



**Portland
Housing Bureau**

2022 State of Housing in Portland

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Foreword from Commissioner Carmen Rubio



Dear Portlanders,

I'm pleased to present my first annual State of Housing in Portland report as your new Commissioner-in-Charge of housing. This report, published annually by the Portland Housing Bureau, provides local leaders with the most comprehensive resource on housing affordability in our city, offering us critical insights into who the housing market is serving—and who is being left behind.

This year's report comes at a critical time in Portland's housing landscape. While the city continues to grapple with the lingering effects of the pandemic, an affordable housing shortage, deepening disparities, and a housing market that continues to leave nearly half of all renters cost-burdened, the city also faces a "perfect storm" of market conditions that are making housing less affordable, including rising inflation and interest rates. Meanwhile, evictions have surpassed their pre-pandemic rates since the expiration of COVID-related safe harbor protections in October 2022.

Despite all this, I am encouraged to see how we as a City have responded to these issues with the urgency they demand and that we have continued to set ambitious goals to meet these challenges head on.

In this report, you will see that throughout these unprecedented times, we have also seen unprecedented affordable housing production: Since the declaration of a Housing Emergency in 2015, the Portland Housing Bureau has opened and preserved more than 4,300 units of affordable housing, providing homes to an estimated 8,720 Portlanders. Additionally, more than 3,400 units in the Housing Bureau's affordable housing development pipeline will provide another 6,300 Portlanders with safe, stable, high-quality homes they can afford over the next few years. Moreover, since 2017, nearly 1,000 affordable units (either open or in some stage of permitting) have been created in the private market through the City's Inclusionary Housing Program.

Now more than ever, we need accurate information about the state of our city to solve the complex challenges we face. That's why this annual report is just step one. This year we will be digging deeper. To come are additional reports that will look at:

- the overarching cost drivers in housing;
- local cost drivers compared to other cities;
- the performance of the inclusionary housing policy;
- the types of housing we need; and
- developing a housing production strategy.

In conclusion, my sincere thanks to the Portland Housing Bureau for their work to produce this valuable resource to guide us in our collective work, with all of our housing partners, to make Portland a city where we all have the opportunity to live, work, and thrive.

Gracias,

A handwritten signature in black ink that reads "Carmen Rubio".

Commissioner Carmen Rubio

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Executive Summary

The State of Housing in Portland Report is published annually to provide stakeholders and policy makers with a comprehensive look at Portland's housing market by neighborhood, housing type, and affordability using the latest available data. This report focuses primarily on the state of Portland's housing market and its impacts on Portlanders. It also examines the City of Portland's policies and programs that address housing affordability, tenant protections, and homelessness.

The 2022 *State of Housing in Portland* Report shows that housing affordability remains a challenge for most Portlanders, as rents and home sales prices have continued to climb and outpace incomes. A detailed look at the recent population and housing data signals that Portland is in a challenging period of housing affordability for both homeowners and renters.

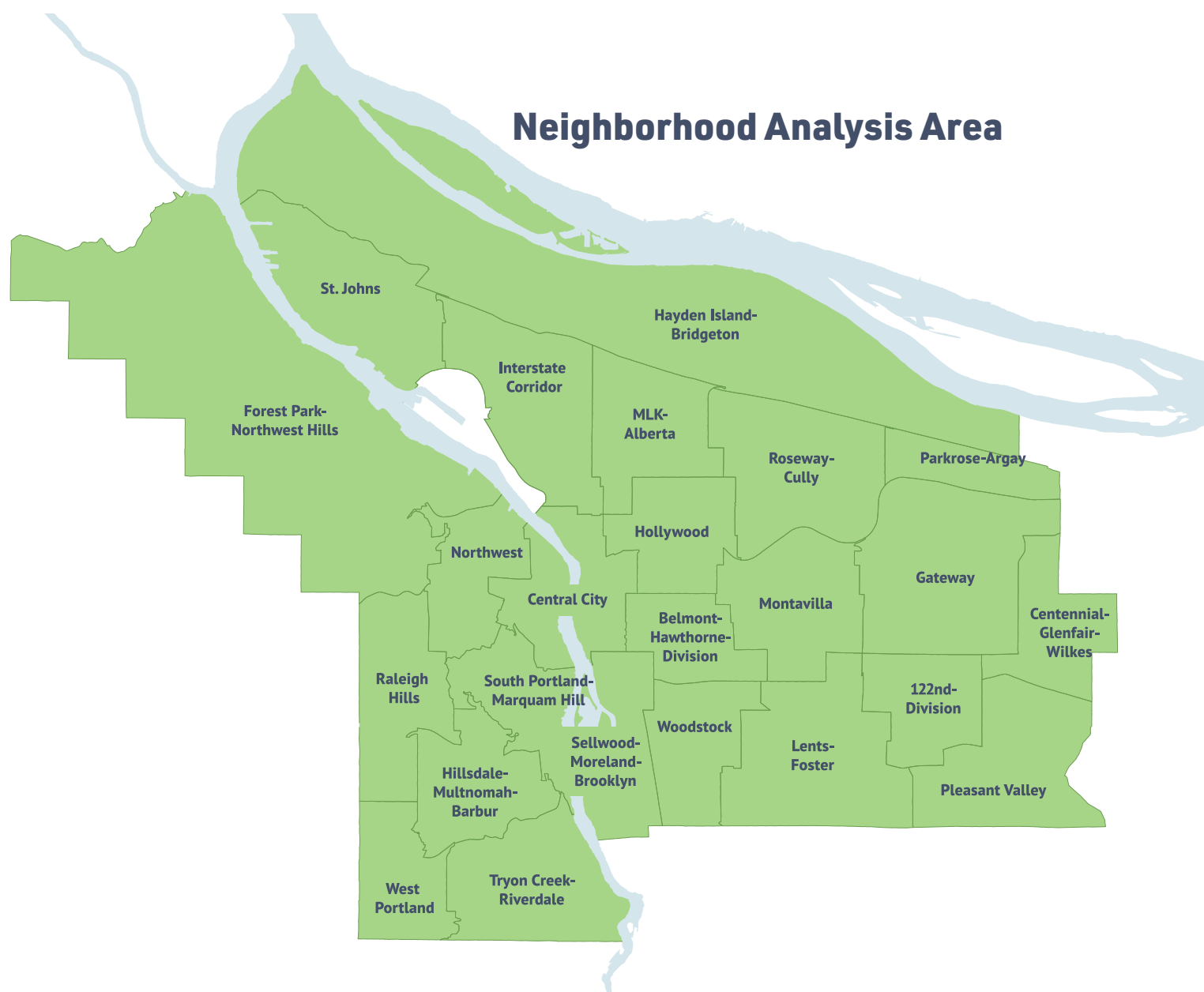
Portland's population grew by 38,174 individuals (or by 6.2 percent) and more than 22,975 households (9 percent) between 2015 and 2020, according to the latest available American Community Survey (ACS) estimates of the U.S. Census Bureau. The current population estimate as of 2020 was over 650,380. Population growth has been largely concentrated in the Central City, Interstate Corridor, MLK-Alberta, Woodstock and Lents-Foster.

These changes in population and economy also impact the city's housing permits and production. Production from 2018 to 2021 has averaged 3,381 units per year with a high in 2020 of 5,303 units and a low in 2021 of 949 units. Multifamily unit production in 2021 continued to account for a large proportion of new residential development, with approximately 67 percent of all new housing units falling within the multifamily category. In total, the composition of the city's housing stock consists of 299,502 units comprised of 156,068 single-family and 143,434 multifamily homes.

As the city continues to grow, Portland is also becoming wealthier, more educated, and more racially diverse. 36.4 percent of households were making more than \$100,000 per year in 2020 and more than half of Portlanders over the age of 18 had a bachelor's degree or higher. Disparities in income and educational attainment, however, persist between white households and People of Color, as well as renters and homeowners.

The gap between household income and housing costs continues to burden many households and demands continued efforts by the City to address housing affordability. In 2022, the City of Portland produced 852 new affordable units. These units will house an estimated 1,760 people. There are an additional 3,436 units in the affordable housing development pipeline that will open over the next few years.

Local revenue sources like Portland's Housing Bond, the Metro Regional Affordable Housing Bond, and funds from urban renewal districts have been critical for building new affordable housing. Impending changes to revenue sources like the expiration of several Urban Renewal Areas (URAs), however, will likely impact affordable housing production. The Housing Bureau will continue to track and report on the production and preservation of affordable housing units under changing state and local legislation.



Demographic Drivers

Population and Households

Portland's population increased by more than 38,174 individuals (6.2 percent) between 2015 and 2020, with a total estimated population of 650,380 individuals as of 2020. The increase in population has been significant among the city's white, Asian, and Hispanic-Latinx populations. Additionally, there was a 36 percent increase among those who identified as belonging to two or more races.

The Central City, North/Northeast, and East Portland neighborhoods continue to show the largest population increases, accounting for more than 50 percent of the city's population growth.

Income

Portland's median household income went up by \$13,064 (22 percent) between 2015 and 2020. Median income levels for renters and homeowners in Portland have grown since 2015. The median homeowner income was \$103,317 in 2020, exceeding the 2015 level by approximately \$16,611. While renter households saw their median income increase by 33 percent, renter income continues to lag behind homeowner incomes. The median homeowner income is more than double that of renters, whose income is almost \$49,643 per year.

While incomes have risen overall from 2015 to 2020 for all racial and ethnic groups, income disparities persist. Median income increased significantly for white households; and median income for Hawaiian-Pacific Islander, Hispanic-Latinx, and Native American households increased above 2015 levels. The median income for Black and Asian households saw only minimal increases.

Housing Stock and Production

In 2017, annual production and permitting levels were higher than at any point in the last eighteen years. Portland added 9,080 units to the housing stock in 2017—a 3.25 percent increase overall. Production during 2018 to 2021 has averaged 3,381 units per year with a high in 2020 of 5,303 units and a low in 2021 of 949 units.

Multifamily unit production in 2021 continued to account for a large proportion of new residential development, with approximately 67 percent of all new housing units falling within the multifamily category. In total, the composition of the city's housing stock consists of 299,502 units comprised of 156,068 single-family and 143,434 multifamily homes.

Updated data show single-family production averaged 567 new units per year from 2018 to 2021. More than 2,800 permits were issued, and 2,266 units were added to the single-family housing stock during this time.

In 2021, the City of Portland issued 4,509 permits for multifamily units throughout the city. Similar to previous years, multifamily permitting continues to be concentrated in the Central City, South Portland-Marquam Hill, and the Interstate Corridor. Multifamily permits in these neighborhoods accounted for nearly 54 percent of all multifamily permits.

Rentership

Rentership decreased slightly in Portland, from 47.1 percent in 2015 to 46.9 percent in 2020. Portland continues to be nearly evenly split between renter and homeowner households.

Rentership rates vary by race and ethnicity. Forty-three percent of white households rent homes in Portland, while 70 percent of Black households, 61 percent of Native American households, and over half of other Communities of Color rent their homes. Rentership rates have decreased for all community groups, decreasing the most among Hawaiian and Pacific Islanders, Hispanic-Latinx and Native American households.

Rentership also varies by location. Hayden Island, Belmont-Hawthorne-Division, Interstate Corridor, Northwest, and Hollywood showed more than 2.5 percent increases in rentership, while Woodstock, Hillsdale-Multnomah-Barbur, Gateway showed decreases in rentership between 2015-2020.

Homeownership

Homeownership rates have increased in the last five years, from 52.9 percent to 53.1 percent. All populations have seen steady or increased homeownership rates.

White and Asian populations have the highest rate of homeownership at 55.9 percent and 58.4 percent respectively. The homeownership rate is significantly lower for all other Communities of Color. However, the combined rate for Communities of Color has increased from 35 percent in 2015 to 42 percent in 2020.

Woodstock, Hillsdale-Multnomah-Barbur, Gateway, and Parkrose-Argay have seen their homeownership rates increase by more than 5 percent from 2015 to 2020. On the other hand, Hayden Island, Belmont-Hawthorne-Division, and the Interstate Corridor saw a 5 percent decrease during the same period.

Racial Diversity

Changes in the proportion of the non-white population measured in all 24 neighborhoods between 2015-2020 illustrate a continued significant shift to greater diversity in the racial composition of the city. In 2020, all neighborhoods had non-white populations above 15 percent.

Communities of Color continue to increase in Outer East, Northeast, and Southeast Portland, where the neighborhood composition of Communities of Color in 2020 ranged from 40 percent to nearly 48 percent.

Citywide, racial diversity, as measured by the percent change in the share of Communities of Color, increased in nearly every neighborhood between 2015 and 2020.

The proportional share of Communities of Color showed a highest increase during this period in the following neighborhoods: Pleasant Valley, St. Johns, and 122nd-Division.

Homelessness

In 2022, 5,228 people were counted as experiencing homelessness on a single night in winter. This Point-In-Time Count of Homelessness (PIT Count) is conducted every two years and is based on a federal definition of homelessness (“HUD Homeless”), which includes people staying in emergency shelter, transitional housing, or living on the street. The 2022 PIT Count (postponed from 2021 due to COVID-19) show a new trend in the distribution of people experiencing homelessness during the pandemic: there was a 30 percent increase in the percentage of the total HUD homeless from the 2019 count, with most of the increase seen in the unsheltered population. Among the unsheltered population, the percentage who were chronically homeless also increased. People experiencing chronic homelessness reported having a range of disabling conditions, including mental health issues, substance abuse disorders, physical disabilities, and chronic health conditions—all of which were exacerbated by the impacts of the COVID-19 pandemic.

Findings released so far from the latest PIT Count show that people of color continue to experience homelessness at a disproportionately higher rate. In Multnomah County, 40 percent of all those counted were people of color.

Rental Market and Affordability

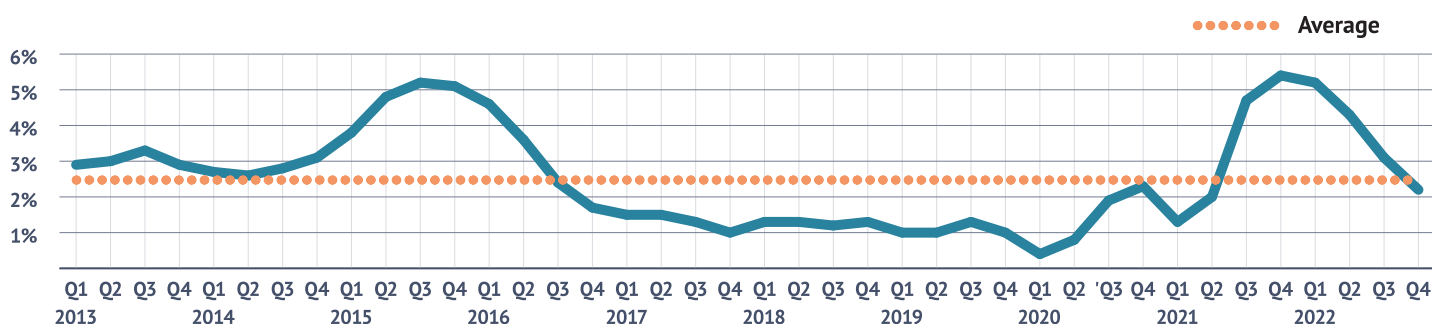
In 2022, the average overall asking rent increased by 3.7 percent from the previous year. 2022's average rent was \$1,614 per month, which is \$58 higher than 2021. This is a smaller increase than from 2020 to 2021, when the average rent increased by 6.1 percent (or \$89). All unit types increased in average rent. However, the increase was greatest for 3-bedroom units. Rents for studio, 1-bedroom, and 2-bedroom units increased on average by 4.4 percent, 3.7 percent and 3.6 percent respectively. Rents for 3-bedroom units increased on average by 7 percent.

On average, the vacancy rate has decreased from 6.4 percent in 2021 to 6 percent in 2022. The vacancy rate was higher for studios (6 percent) and 1-bedroom units (6.4 percent) than 2- and 3-bedroom units (5.4 and 5.3 percent).

All neighborhoods saw increases in average rents except for the Forest Park-Northwest Hills which saw a slight decrease in 2022 by 0.5 percent. The following neighborhoods saw the smallest increases in average rents (3 percent or less): Central City, Interstate Corridor, and West Portland. By contrast, Pleasant Valley experienced the largest rent increase with an increase above 10 percent. On average, rents for 3-bedroom units increased the most (more than 10 percent) in Central City, Gateway, Hollywood, Interstate Corridor, Northwest, Sellwood-Moreland-Brooklyn and South Portland-Marquam. Hillsdale-Multnomah-Barbur, Raleigh Hills, and West Portland saw slight decreases in rents for 3-bedroom units.

See Fig. 1.1-1.4

Fig. 1.1 Percent Change in Rent per Year, 2013-2022 (Quarterly Data)



--- Portland
--- Central City
--- East Portland

Fig. 1.2 Vacancy Rates, 2013-2022 (Quarterly Data)

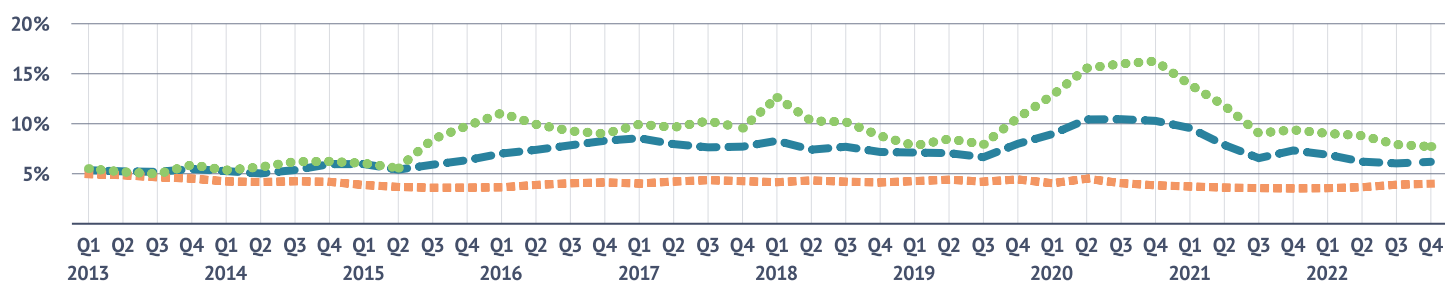


Fig. 1.3 Asking Rents, 2013-2022 (Quarterly Data)

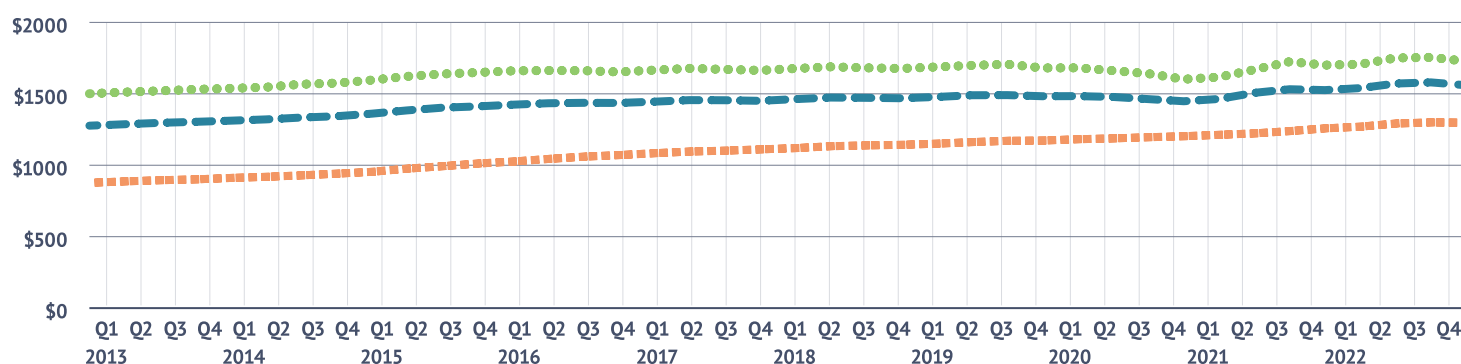
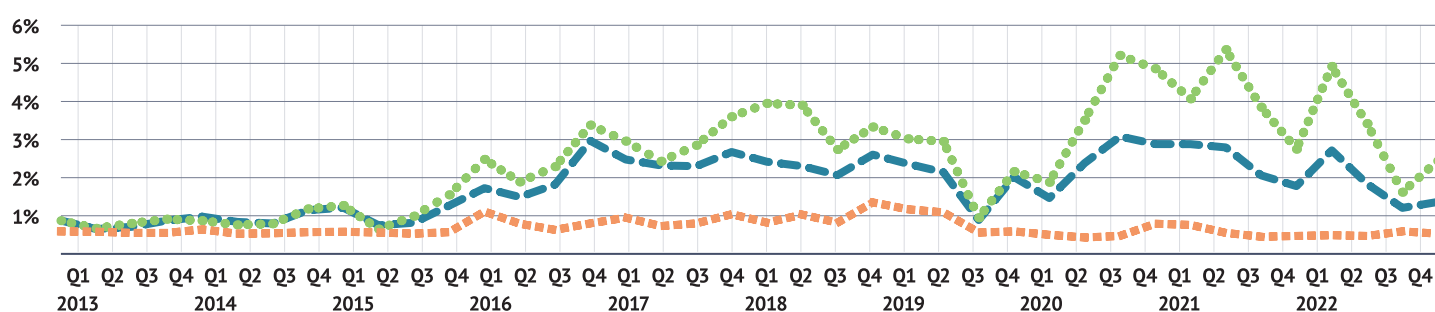


Fig. 1.4 Rent Concession Rates, 2013-2022 (Quarterly Data)



Source (all): CoStar 2023

Homeownership Market and Affordability

In 2021, the median home sales price in Portland exceeded \$400,000 in 21 of the 24 neighborhoods, compared to approximately 30 percent of neighborhoods in 2016 (when measured in 2021 dollars). A homebuyer looking for a home below \$400,000 would have found only three neighborhoods: 122nd-Division, Centennial-Glenfair-Wilkes, and Hayden Island-Bridgeton.

Between 2016 and 2021, the median home sales prices citywide increased 17 percent or over \$77,900 to reach \$525,000 in 2021. Four neighborhoods in East Portland – 122nd-Division, Centennial-Glenfair-Wilkes, Gateway, and Parkrose-Argay – showed the most significant increases in median home sales price (close to 30 percent or more).

Increases in home prices and rents in many East Portland neighborhoods over the last five years may signal a growing risk of displacement and housing instability. The Central City and Northwest were the only neighborhoods where the median sales price decreased from 2016 to 2021. The decrease in home prices in the Central City was 17 percent and 7 percent in Northwest.

See Fig. 1.5–1.6

Fig. 1.5 Increase in Home Prices (2021\$)

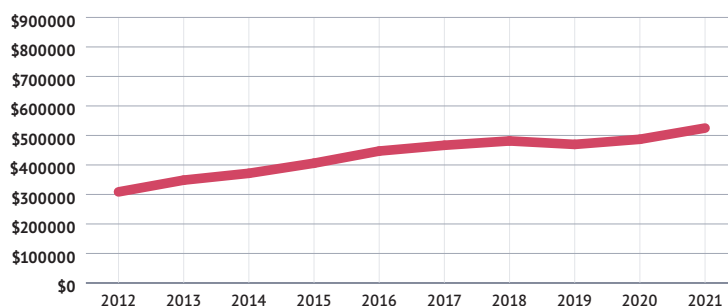
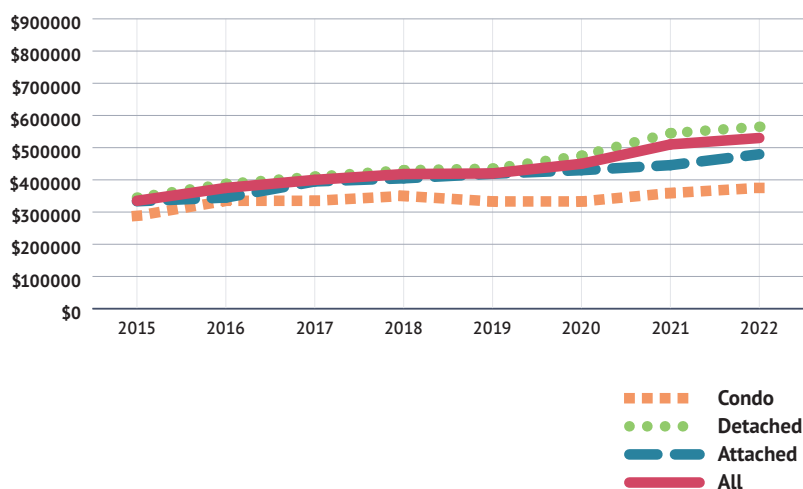


Fig. 1.6 Median Home Sales Price by Housing Types (2015-2022)



Source (both above): RMLS 2022

CITY OF PORTLAND

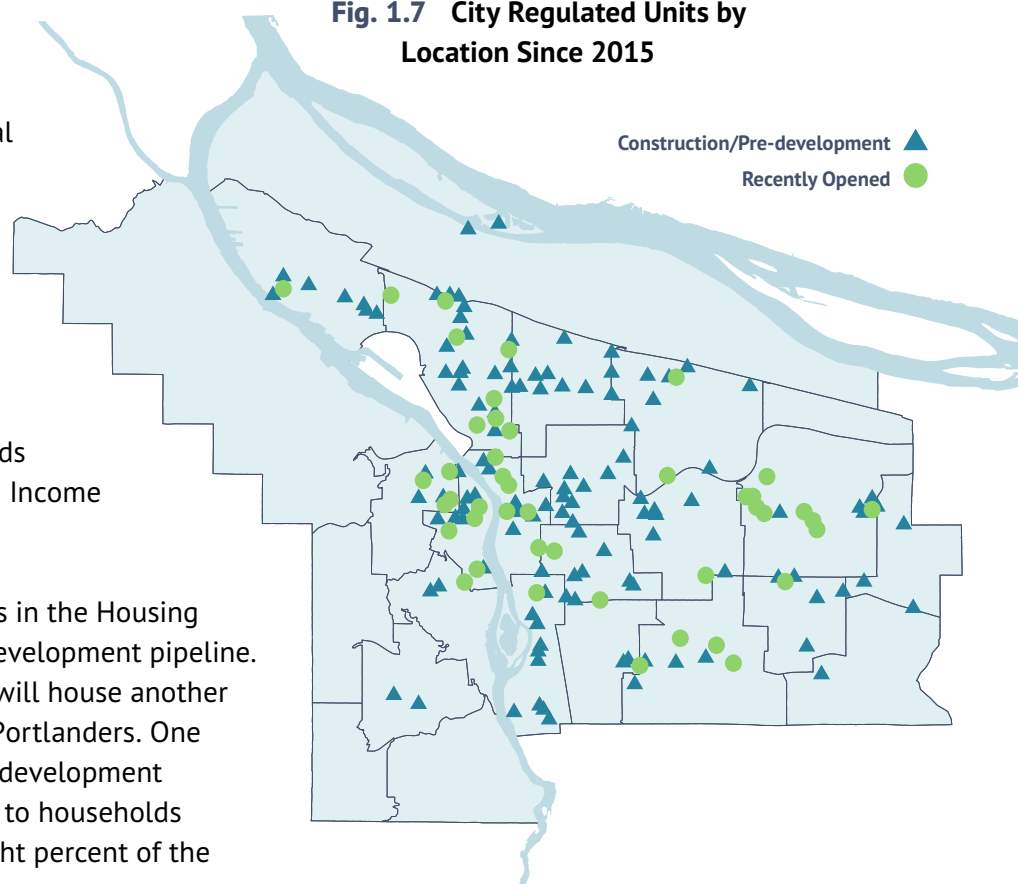
Since the 2015 Housing Emergency Declaration

On October 7, 2015, Portland City Council declared a housing emergency to help address the city's growing homeless and affordable housing crisis. The declaration by City Council allowed for the expedited development of affordable housing projects and made it easier to provide service locations to people experiencing homelessness. Over the past six years, many affordable housing projects have used the expedited building permit process made possible through the state of emergency declaration. Since the declaration, the Portland Housing Bureau (PHB) has opened and preserved more than 4,344 units of affordable housing, providing homes to an estimated 8,726 people. Eighty percent of the units opened were developed with PHB funding, and an additional 20 percent of units have been created through the City's Inclusionary Housing Program, and tax and development fee exemption programs. Nearly one-third of units opened are deeply affordable to households earning 0-30% of Area Median Income (AMI).

There are currently 3,436 units in the Housing Bureau's affordable housing development pipeline. These newly affordable units will house another estimated 6,344 low-income Portlanders. One third of the 3,436 units in the development pipeline are deeply affordable to households earning 0-30% AMI. Thirty-eight percent of the

units are family sized units and 24 percent are Permanent Supportive Housing (PSH) units for homeless households. The Housing Bureau tracks and reports on the production and preservation of affordable housing units developed by direct financing to nonprofit providers as well as property tax and development fee exemptions to for-profit developers. The report lists housing projects approved by City Council during the housing emergency with a count of total units, rent designation, estimate of total people housed, and project type.

Fig. 1.7 City Regulated Units by Location Since 2015

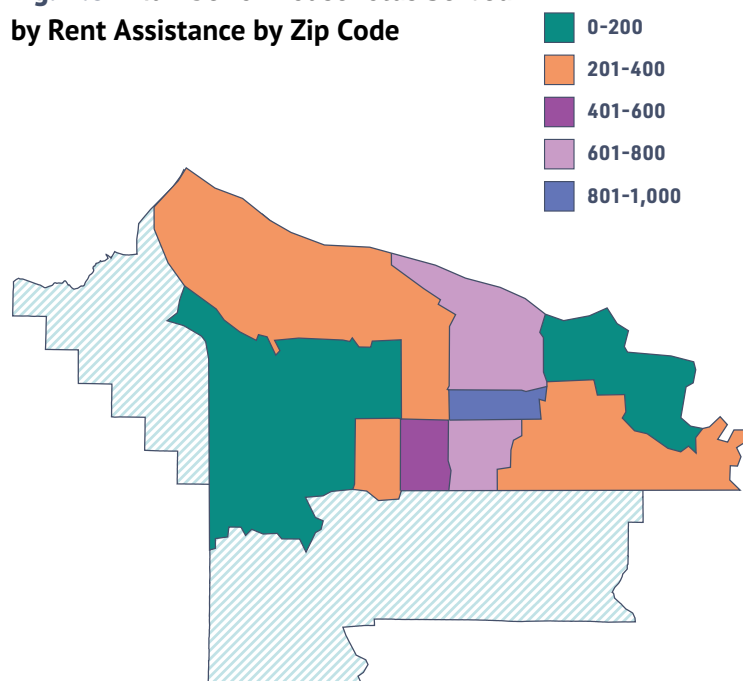


COVID-19 Emergency Rent Assistance Programs

Portland renters who lost income as a result of the pandemic have relied on a variety of resources to pay their bills and rent. Government rent assistance programs have provided critical financial support to help renters make ends meet. The Portland Housing Bureau, Multnomah County Joint Office for Homeless Services, the Department of County Human Services, and Home Forward's COVID-19 Emergency Rent Assistance Program (ERAP) was created to prevent evictions caused by the financial and health impacts of COVID-19. The program provides emergency rent assistance to low-income households in Multnomah County, with a focus on serving BIPOC communities experiencing the greatest impacts from COVID-19.

The COVID Emergency Rent Assistance program is entering its fourth phase of funding, with the program in operation since the summer of 2020. As of February 2023, Portland's local rent assistance program has assisted over 26,000 households with nearly \$115.3 million in financial assistance. Rent assistance is provided through referrals to our local Housing Authority, Home Forward, from a network of service providers with experience in providing culturally specific services to BIPOC communities.

Fig. 1.8 Number of Households Served by Rent Assistance by Zip Code



PHB April 2022

Fig. 1.9 Communities Served

| Race/Ethnicity | Percentage |
|---------------------------|------------|
| White | 28% |
| Black | 43% |
| Asian | 5% |
| Native American | 2% |
| Hawaiian-Pacific Islander | 3% |
| Hispanic-Latinx | 23% |
| Multiracial | 3% |

| Gender | Percentage |
|---------------------|------------|
| Male | 43% |
| Female | 28% |
| Nonbinary | <1% |
| Declined to Respond | <1% |

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