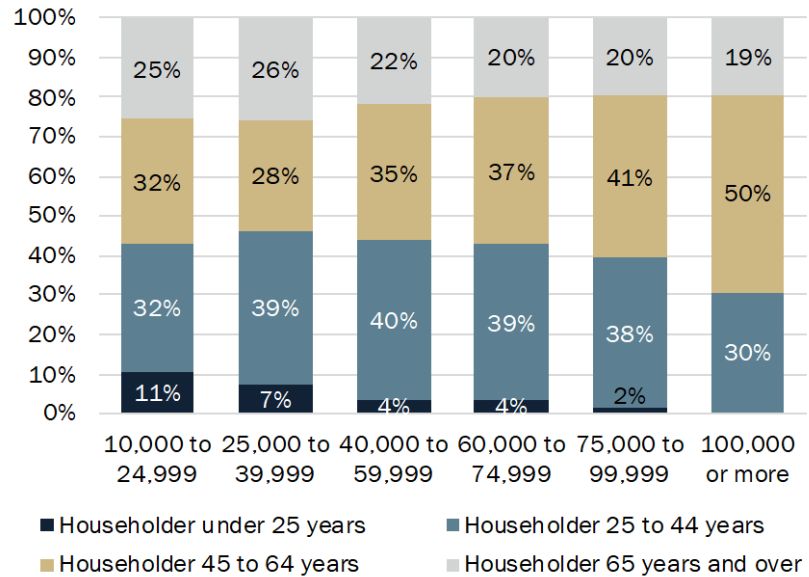
In the 2012–2016 period, 4-person households in Keizer earned a median income that was about 2.6 times higher than 1-person households.

Exhibit 36. Median Household Income by Household Size, Keizer, 2012–2016
Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B19019.
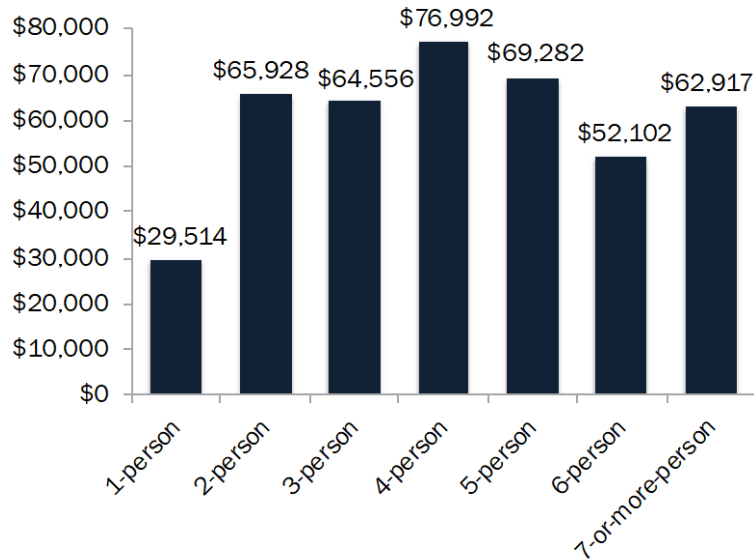
After adjusting for inflation, Keizer's median household income (MHI) decreased by 13% from $65,016 per year in 2000 to $56,832 per year in 2012–2016.

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

Exhibit 37. Median Household Income, Keizer, Salem, McMinnville, Marion County, Oregon, 2000 to 2012–2016, Inflation-Adjusted
Source: U.S. Census Bureau, 2000 Decennial Census, Table HCT012; 2012–2016 ACS 5-year estimate, Table B25119.
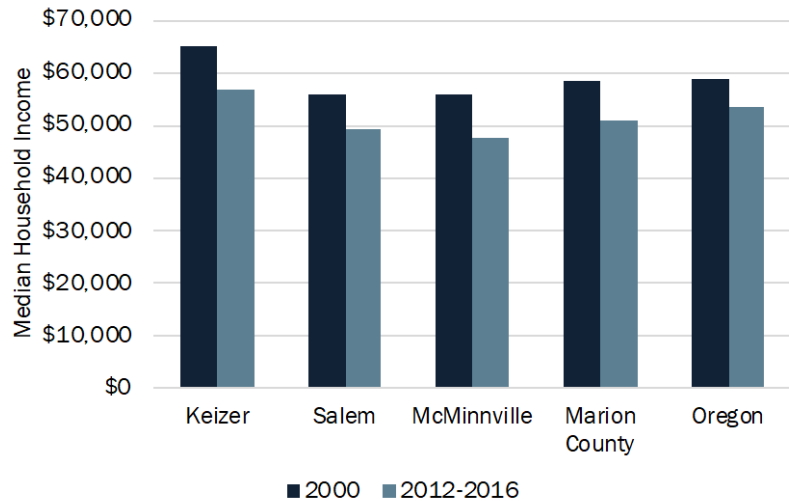
Commuting Trends

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

Keizer is part of an interconnected regional economy.

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

Exhibit 38. Commuting Flows, Keizer, 2015
Source: U.S. Census Bureau, Census On the Map.
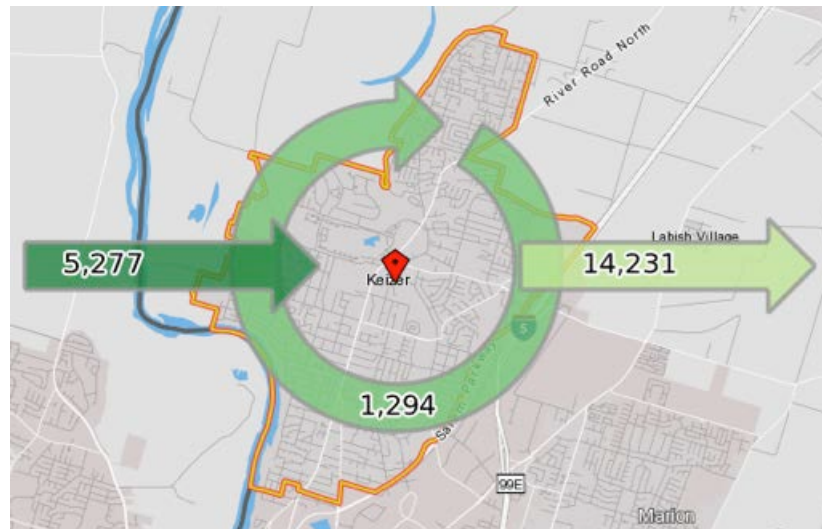
About 20% of people who work at businesses located in Keizer also live in Keizer.

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

Exhibit 39. Places Where Workers at Businesses in Keizer Lived, 2015
Source: U.S. Census Bureau, Census On the Map.

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

About 45% of Keizer residents work in Salem.

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

Exhibit 40. Places Where Keizer Residents Were Employed, 2015
Source: U.S. Census Bureau, Census On the Map.

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

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

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

Exhibit 41. Commute Time by Place of Residence, Keizer, Marion County, Oregon, 2012–2016
Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B08303.
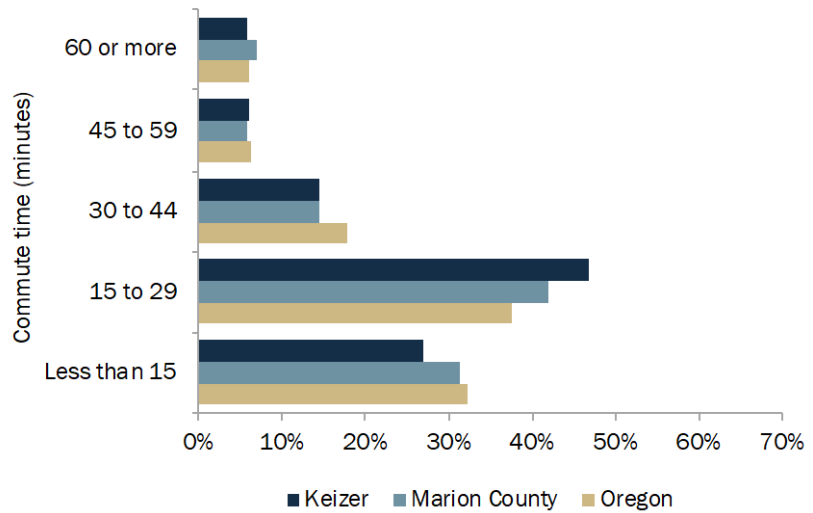
Regional and Local Trends Affecting Housing Affordability

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

Changes in Housing Costs

With a median sale price of $335,000 in 2020, Keizer's housing sales were slightly higher than some comparison cities in this analysis. Keizer's housing prices fluctuated along with comparison cities over the January 2017 to November 2020 time frame.

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

Exhibit 42. Median Home Sale Price, Keizer and Comparison Cities, 2020
Source: Redfin.

$320K	**$328K**	**$335K**	**$339K**
Dallas	Woodburn	Keizer	Salem
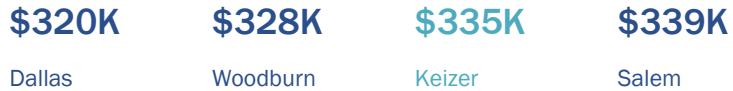
Between January 2017 and October 2020, home sale prices in Keizer followed similar trends to other nearby cities.

Keizer's median sales price increased by $82,600 (31%) between 2017 and 2020.

Exhibit 43. Median Sale Price, Keizer and Comparison Cities, January 2017 through November 2020
Source: Redfin.
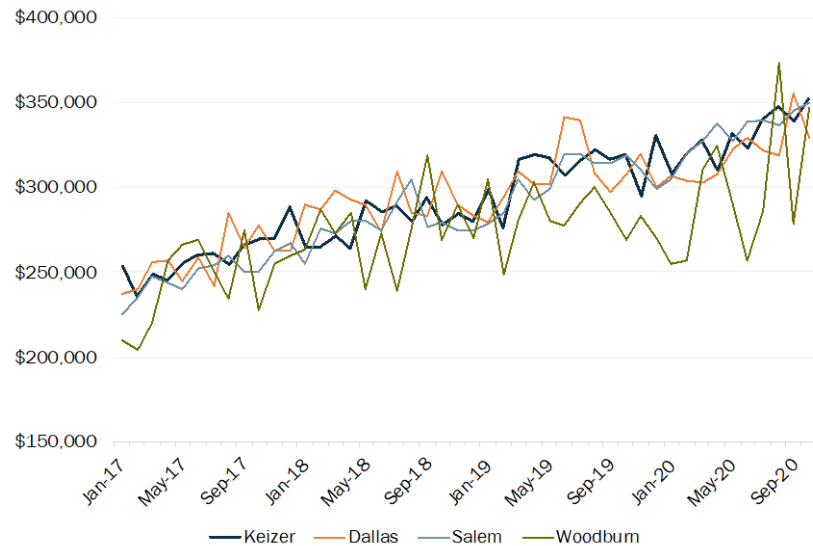
Since 2000, housing costs in Keizer increased faster than incomes.

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

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

Exhibit 44. Ratio of Median Housing Value to Median Household Income, Keizer, Marion County, Oregon, Comparison Cities, 2000 to 2012–2016[40]

Source: U.S. Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.
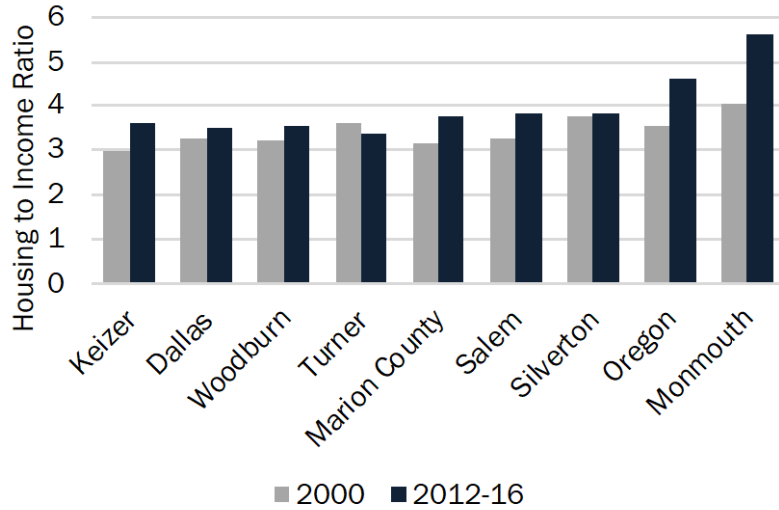
[40] This ratio compares the median value of housing in Keizer (and other places) to the median household income. Inflation-adjusted median owner values in Keizer decreased slightly from $192,384 in 2000 to $203,600 in 2012–2016. Over the same period, median income decreased from $65,016 to $56,832.

Rental Costs

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

The 2014–2018 median gross rent in Keizer, inflated to 2019 dollars, is $1,009.

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

Exhibit 45. Median Gross Rent, Keizer, Marion County, Oregon, Other Comparison Cities, 2014–2018
Source: U.S. Census Bureau, 2014–2018 ACS 5-year estimate, Table B25064.
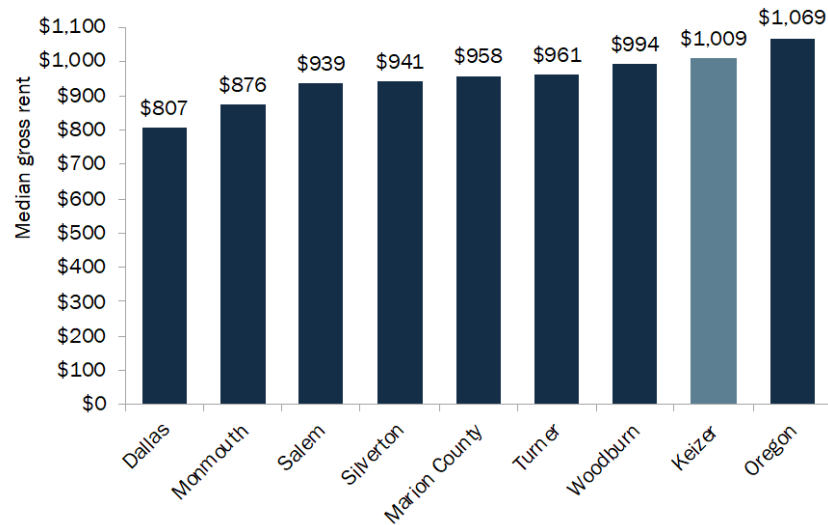
About half of the renters in Keizer pay less than $1,000 per month.

About 25% of Keizer's renters paid $1,250 or more in gross rent per month, a larger share than Marion County (21%), but a smaller share than the state (32%).

Exhibit 46. Gross Rent, Keizer, Marion County, and Oregon, 2014–2018
Source: U.S. Census Bureau, 2014–2018 ACS Table B25063.
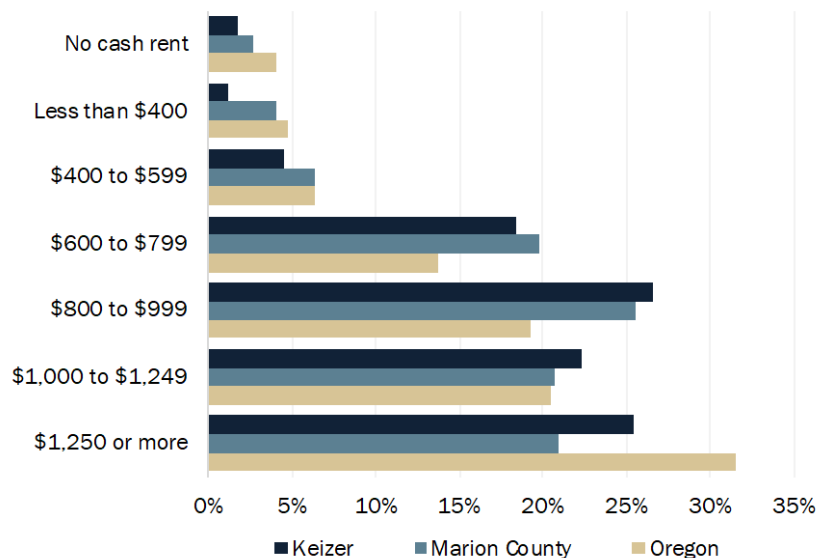
Housing Affordability

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

About 34% of Keizer's households are cost burdened. About 53% of renter households are cost burdened, compared with 25% of homeowners. Twenty-one percent of households in Keizer are rent-burdened households.[41] Overall, Keizer has a slightly smaller share of cost-burdened households than Marion County, Oregon, and some comparison cities.

About 18% of Keizer's households have an income of less than $25,000 per year. These households can afford rent of less than $625 per month, or a home roughly valued between $236,000 and $269,000. Most, but not all, of these households are cost burdened.

Overall, about 34% of all households in Keizer are cost burdened.

Keizer has a smaller share of cost-burdened households than both the state and the county for the 2014–2018 period.

Keizer is slightly more cost burdened than Turner, Salem, and Monmouth.

Exhibit 47. Housing Cost Burden, Keizer, Marion County, Oregon, Other Comparison Cities, 2014–2018
Source: U.S. Census Bureau, 2014–2018 ACS Tables B25091 and B25070.

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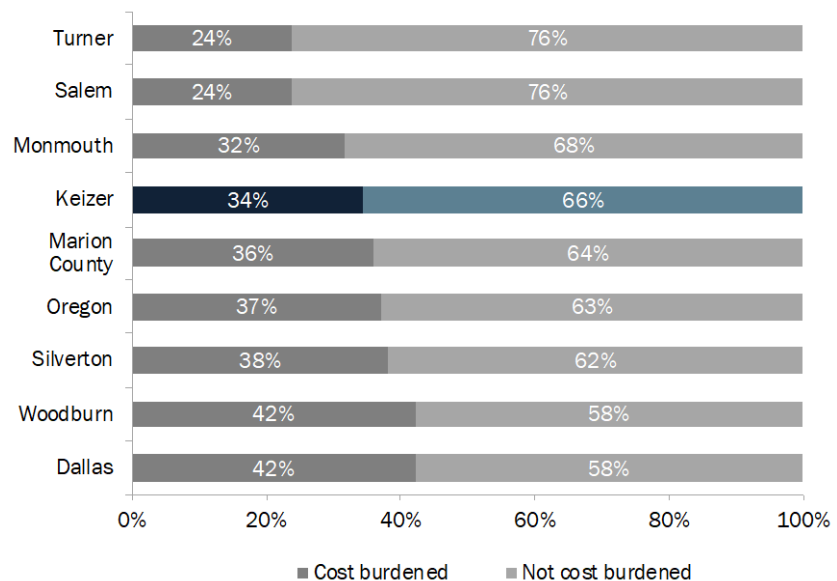
[41] Cities with populations >10,000 are required, per HB 4006, to assess "rent burden" if more than 50% of renters are cost burdened. In Keizer, as of the 2012–2016 period, 54% of total renters were cost burdened and 20% of total households were cost-burdened renters.

Cost-burden rates in Keizer increased 5 percentage points from 2000 to 2014-2018.

Exhibit 48. Change in Housing Cost Burden, Keizer, 2000 and 2014–2018
Source: U.S. Census Bureau, 2000 Decennial Census, Table H069 and H094 and 2014–2018 ACS Tables B25091 and B25070.
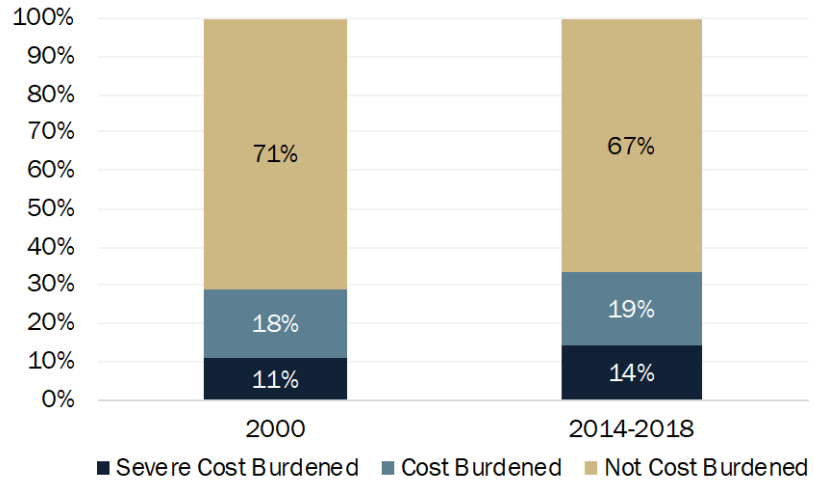
Renters are much more likely to be cost burdened and severely cost burdened than homeowners.

In the 2014–2018 period, about 53% of renters in Keizer were cost burdened, compared to 21% of homeowners.

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

Exhibit 49. Housing Cost Burden by Tenure, Keizer, 2014–2018
Source: U.S. Census Bureau, 2014–2018 ACS Tables B25091 and B25070.
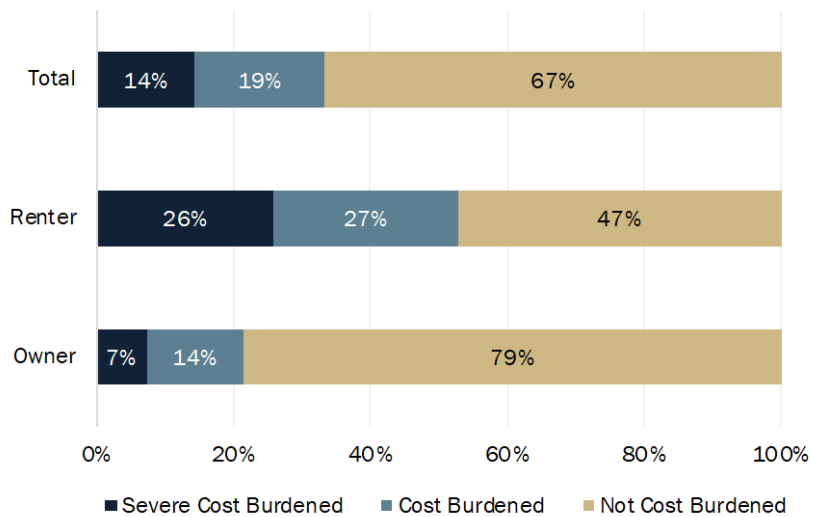
Cost-burden rates also vary by income. Nearly all households that earn less than $35,000 per year are cost burdened.

Exhibit 50. Housing Cost Burden by Income, Keizer, 2014–2018
Source: U.S. Census Bureau, 2014–2018 ACS Table S2503.
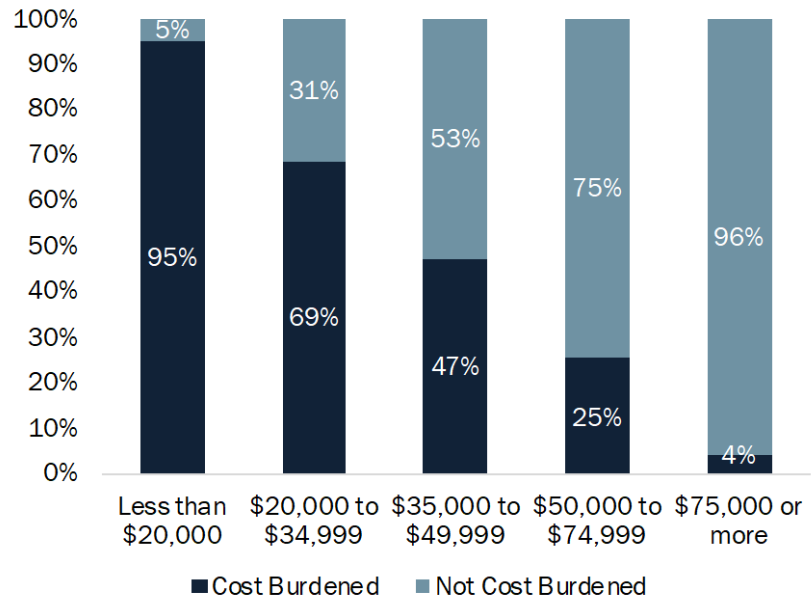
While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses.

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

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

Fair Market Rent for a two-bedroom apartment in Marion County is $1,001.

Exhibit 51. HUD Fair Market Rent (FMR) by Unit Type, Marion County, FY 2020
Source: U.S. Department of Housing and Urban Development.

$709	$761	$1,001	$1,444	$1,757
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least $19.25 per hour to afford a two-bedroom unit in Marion County.

Exhibit 52. Affordable Housing Wage, Marion County, FY 2020
Source: U.S. Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

$19.25/hour
Affordable Housing Wage for Two-Bedroom Unit in Marion County.

Exhibit 53 shows that a household earning the county's median income ($70,600) can afford a monthly rent of about $1,770 or a home roughly valued between $247,000 and $282,000. About 23% of Keizer's households have incomes less than $35,300 and cannot afford a two-bedroom apartment at Marion County's Fair Market Rent (FMR) of $1,001.

Exhibit 53. Financially Attainable Housing by Median Family Income (MFI), Keizer, 2020
Source: U.S. Department of HUD, Marion County, 2020. Bureau of Labor Services, Salem MSA, 2019.

If your household earns....

$21,200	$35,300	$56,500	$70,600	$84,700
(30% of MFI)	(50% of MFI)	(80% of MFI)	(100% of MFI)	(120% of MFI)

Then you can afford....

$530	$880	$1,410	$1,770	$2,120
monthly rent	monthly rent	monthly rent	monthly rent	monthly rent
	OR	OR	OR	OR
	$106,000-$124,000	$198,000-$226,000	$247,000-$282,000	$296,000-$339,000
	home sales price	home sales price	home sales price	home sales price

Childcare Worker $25,230

Customer Service Representative $36,620

Correctional Officer $57,090

Accountant $72,370

Computer Systems Analyst $88,100

Pharmacy Aide $31,510

Postal Carrier $50,240

Electrician $63,820

Budget Analyst $78,760

Exhibit 54. Share of Existing Households by Income Level, Keizer, 2020
Source: U.S. Department of HUD, Marion County, 2020. U.S. Census Bureau, 2015–2019 ACS Table 19001.

Bar chart — Share of Households (HH):
- Extremely Low Income (<30% of MFI) $21k or less: 13%, 1,806 HH
- Very Low Income (30-50% of MFI) $21k - $35k: 11%, 1,517 HH
- Low Income (50-80% of MFI) $35k - $56k: 19%, 2,763 HH
- Middle Income (80-120% of MFI) $56k - $85k: 21%, 2,935 HH
- High Income (>120% of MFI) $85k or more: 37%, 5,211 HH
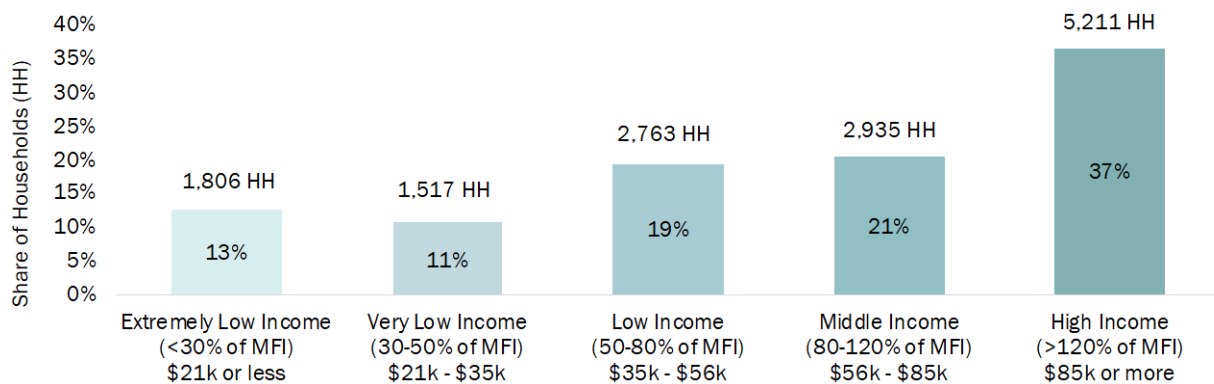
Summary of the Factors Affecting Keizer's Housing Needs

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

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

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), and the "empty nesters."[42] Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

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

- **Growth in housing will be driven by growth in population.** Between 2000 and 2019, Keizer's population grew by 6,377 people (20%). The population in Keizer's UGB is forecasted to grow from 38,695 to 44,040, an increase of 5,345 people (14%) between 2021 and 2041.[43]

- **Housing affordability is a growing challenge in Keizer.** It is a challenge in most of the region in general, and Keizer is affected by these regional trends. Housing prices are increasing faster than incomes in Keizer and Marion County, which is consistent with state and national challenges. Keizer has a modest share of multifamily housing (about 29% of the City's housing stock), but over half of renter households are cost burdened. Keizer's key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types, such as lower-cost single-

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

[43] This forecast of population growth is based on the Oregon Population Forecast Program for the Keizer portion of the Salem-Keizer UGB, which was issued on June 30, 2021

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

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

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

- **If the future differs from the past, it is likely to move in the direction, on average, of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, townhomes, and multifamily housing.

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

- *The* Baby *Boomer's population is continuing to age.* By 2040, people 60 years and older will account for 25% of the population in Marion County (up from 22% in 2020). The changes that affect Keizer's housing demand as the population ages are that household sizes and homeownership rates decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Keizer.

- *Millennials will continue to form households and make a variety of housing choices.* By 2040, Millennials will be roughly between 40 and 60 years old. As they age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between the 2021 and 2041 analysis period, Millennials will be a key driver in demand for housing for families with children. The ability to retain Millennials will depend on the City's availability of affordable renter and ownership housing. It will also depend on the location of new housing in Keizer, as many

Millennials prefer to live in more urban environments.[44] The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[45]

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

  The Latinx population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Latinx population will drive demand for housing for families with children. Given the lower income for Latinx households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting.[46]

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

No amount of analysis is likely to make the distant future completely certain: the purpose of the housing forecasting in this study is to get an approximate idea about the future (so policy choices can be made today). Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. A variety of factors or events could, however, cause growth forecasts to be substantially different.

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[44] H. J. Choi, J. Zhu, L. Goodman, B. Ganesh, and S. Strochak, *Millennial Homeownership: Why is it So Low, and How Can We Increase It?*, Urban Institute, 2018.

[45] Ibid.

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

> Pew Research Center, *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012. AND National Assoc. of Hispanic Real Estate Professionals, *2014 State of Hispanic Homeownership Report*.

5. Housing Needs in Keizer

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

Forecast for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in Keizer between 2021 and 2041. The key assumptions are based on the best available data and may rely on safe harbor provisions, when available.[47]

- **Population.** A 20-year population forecast (in this instance, 2021 to 2041) is the foundation for estimating needed new dwelling units. Keizer's UGB will grow from 38,695 persons in 2021[48] to 44,040 persons in 2041, an increase of 5,345 people.

- **Persons in Group Quarters.[49]** 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 senior population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges, government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multifamily dwellings.

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[47] 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."

[48] This forecast of population growth is based on the Oregon Population Forecast Program for the Keizer portion of the Salem-Keizer UGB, which was issued on June 30, 2021.

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

The 2015–2019 American Community Survey shows that 0.9% of Keizer's population (364 people) was in group quarters. For the 2021 to 2041 period, we assume that 0.9% of Keizer's new population, approximately 93 additional people, will be in group quarters.

▪ **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the current Decennial Census at the time of the analysis. According to the 2015–2019 American Community Survey, the average household size in Keizer was 2.71 people. **Thus, for the 2021 to 2041 period, we assume an average household size of 2.71 persons.**

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

Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and multifamily units are typically higher than those for owner-occupied and single-family dwelling units. OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the current Decennial Census. According to the 2015–2019 American Community Survey, Keizer's vacancy rate was 5.5%. For the 2021 to 2041 period, we assume a vacancy rate of 5.5%.

Keizer will have demand for 2,061 new dwelling units over the 20-year period, with an annual average of 103 dwelling units.

Exhibit 55. Forecast of Demand for New Dwelling Units, Keizer's Portion of the UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
Change in persons	5,345
minus Change in persons in group quarters	50
equals Persons in households	5,295
Average household size	2.71
New occupied DU	1,954
times Aggregate vacancy rate	5.5%
equals Vacant dwelling units	107
Total new dwelling units (2021-2041)	**2,061**
Annual average of new dwelling units	**103**

Housing Units Needed Over the Next 20 Years

Exhibit 55 presents a forecast of new housing in Keizer's UGB for the 2021 to 2041 period. This section discusses housing mix and density for the development of new housing over this 20-year period in Keizer.

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

- Keizer's housing mix, consistent with larger regions, is predominately single-family detached. In the 2013–2017 period, 69% of Keizer's housing was single-family detached housing; 4% was single-family attached housing; 10% was duplex, triplex, or quadplex housing; and 16% was multifamily housing.

- Demographic changes across Keizer suggest increases in demand for single-family attached housing and multifamily housing. The key demographic trends that will affect Keizer's future housing needs are:

    - The aging of Baby Boomers. In 2012–2016, 22% of Keizer's population was over sixty years old. Between 2020 and 2040, the share of people over sixty years old is expected to increase in Marion County, from 22% of the population to 25% of the population. The City will be affected by retirement and changing housing needs of seniors as their households get smaller and their lifestyles change. Some Baby Boomers may choose to downsize into smaller homes. Due to health or other issues, some Baby Boomers may become unable to stay in their current homes and will choose to live in multigenerational households or assisted-living facilities (at various stages of the continuum of care).

    - The aging of Millennials. In 2012–2016, 25% of Keizer's population was between 20 and 40 years old. Between 2020 and 2040, Millennials are expected to grow from 26% of Marion County's population to 23% of the population. Homeownership rates for Millennials will increase as they continue to form their own households. Keizer has a larger share of Millennials compared to the County. Despite the share of Millennials decreasing in the County overall, the City will likely experience increased demand for relatively affordable housing types, for both ownership and rent, over the planning period.

    - The continued growth in Latinx populations. From 2000 to the 2012–2016 period, the share of Keizer's Latinx population increased from 12% of the population to 19% of the population, an increase of 7% in the share of the population. Continued growth in Latinx households will increase the need for larger units (to accommodate larger, sometimes multigenerational households) and relatively affordable housing.

- Keizer's median household income was $64,638 in 2019, about $5,000 higher than Marion County's median. About 24% of Keizer's households have incomes less than

$35,300 and cannot afford a two-bedroom apartment at Marion County's Fair Market Rent (FMR) of $1,001.

▪ Keizer needs more affordable housing types. About 33% of Keizer's households are cost burdened (paying 30% or more of their household income on housing costs).[50] About 53% of Keizer's **renters** are cost burdened, and about 21% of Keizer's **homeowners** are cost burdened. Housing sales prices are continuing to increase in Keizer as they have been for the last several years. From October 2017 to October 2020, the median housing sale price increased by about $82,600 (31%), from about $269,900 to $352,500.

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

Exhibit 56 shows a forecast of needed housing in the Keizer UGB during the 2021 to 2041 period. The projection is based on the following assumptions:

▪ Keizer's official forecast for population growth shows that the City will add 5,345 people over the 20-year period. Exhibit 55 shows that the new population will result in the need for 2,061 new dwelling units over the 20-year period.

▪ The assumptions about the needed mix of housing in Exhibit 56 are:

  ▪ **About 63% of new housing** will **be single-family detached**, a category which includes manufactured housing. About 69% of Keizer's total housing stock was single-family detached in the 2013–2017 period.

  ▪ **About 10% of new housing will be single-family attached.** About 4% of Keizer's total housing stock was single-family attached in the 2013–2017 period.

  ▪ **About 11% of new housing will be duplexes, triplex, or quadplexes.** About 10% of Keizer's total housing stock was single-family attached in the 2013–2017 period.

  ▪ **About 16% of new housing will be multifamily**. About 16% of Keizer's total housing stock was multifamily in the 2013–2017 period.

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[50] The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden."

Keizer will have demand for 2,061 new dwelling units over the 20-year period, 63% of which will be single-family detached housing.

Exhibit 56. Forecast of Demand for New Dwelling Units by Type, Keizer's Portion of the UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	Housing Mix (2021-2041)
Needed new dwelling units (2021-2041)	**2,061**
Dwelling units by structure type	
Single-family detached	
Percent single-family detached units	63%
Total new single-family detached units	**1,298**
Single-family attached	
Percent single-family attached units	10%
Total new single-family attached units	**206**
Duplex, triplex, and quadplex units	
Percent Duplex, triplex, and quadplex	11%
Total new duplex, triplex, and quadplex	**227**
Multifamily (5+ units per structure)	
Percent multifamily units	16%
Total new multifamily units	**330**
Total new dwelling units (2021-2041)	**2,061**

The analysis accounts for units accommodated by accessory dwelling units and through redevelopment. Assumptions are documented and presented in Exhibit 57 and Exhibit 58:

- **Redevelopment.** Redevelopment is development that occurs on fully developed lots; the property owner may demolish the dwelling unit(s) that are already in place and then build one or more units on the property. The results of Keizer's improvement-to-land-value analysis (see Exhibit 9) provide a basis for redevelopment potential. Findings suggest that little redevelopment potential exists in Keizer at this time (approximately 30 parcels totaling 12 acres). At typical multifamily densities, the 12 acres has a capacity for about 160 new dwelling units. **For the 2021 to 2041 period, we assume 160 units will redevelop.**

- **Accessory Dwelling Units (ADUs).** For the purpose of this analysis, an accessory dwelling unit is a single-family detached housing type that is accommodated on developed parcels. In the last three years,[51] Keizer has received seven accessory dwelling units, at an annual average of 2.3 ADUs. **For the 2021 to 2041 period, we assume a development trajectory of three ADU's per year, resulting in 50 ADUs over the 20-year analysis period.**

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

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

Exhibit 57. Forecast of Demand for ADUs and Redevelopment, Keizer's Portion of the UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
New units accomodated through redevelopment	160
New accessory dwelling units	50
Subset of total new dwelling units (2021-2041)	**210**

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

This results in Keizer having demand for 1,851 new dwellings units on vacant *or* partially vacant land.

Exhibit 58. Forecast of Demand for New Dwelling Units on Vacant / Partially Vacant Lands, Keizer's Portion of the UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	Revised Housing Mix (2021-2041)
Dwelling Units Accomodated by ADU or through Redevelopment	
Single-family detached	50
Single-family attached	-
Duplex, triplex, quadplex	-
Multifamily	160
Total Units in ADU or Redevelopment	**210**
Dwelling Units Requiring Vacant or Partially Vacant Unconstrained	
Single-family detached	1,248
Single-family attached	206
Duplex, triplex, quadplex	227
Multifamily	170
Total Units Requiring Vacant/Partially Vacant Land	**1,851**

To summarize Exhibit 56, Exhibit 57, and Exhibit 58, Keizer will have demand for 2,061 new dwelling units over the 20-year period. Of these 2,061 dwelling units, 1,298 dwelling units will be single-family detached housing (see Exhibit 56). After accounting for the 50 forecasted accessory dwelling units (Exhibit 57), Keizer will have demand for 1,248 single-family detached units on vacant or partially vacant land *(Exhibit 58)*. Similarly, Keizer will have demand for 330 multifamily units with five or more units per structure. After accounting for the 160 dwelling units accommodated by redevelopment, Keizer will have demand for 170 multifamily units on vacant or partially vacant land.

Exhibit 59 allocates needed housing to plan designations in Keizer. The allocation is based, in part, on the types of housing allowed in the zoning designations in each plan designation. Exhibit 59 shows:

- **Low-Density Residential** will accommodate new single-family detached housing, including mobile homes. Keizer will also adhere to new rules introduced through HB 2001. In that, this plan designation will accommodate duplexes, triplexes, fourplexes, townhomes, and cottage clusters.

- **Medium-Density Residential** will accommodate new single-family detached housing, single-family attached housing, duplexes, and multifamily housing with three or more units.

- **Medium and High Density** will accommodate single-family detached housing, single-family attached housing, duplexes, and multifamily housing with three or more units.

- **Mixed-Use (MU)** will accommodate single-family detached housing, single family attached housing, duplexes, and multifamily housing.

- **Commercial (C)** will accommodate single-family detached housing, single family attached housing, duplexes, and multifamily housing. Some zones in this designation accommodate these types when in conjunction with a commercial use (CR and CG).

Exhibit 59. Allocation of Needed Housing that Requires Vacant and Partially Vacant Lands,[52] by Housing Type and by Plan Designation, Keizer's Portion of the UGB, 2021 to 2041
Source: ECONorthwest.

Comprehensive Plan Designation	Residential Plan Designations			Other Designations		Total
	Low Density	Medium Density	Medium High Density	Mixed Use	Commercial	
Dwelling Units						
Single-family detached	970	148	56	74	-	1,248
Single-family attached	19	22	100	65	-	206
Duplex, Triplex, Quadplex	32	37	102	56	-	227
Multifamily	-	16	21	71	62	170
Total	**1,021**	**223**	**279**	**266**	**62**	**1,851**
Percent of Units						
Single-family detached	52%	8%	3%	4%	0%	67%
Single-family attached	1%	1%	5%	4%	0%	11%
Duplex, Triplex, Quadplex	2%	2%	6%	3%	0%	12%
Multifamily	0%	1%	1%	4%	3%	9%
Total	**55%**	**12%**	**15%**	**14%**	**3%**	**100%**

Exhibit 14 shows historical development densities for development over the 2000 to 2020 (Q2) period. This analysis shows that Keizer developed at an average of 6.8 dwelling units per net acre. The 2019 draft *Keizer Housing Needs Analysis* concluded that Keizer's needed housing

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[52] The percent of units displayed in Exhibit 59 does not match the needed mix of new housing displayed in Exhibit 56 because the allocation analysis deducts new units accommodated by redevelopment and accessory dwelling units.

density was 6.8 dwelling units per net acre. However, the 2019 draft *Keizer Housing Needs Analysis* concluded that Keizer could not accommodate expected growth within the Keizer portion of the Salem-Keizer UGB. As a result, Keizer developed the new River Cherry Overlay District (RCOD), which is designed to provide areas for higher density and mixed use development in Keizer.

Exhibit 60 assumes that future development in Keizer will occur at the densities shown in Exhibit 14 for areas outside of the newly implemented RCOD, adding 3% to the historical densities as allowed by House Bill 2003 to account for increases in density resulting from complying with House Bill 2001.

For areas within the RCOD, Exhibit 60 assumes that development will occur at the mid-point of the allowed densities in the RCOD. For example, the Single-Family Residential zone (RS) in the RCOD, which is within the Low Density Residential Plan Designation, allows for development between 6 and 10 dwelling units per acre. In Exhibit 60, we assume an average net density of 8.0 dwelling units per acre for land in the Low Density Residential Plan Designation within the RCOD.

Exhibit 60 shows the following needed densities, in net and gross acres, and inside and outside the RCOD.[53] Exhibit 60 converts between net acres and gross acres to account for land needed for rights-of-way based on empirical analysis of existing rights-of-way by plan designation in Keizer.

- **Outside of the Cherry River Overlay District**
  - **Low-Density Residential (LDR):** 21% of land is in rights-of-way. The average density in this Plan Designation was 6.3 dwelling units per net acre and 5.0 dwelling units per gross acre.

  - **Medium-Density Residential (MDR):** 17% of land is in rights-of-way. The average density in this Plan Designation was 5.1 dwelling units per net acre and 4.2 dwelling units per gross acre.

  - **Medium-High Density Residential (MHDR):** 15% of land is in rights-of-way. The average density in this Plan Designation was 7.3 dwelling units per net acre and 6.2 dwelling units per gross acre.

  - **Mixed-Use (MU):** 10% of land is in rights-of-way. The average density in this Plan Designation was 11.4 dwelling units per net acre and 10.3 dwelling units per gross acre.

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[53] 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.

- **Commercial (C):** 9% of land is in rights-of-way. The average density in this Plan Designation was 25.5 dwelling units per net acre and 23.2 dwelling units per gross acre.

  - **Inside of the Cherry River Overlay District**

    - **Low-Density Residential (LDR):** 21% of land is in rights-of-way. The planned, average density in this Plan Designation was 8.0 dwelling units per net acre and 6.3 dwelling units per gross acre.

    - **Medium-Density Residential (MDR):** 17% of land is in rights-of-way. The planned, average density in this Plan Designation was 11.0 dwelling units per net acre and 9.1 dwelling units per gross acre.

    - **Medium-High Density Residential (MHDR):** 15% of land is in rights-of-way. The planned, average density in this Plan Designation was 20.0 dwelling units per net acre and 17.0 dwelling units per gross acre.

    - **Mixed-Use (MU):** 10% of land is in rights-of-way. The planned, average density in this Plan Designation was 20.0 dwelling units per net acre and 18.1 dwelling units per gross acre.

Keizer's needed density is an overall average of at least 6.8 dwelling units per gross acre. The densities shown in Exhibit 60 are Keizer's needed densities by plan designation, both inside and outside of the RCOD.

Exhibit 60. Needed Densities and Land for Rights-of-Way, Keizer Portion of UGB,[54] 2021 to 2041
Source: ECONorthwest. Note: DU is dwelling unit.

Plan Designation	Average Net Density (du/net acre)	Percentage for Rights-of-Way	Average Gross Density (du/gross acre)
Low Density Residential (LDR)			
Inside RCOD	8.0	21%	6.3
Outside RCOD	6.3	21%	5.0
Medium Density Residential (MDR)			
Inside RCOD	11.0	17%	9.1
Outside RCOD	5.1	17%	4.2
Medium-High Density Residential (MDHR)			
Inside RCOD	20.0	15%	17.0
Outside RCOD	7.3	15%	6.2
Mixed-Use (MU)			
Inside RCOD	20.0	10%	18.1
Outside RCOD	11.4	10%	10.3
Commercial (C)			
Outside RCOD	25.5	9%	23.2

[54] ECONorthwest based the analysis of needed densities off of historical densities from housing developed between 2000 and 2020 Q2 and considering the newly established regulations in the RCOD. The analysis of land in rights-of-way is based on analysis of existing development patterns and percentages of land in rights-of-way in 2018.

Needed Housing by Income Level

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

The analysis in Exhibit 61 is based on American Community Survey data about income levels in Keizer. Income is categorized into market segments consistent with HUD income-level categories, using Marion County's 2020 Median Family Income (MFI) of $70,600. The Exhibit is based on current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

About 24% of Keizer's future households will have incomes below 50% of Marion County's median family income (less than $35,300 in 2019 dollars) and about 40% will have incomes between 50% and 120% of the county's MFI (between $35,300 and $84,720).

This trend shows a need for housing types across the housing affordability spectrum.

Exhibit 61. Future (New) Households, by Median Family Income (MFI) for Marion County ($70,600), Keizer, 2021 to 2041
Source: U.S. Department of Housing and Urban Development. U.S. Census Bureau, 2015–2019 ACS Table 19001.
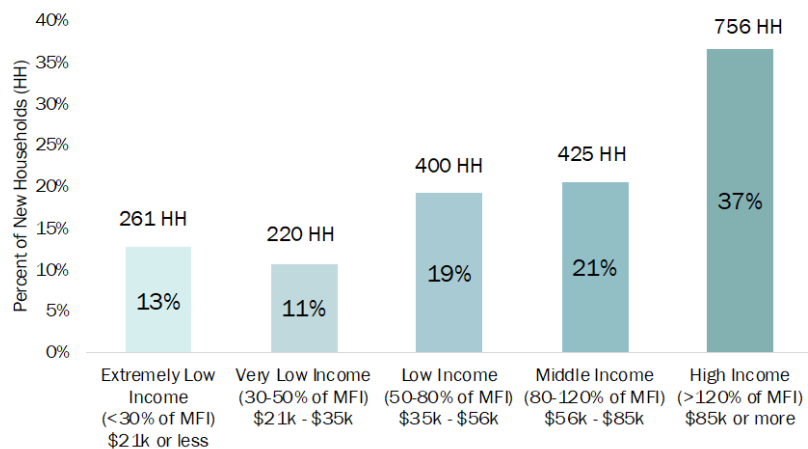
Need for Government-Assisted, Farmworker, and Manufactured Housing

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

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single family detached, apartments, etc.). Keizer allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Keizer will continue to allow government housing in all of its residential plan designations. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.

- **Farmworker housing.** Farmworker housing can also apply to all housing types and the City allows development of farmworker housing in all residential zones, with the same development standards as market-rate housing. This analysis assumes that Keizer will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.

- **Manufactured housing on lots.** Keizer allows manufactured homes on lots in all the zones that allow single-family detached housing. Keizer does not have special siting requirements for manufactured homes. Since manufactured homes are subject to the same siting requirements as site-built homes, it is not necessary to develop separate forecasts for manufactured housing on lots.

- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services Department's Manufactured Dwelling Park Directory,[55] Keizer has eight manufactured home parks within the City, with 634 spaces.

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

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

- Keizer will grow by 2,061 new dwelling units over the 2021 to 2041 period.

- Analysis of housing affordability shows that about 24% of Keizer's new households will be low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.

- Manufactured housing in parks accounts for about 4% (about 551 dwelling units) of Keizer's current housing stock inside City Limits.

- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.

- The households most likely to live in manufactured homes in parks are those with incomes between $21,180 and $35,300 (30% to 50% of MFI), which include 11% of Keizer's households. However, households in other income categories may live in manufactured homes in parks.

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

  Our conclusion from this analysis is that the development of new manufactured home parks in Keizer over the planning period is unlikely over the 2021 to 2041 period. It is, however, likely that manufactured homes will continue to locate on individual lots in Keizer. The forecast of housing assumes that no new manufactured home parks will be opened in Keizer over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.

  If the City does have need for a new manufactured home park, that would be for 82 new units (4% of new units), which at about 6 to 8 dwelling units per acre will need 10 to 14 acres of land. Keizer can accommodate this in the RS zone.

- Over the next 20 years (or longer), one or more manufactured home parks may close in Keizer. This may be a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

While there is statewide regulation of the closure of manufactured home parks designed to lessen the financial difficulties of this closure for park residents,[56] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential development to allow for the development of new, relatively affordable housing. The City may use a range of policies to encourage the development of relatively affordable housing, such as allowing a wider range of moderate-density housing, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary zoning policy, or partnering with a developer of government-subsidized affordable housing.

Need for the Population in Group Quarters

To determine housing needs, ECONorthwest deducted the population forecasted to live in group quarters from the population assigned to new households (which determines needed dwelling units). An increase of the population living in group quarters may require additional land for new group quarters. Assumptions about land needed for new group quarters are incorporated into the "demand" side of the supply and demand equation. Land for group quarters is generally assumed to occur at densities comparable to multifamily development. For the 2021 to 2041 planning period, 50 additional people are forecast to live in group quarters in Keizer (see Exhibit 55). At a density of about 17.0 units per gross acre,[57] group quarters will need approximately 2.9 gross acres. For purposes of this analysis, new group quarters are assumed to occur on Medium-High Density residential land.

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

[57] Basis for density assumption is gross net density in the Medium-High Plan Designation inside Keizer's Cherry River Overlay District.

6. Residential Land Sufficiency within Keizer

This chapter presents an evaluation of the sufficiency of vacant residential land in Keizer to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Keizer's ability to accommodate needed new housing units for the 2021 to 2041 period, based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis.

Statutory Guidance

The language of Goal 10[58] and ORS 197.296[59] refers to housing need: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households—from those with no home to those with second homes. Keizer is required to make a local Housing Needs Projection[60] that determines the needed mix of housing types and densities that are (1) consistent with the financial capabilities of present and future area residents of all income levels during the planning period, (2) consistent with the adopted housing standards, (3) consistent with the requirements of Goal 10, OAR 660-008[61] and ORS 197.296, and (4) consistent with the Goal 14[62] requirements.

With a population over 25,000, Keizer is subject to the provisions of ORS 197.296, which provides additional guidance on determining housing need. The result of the analysis and the final determination of needed housing and mix was vetted by the Project Advisory Committee and is displayed in Exhibit 56.

Residential Capacity Analysis

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

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

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

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

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

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

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

is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[63] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

Keizer Capacity Analysis Results

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities shown in Exhibit 60.

Exhibit 62 shows that **Keizer's vacant land has capacity to accommodate approximately 1,679 new dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in residential Plan Designations, as shown in Chapter 2.

- **Needed densities.** The capacity analysis assumes development will occur at needed densities. Those densities were derived from the needed densities shown in Exhibit 60.

  - The overall average net density is approximately 9.1 dwelling units per net acre.

  - The overall average gross density (shown in Exhibit 62) is approximately 7.6 dwelling units per gross acre.

  - The historical development density (Exhibit 14) was 6.8 dwelling units per net acre. The increase in future densities is a result of implementation of the RCOD, which allows for higher density development and more mixed use development.

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

Exhibit 62. Estimate of Residential Capacity[64] on Unconstrained Vacant and Partially Vacant Buildable Land, Keizer UGB, 2020

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

Plan Designation	Total Unconstrained Buildable Acres	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
Low Density Residential (LDR)			
Inside RCOD	19	6.3	119
Outside RCOD	145	5.0	725
Medium Density Residential (MDR)			
Inside RCOD	-	9.1	0
Outside RCOD	1	4.2	4
Medium-High Density Residential (MDHR)			
Inside RCOD	15	17.0	255
Outside RCOD	12	6.2	74
Mixed-Use (MU)			
Inside RCOD	15	18.1	271
Outside RCOD	9	10.3	92
Commercial (C)			
Outside RCOD	6	23.2	139
Total	222	7.6	1,679

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[64] The commercial plan designation has 18 unconstrained buildable acres. The analysis does not assume that all 18 commercial designated acres will accommodate residential development. It assumes commercial lands will accommodate approximately 69 residential units, at the average residential densities in that designation (23.2 gross acres). Note: 69 DU divided by 23.2 DU per gross acres is a total of 3 unconstrained buildable acres.

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Keizer is to compare the demand for housing by Plan Designation (Exhibit 59) with the capacity of land by Plan Designation (Exhibit 62).

Exhibit 63 shows that Keizer has sufficient land to accommodate development in the Medium-High Density Residential, Mixed-Use and Commercial Designations. Keizer has a deficit of land in the Low-Density Residential and Medium-Density Residential Designations.

- Keizer's deficit of Low-Density Residential capacity (177 dwelling units) means that the City has an approximate deficit of 28 gross acres in this plan designation.

- Keizer's deficit of Medium-Density Residential capacity (219 dwelling units) means the City has an approximate deficit of 24 gross acres in this plan designation.

- Keizer has a small surplus of Medium-High Density Residential capacity.

- Keizer has small surpluses of capacity beyond the forecast of needed housing in Mixed-Use or Commercial capacity.

Exhibit 63. Comparison of Capacity of Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit (Before Deducting Land for Group Quarters), Keizer UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Plan Designation	Capacity (Dwelling Units)	Need (Dwelling Units)	Remaining Capacity (Dwelling Units)	Land Sufficiency (Gross Acres)
Low Density Residential (LDR)	844	1,021	(177)	(28)
Medium Density Residential (MDR)	4	223	(219)	(24)
Medium-High Density Residential (MDHR)	329	279	50	3
Mixed-Use (MU)	363	266	97	5
Commercial (C)	139	62	77	3

For the 2021 to 2041 planning period, Keizer will also need to accommodate the land need for 50 group quarters, previously deducted from the housing forecast (see Exhibit 55). At a density of about 17.0 units per gross acre, group quarters will need approximately 2.9 gross acres. For purposes of this analysis, new group quarters are assumed to occur on Medium-High Density residential land.

Exhibit 64. Land Needed for Group Quarters, Keizer's Portion of the UGB, 2021 to 2041
Source: Calculations by ECONorthwest. *Note: Group quarters assumes one person per dwelling unit.

Plan Designations	New Population in Group Quarters (GQs)	GQ per Gross Acre	Gross Acres to Accommodate GQs
Medium-High Density Residential	50	17.0	2.9

Exhibit 65 presents a revised version of Exhibit 63 and final version Keizer's land sufficiency analysis to account for land needed for group quarters. It shows that Keizer has a deficit of land for about 396 dwelling units (52 acres of land) in the Low Density Residential and Medium Density Residential designations combined. The small surplus of capacity in Medium-High Density Residential was consumed by development for group quarters.

Exhibit 65. Final Comparison of Capacity of Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit (After Deducting Land for Group Quarters), Keizer UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Plan Designation	Capacity (Dwelling Units)	Need (Dwelling Units)	Group Quarters (Dwelling Units)	Remaining Capacity (Dwelling Units)	Land Sufficiency (Gross Acres)
Low Density Residential (LDR)	844	1,021		(177)	(28)
Medium Density Residential (MDR)	4	223		(219)	(24)
Medium-High Density Residential (MDHR)	329	279	50	0	0
Mixed-Use (MU)	363	266		97	5
Commercial (C)	139	62		77	3

Conclusions

Keizer's portion of the UGB is forecast to grow from 38,695 people in 2021 to 44,040 people in 2041, an increase of 5,345 people. This population growth will occur at an average annual growth rate of 0.65%. In addition to population growth, Keizer's households have grown larger on average. After considering a number of factors, including household size and vacancy, Keizer will have demand for about 2,061 new dwelling units over the 20-year planning period. To meet this need, Keizer will need to accommodate an average development trajectory of 103 new dwelling units (to include eight redeveloped units and three accessory dwelling units per year).

In the future, Keizer will need to plan for more single-family attached dwelling units to meet the City's housing needs. Historically, about 4% of Keizer's housing stock was single-family attached (69% was single-family detached and 27% was multifamily). The City will need to shift away from single-family detached housing (63% of new housing stock) to provide opportunities for single-family attached housing (10% of new housing). Duplex through quadplex will account for 11% of Keizer's housing growth and multifamily with 5 or more units will account for 16% of Keizer's housing growth.

The 2019 Keizer HNA concluded that Keizer needed slightly higher average residential densities than it has in the past, increasing from 6.8 to 7.3 dwelling units per net acre. The 2021 Keizer HNA accounted for higher densities as a result of measures taken by the City to implement the River Cherry Overlay District (RCOD). Accordingly, when analyzing future densities by plan designation, this analysis relied on historical net densities for residential lands outside RCOD and assumed future densities for residential lands inside RCOD. The resulting average density for future development in Keizer is approximately 9.1 dwelling units per net acre and 7.6 dwelling units per gross acre. Keizer is able to achieve these densities because of the development standards allowed in the RCOD, which is a substantial land use efficiency measure over the analysis from the 2019 Keizer HNA.

Keizer has a need for housing across the affordability spectrum indicating a need for a wider range of housing types, for renters and homeowners. About 34% of Keizer's households (overall) are cost burdened (paying more than 30% of their income on housing). Further, about 53% of renter households are cost burdened. Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions about:

- **481 of the forecasted new households will have incomes of less than 50% of MFI (about $35,300 in 2020 dollars or less).** These households often cannot afford market-rate housing without government subsidy.

- **825 new households will have incomes between 50% and 120% of MFI (between $35,300 and $84,720 in 2020 dollars).** These households will need access to affordable housing, such as single-family detached housing (e.g., tiny homes, cottages, small-lot,

and "traditional"), single-family attached housing, and multifamily products (particularly "middle" housing types such as duplexes, triplexes, quadplexes, and smaller apartments). This will include rental and ownership housing.

- **755 new households will have incomes over 120% of MFI (about $84,720 in 2020 dollars or more).** These households will likely be higher-amenity housing types such as single-family detached housing, single-family attached housing, and higher-end multifamily products (particularly condominiums).

Keizer's portion of the shared Salem-Keizer Urban Growth Boundary will not accommodate all of Keizer's housing needs. Keizer has a capacity deficit of about 396 dwelling units, which means the City has an approximate deficit of 52 gross acres. These units will predominantly be single-family housing types, as well as missing middle housing types such as cottage housing, townhouses, duplexes, triplexes, and quadplexes. Keizer will need to work with Salem to determine how to accommodate these units within the Salem-Keizer UGB.

Appendix A: Residential Buildable Lands Inventory Methods

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

This memorandum summarizes the framework provided in state law for the Keizer Residential Buildable Lands Inventory (BLI)[65] and presents the methods ECONorthwest proposes to use to conduct the residential buildable lands inventory, including definitions and procedures we propose to use for the classifications.

Background

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

The BLI consists of several steps:

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

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

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

Regulatory Guidance

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

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

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

(3) In performing the duties under subsection (2) of this section, a local government shall:

(a) Inventory the supply of buildable lands within the urban growth boundary and determine the housing capacity of the buildable lands; and

(b) Conduct an analysis of housing need by type and density range, in accordance with ORS 197.303 and statewide planning goals and rules relating to housing, to determine the number of units and amount of land needed for each needed housing type for the next 20 years.

(4)(a) For the purpose of the inventory described in subsection (3)(a) of this section, "buildable lands" includes:

(A) Vacant lands planned or zoned for residential use;

(B) Partially vacant lands planned or zoned for residential use;

(C) Lands that may be used for a mix of residential and employment uses under the existing planning or zoning; and

(D) Lands that may be used for residential infill or redevelopment.

(b) For the purpose of the inventory and determination of housing capacity described in subsection (3)(a) of this section, the local government must demonstrate consideration of:

(A) The extent that residential development is prohibited or restricted by local regulation and ordinance, state law, and rule or federal statute and regulation;

(B) A written long-term contract or easement for radio, telecommunications, or electrical facilities, if the written contract or easement is provided to the local government; and

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

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

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

BLI Methods

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

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

In 2020, ECONorthwest updated the buildable lands inventory, to account for lots that developed between January 2019 and November 2020. The development status of parcels with development over that period were was changed from vacant or partially vacant to developed (or partially vacant, if they still met the criteria for that land class). ECONorthwest also incorporated the new River Cherry Overlay District (RCOD) into the inventory, reporting land that is inside and outside of the district.

Inventory Steps

The steps in the supply inventory are:

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

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

  - Low-Density Residential

- Medium-Density Residential

- Medium- and High-Density Residential

- Mixed-Use

- Commercial

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

  - Developed Land

  - Vacant Land

  - Partially Vacant Land

  - Public or Exempt Land

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

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

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

Definitions

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

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

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

Development Constraints

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

(2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered "suitable and available" unless it:

(a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;

(b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17, or 18;

(c) Has slopes of 25 percent or greater;

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

(e) Cannot be provided with public facilities.

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

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

Methods for Estimating Redevelopment and Infill

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

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

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

In previous studies by ECONorthwest and other organizations, redevelopment has been addressed by assuming that a certain percentage of residential growth will be addressed through redevelopment, generally from 5% to 20% of new residential development.[66]

A complex interaction of factors influences redevelopment potential:

- Achievable Pricing – Given the product type and location, what lease rates or sales prices are achievable?

- Entitlements – What do local regulations allow to be built?

- Development Cost – What is the cost to build the range of product types allowed (entitled) at that location?

- Financing – What is the cost of capital, as well as the desired returns necessary, to induce development of that form?

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

One commonly used method to estimate capacity for infill and redevelopment is by arraying residential tax lots on the basis of the ratio of their improvement value to their land value.[67] A ratio of less than 1:1 (i.e., where the improvement is worth less than the land) is a typical

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

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

threshold. While that method is reasonable, convenient, and relatively inexpensive, people familiar with the process of redevelopment correctly point out that the redevelopment decision is affected by many other factors (see Figure 1) and that many parcels with ratios less than 1:1 will not redevelop during the 20-year forecast period and many parcels with ratios greater than 1:1 will redevelop. The ratio is hardly a definitive measure of "strong likelihood."

Figure 1: Some of the Factors that Affect the Price of Built Space and, by Implication, the Rate of Redevelopment
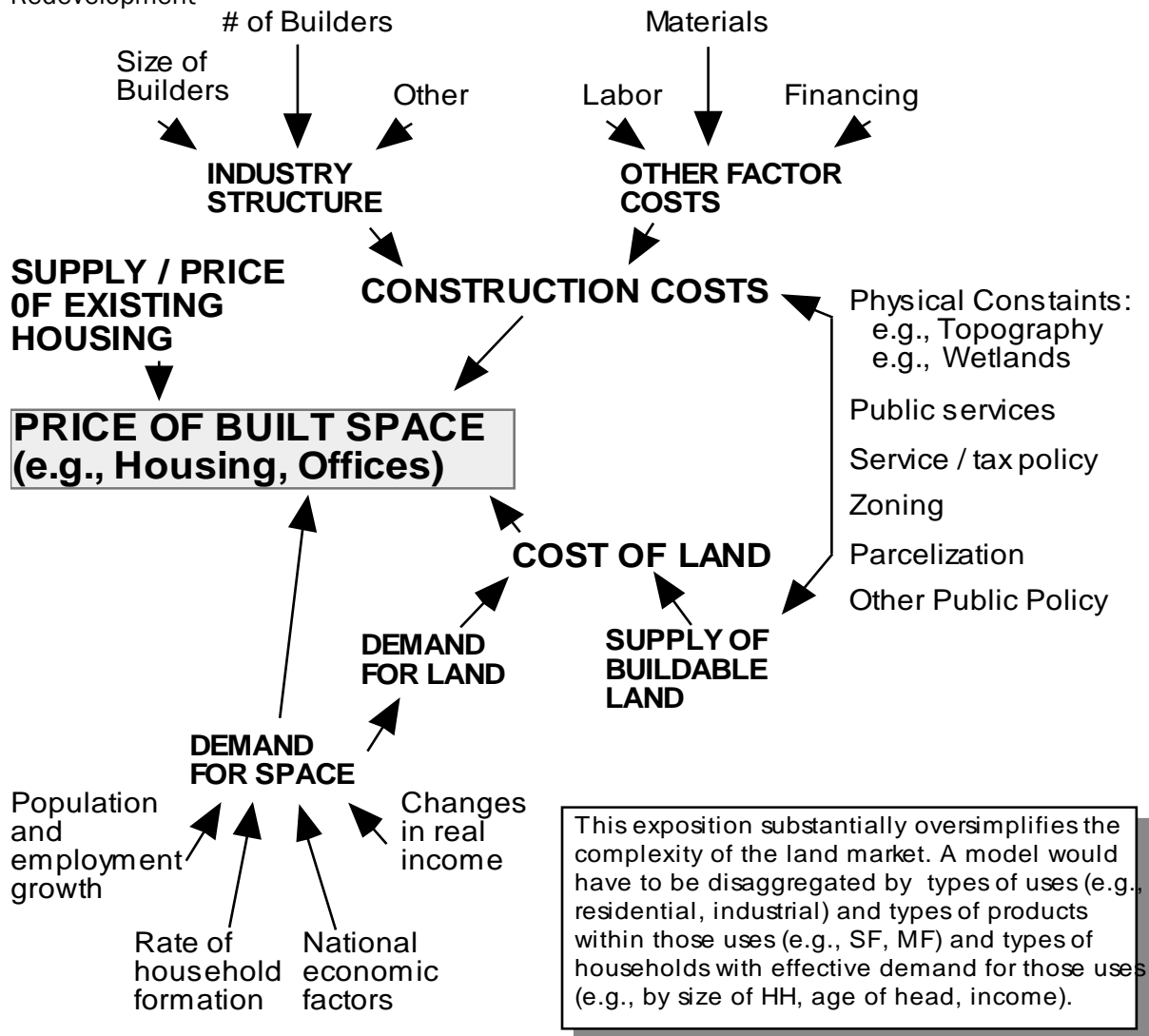
The professional literature of planning, urban economics, real estate, and appraisal does not have much to say about redevelopment rates. Conceptually, the factors likely to influence redevelopment (broadly, the conditions of demand, supply, and price for built space and the factors that go into creating that built space) are clear enough, but the magnitude of the empirical relationships has few studies and no professional consensus. The property owner/developer decision to redevelop is not simply deterministic, but complexly probabilistic. The requirements of Oregon law withstanding, no real estate analyst would have any

confidence in making a property-specific assessment for every property in an urban area of the likelihood that the property would redevelop over a twenty-year period.

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

1. Treat "infill" as a subset of "redevelopment."

2. Vacant and partially vacant lots are not infill or redevelopment lots.

3. Address infill as a function of two factors:

   a. Accessory dwelling units

   b. Lot partitions (single-family lots that are divided into 2 or 3 sublots)

4. Estimate redevelopment potential using the following methods:

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

In short, if using these definitions and the safe harbors[68] for developed and partially vacant land, this is how the terms would be applied under statutory provisions.

- New development on sites classified as "buildable sites" would be considered "new development." Buildable sites include unconstrained portions of vacant sites and partially vacant sites (sites larger than ½ acre, with capacity deducted for the first ¼ acre for development, per the OAR 660-024-0050(2)(b) safe harbor). Sites classified as vacant and partially vacant must all be mapped and assigned capacity.

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

In some respects, "new development" on smaller partially vacant sites might be what most people would intuitively consider infill rather than new development. However, the classification above ensures mutually exclusive classifications consistent with applicable provisions of state law, including requirements for mapping and assigning capacity. Some

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

housing strategies for smaller developments will still be appropriate regardless of the technical definition and classification used in the BLI.