

2021



**Portland
Housing Bureau**

State of Housing in Portland

Inside Front Cover

Acknowledgements

Commissioner Dan Ryan's Office

Mark Bond
Brooke Gardner
Karen Guillén-Chapman
Darion Jones
Chariti Li Montez
Laudie Porter
Terri Theisen
Kellie Torres
Margaux Weeke

Portland Housing Advisory Commission

Julia Delgado
Felicia Tripp Folsom
Ernesto Fonseca
Kymberly Horner
Stefanie Kondor
Diane Linn
Heather Lyons
Peg Malloy
Nate McCoy
Kenechi Onyeagusi
Sarah Stevenson
Taylor Smiley Wolfe

Content, Review, and Production Team

Alissa Beddow
Martha Calhoon
Shannon Callahan
Jennifer Chang
Jill Chen
Jessica Conner
Thuan Duong
Andrew Eickmann
Leslie Goodlow
Michelle Helm
Dana Shephard
Stacy Jeffries
Mike Johnson
Uma Krishnan
Stella Martinez
Gabriel Mathews
Aurelia Moran
Antoinette Pietka
Bimal RajBhandary
Steve Richards (JOHS)
Molly Rogers
David Sheern
Wendy Smith
Matthew Tschabold
Dory Van Bockel

Foreword from Commissioner Dan Ryan



Dear Portlanders –

The State of Housing in Portland report, published annually by the Portland Housing Bureau, provides local leaders and policy-makers 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.

Year after year, this report has shown the ongoing effects of historic and institutional barriers in limiting housing opportunities and economic stability for Communities of Color and for those living in poverty, who are disproportionately impacted by gentrification and displacement in Portland. This data is at the core of the bureau's six strategic priorities, which center increasing the supply of affordable housing; creating equitable pathways to homeownership through targeted efforts to reduce racial disparities; and preventing displacement through programming opportunities to stabilize families in the homes and neighborhoods where they live.

This 2021 report comes at a critical time for our city. As we emerge from the shock and devastation of the early months of the COVID-19 pandemic and begin to rebuild, ensuring housing stability for Portlanders is key to our shared economic recovery. This is especially true for Black, Indigenous, and People of Color (BIPOC) households, who have been disproportionately impacted by these crises.

Throughout this unprecedented time, we have continued to set ambitious goals to meet these challenges head on. In 2021, the Housing Bureau's pandemic response served more than 14,000 households with emergency rental assistance, collaborating with Multnomah County and more than 40 community-based partners to deploy \$1 million in emergency rental assistance each week. These programs led with a racial equity focus to ensure critical assistance was reaching BIPOC communities.

Our resilience and recovery will also depend upon how we handle this crisis long-term. While working to meet the urgent needs of renters, we haven't lost sight of the fact that homeownership remains the primary pathway to building personal and generational wealth. I believe that expanding homeownership access and opportunities for BIPOC households is key to a racially equitable Portland. I have made this a budget priority for the coming year.

I believe in using data to make decisions. Now more than ever, we need accurate information about the state of our city to solve the complex challenges we face. My sincere thanks to the Portland Housing Bureau for their work produce the State of Housing in Portland report. This valuable resource to will guide us in our work to make Portland a city where we all have the opportunity to live, work, and thrive.

Sincerely,



Commissioner Dan Ryan

Contents

6	Executive Summary
16	Special Interest: COVID-19 Assistance
34	Special Interest: A Decade of Growth

Part 1 Portland Demographics and Housing Stock

19	1.01 Population, Households, and Income
28	1.02 Housing Stock and Production

Part 2 Housing Market Affordability

42	2.01 Rental Housing Affordability
58	2.02 Homeownership Affordability

Part 3 City and Neighborhood Profiles

77	Portland
78	122nd-Division
79	Belmont-Hawthorne-Division
80	Centennial-Glenfair-Wilkes
81	Central City
82	Forest Park-Northwest Hills
83	Gateway
84	Hayden Island
85	Hillsdale-Multnomah-Barbur
86	Hollywood
87	Interstate Corridor
88	Lents-Foster
89	MLK-Alberta
90	Montavilla
91	Northwest
92	Parkrose-Argay
93	Pleasant Valley
94	Raleigh Hills
95	Roseway-Cully
96	Sellwood-Moreland-Brooklyn
97	South Portland-Marquam Hill
98	St. Johns
99	Tryon Creek-Riverdale
100	West Portland
101	Woodstock

Part 4 City of Portland Policies and Programs

103	4.01 City Plans and Policies
109	4.02 Focus Areas
110	4.03 Bureau Plans
111	4.04 Renter Portfolio and Programs
117	4.05 Strategic Initiatives
129	4.06 Housing Production and Pipeline

Part 5 City of Portland Program Funding

Part 6 Definitions, Methodology, and Sources

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 the impacts on Portlanders. It also examines the City of Portland policies and programs that address housing affordability, tenant protections, and homelessness.

Given the changes over the last two years due to the COVID-19 pandemic, this year's report analyzes data over two distinct time periods: housing and demographic trends from the pre-COVID years (2014- 2019), as well as changes seen during the pandemic (2020-2021).

The 2021 State of Housing in Portland Report shows housing affordability remains a challenge for most Portlanders, as rents and home sales prices have continued to climb despite the pandemic, outpacing incomes. A detailed look at the recent population and housing data signals that Portland has entered a challenging period of housing affordability for both homeowners and renters.

Every ten years, the US Census Bureau conducts a full population count to determine the actual number of people living in the country. The new 2020 decennial census number reveals robust growth in many large US cities, including Portland. Portland added over 68,500 new residents between 2010-2020. The rate of growth was close to 12 percent, which surpassed the growth rate recorded for the previous ten-year period. The annual growth rate (1.4 percent) indicates higher growth from 2014 to 2019.

During this five-year period alone, Portland added 42,723 new residents. The Interstate Corridor, MLK-Alberta, and the Central City have remained the centers of Portland's population growth.

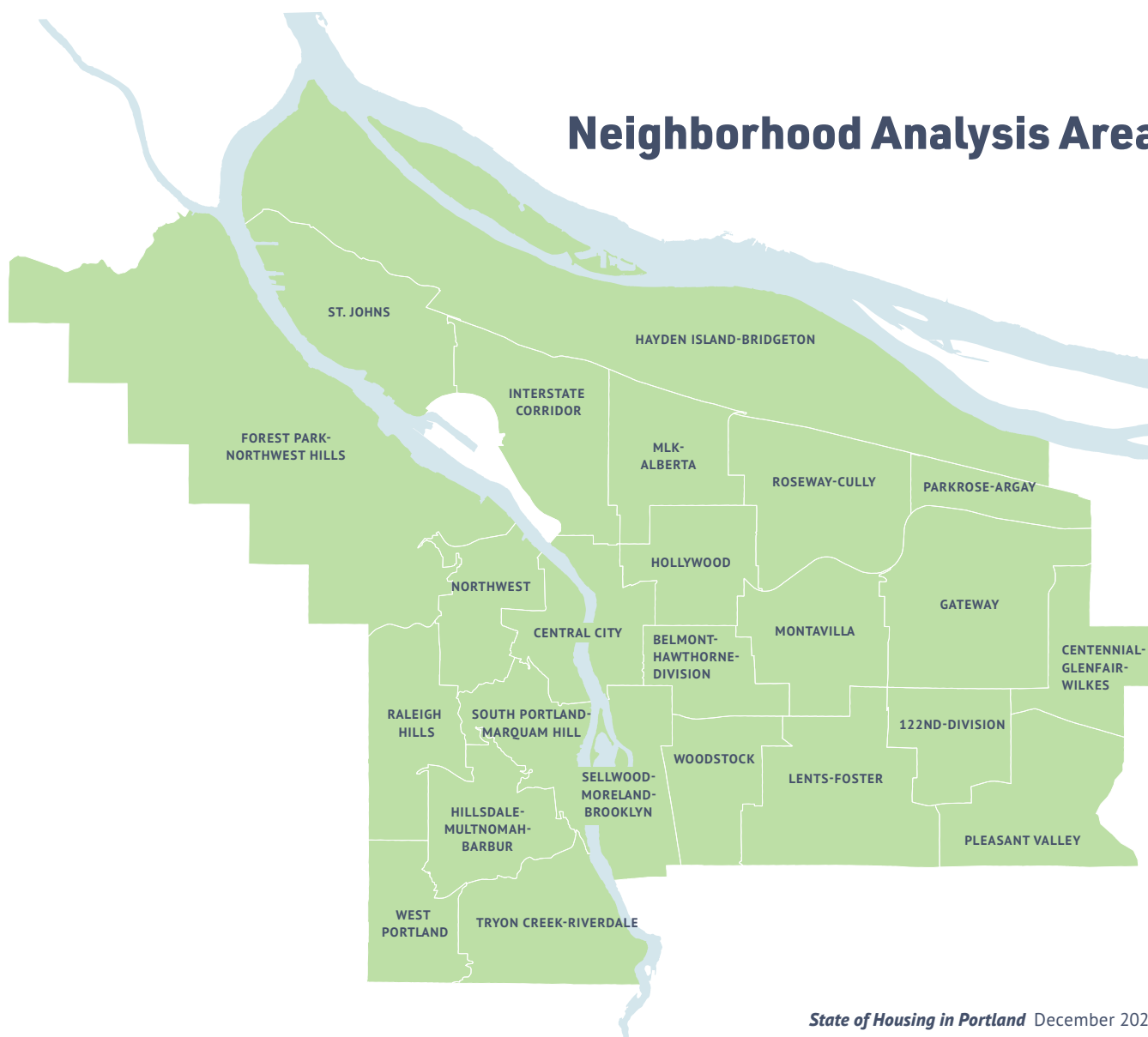
These changes in population and economy also impact the city's housing permits and production. In 2020, 2,793 new units were added to the city's housing stock, but slowing permit activity for new construction (2,146 permits in 2020) cast that sustained housing production would continue. In 2021, however, the number of permits for new construction increased over the previous year to 4,257—a number closer to historic averages.

As the city continues to grow, Portland is also becoming wealthier, more educated, and more racially diverse. 34.6 percent of households were making more than \$100,000 per year in 2019 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 between renters and homeowners.

The gap between household income and housing costs continues to burden many households. In 2019, the City of Portland produced 878 new affordable units—the highest number recorded in a single year at that time. These units are housing an estimated 1,500 people. The pandemic has since slowed production of affordable units. In 2020, 654 newly affordable units opened with capacity to house an estimated 1,200 people. In 2021, the City opened another 499 newly affordable units with capacity to house an estimated 870 people. There are another 4,262 units in the housing development pipeline that will open over the next few years, including 936 units expected to open in 2022.

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.

Neighborhood Analysis Area



Demographic Drivers

Population and Households

Portland continues to add more residents than other cities in Oregon. Portland's population grew by more than 42,700 individuals (7.1 percent) and 16,550 households (6.6 percent) between 2014 and 2019, according to the latest American Community Survey (ACS) estimates from the U.S. Census Bureau. While the population grew at an annual rate of 1.4 percent, the number of households grew at a lower rate of 1.3 percent. Households without children have accounted for most of the household growth. Portland's current population is over 645,291 and the number of households is 268,718.

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. Meanwhile, the Central City, Interstate Corridor, Northwest, Belmont-Hawthorne-Division, MLK-Alberta, and South Portland-Marquam Hill neighborhoods saw the highest household growth. These six neighborhoods gained more than 10,500 households from 2014 to 2019, the majority of which were households without children. Both Parkrose-Argay and Hayden Island-Bridgeton neighborhoods saw declines in overall population as well as the number of households.

Income

The 2019 data indicates that incomes are beginning to rise overall. The median household income in Portland is \$71,005. The share of households making over \$100,000 per year increased significantly, from 21.5 percent in 2014 to 34.6 percent in 2019. However, these income gains vary widely among Portlanders, depending upon race and household type. Income gains seen by Portlanders in the top 20 percent were substantially higher than those in middle- and lower-income groups; and most Black, Indigenous, and People of Color (BIPOC) households showed smaller increases than white households.

Median income levels for renters and homeowners in Portland have grown since 2014. In 2019, the median income for Portland homeowners, nearly \$98,000 per year, was more than double that of renters, whose income averages nearly \$47,240 per year.

Housing Stock and Production

In 2017, annual housing production and permitting levels peaked higher than any point in nearly two decades, as many developers rushed to submit permit applications prior to the February 2017 effective date of the City's new Inclusionary Housing requirements. This was especially true for multifamily housing development, which saw more than 6,000 permits issued—a record high—and 8,000 units produced that year. Both production and permitting have since declined and are closer to historic averages, with an average of 2,347 multifamily units produced annually in both 2019 and 2020. These declines were not only seen in Portland but also in surrounding cities in Washington and Clackamas counties, due in large part to rising construction and labor costs, and tariff uncertainties, followed by the economic impacts of the COVID-19 pandemic in 2020. While the drop in new construction permits

in 2020 to 1,555 seemed to signal an impending slowdown in housing production, permitting levels rebounded in 2021 with 4,257 permits issued.

Single-family permits and production have remained consistent with recent years, but have not yet risen to the pre-recessionary levels. In 2020, there were 591 permits issued and 442 units produced.

In 2020, most of the new multifamily units continued to be focused in the Northwest, Central City, and Raleigh Hills neighborhoods, whereas single-family units were focused in the Lents-Foster, Pleasant Valley, and St. Johns neighborhoods.

In total, the composition of the city's housing stock in 2020 consists of 297,646 total units with 155,410 in single-family homes and 142,236 multifamily homes.

Rentership

The rentership rate in Portland remains steady overall, showing only a small decrease from 47.2 percent in 2014 to 46.6 percent in 2019.

Rentership rates vary by race and ethnicity. 46 percent of white households rent homes in Portland, while 74 percent of Black households, 62% of Indigenous households, and over half of other Communities of Color rent their homes.. Rentership has increased among African Americans and Hawaiian-Pacific Islanders, while staying the same for white and Asian households, and decreasing among Hispanic-Latinx and Native American households.

In 2019, 17 of 24 neighborhoods showed decreases in rentership with Pleasant Valley, St. Johns, Woodstock, and Hillsdale-Multnomah leading with decreases above 4 percent.

Homeownership Rate

Homeownership, on the other hand, has increased in the last few years from 52.8 percent in 2014 to 53.4 percent in 2019. All communities experienced increases in homeownership rates from 2014 to 2019, with the exception of African American and Hawaiian-Pacific Islander communities.

Pleasant Valley, St. Johns, and Woodstock neighborhoods showed homeownership increases greater than 5 percent

Racial Diversity

Portland has continued to grow more racially diverse. In 2019, all 24 neighborhoods had non-white populations of at least 15 percent, with 13 neighborhoods above 25 percent.

Citywide, racial diversity as measured by the percent change in the share of the population that are BIPOC, increased in nearly every neighborhood between 2014 and 2019, with the exceptions of Parkrose-Argay, MLK-Alberta, Roseway-Cully, Interstate Corridor, and St. Johns, where there

were slight decreases in the proportional share of Communities of Color during this period.

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) showed a new trend in the distribution of people experiencing homelessness during the pandemic. The number of HUD Homeless increased by 30 percent since the previous count in 2019, with most of the increase seen in the unsheltered population. Among the unsheltered population, the percentage of those who were chronically homeless also increased. People experiencing chronic homelessness reported having a range of disabling conditions, including mental health issues, substance use 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 high rate. In Multnomah County, 40 percent of all those counted were People of Color. (A more detailed breakdown will be published in Summer 2022).

Affordability

Rental Market and Affordability

In 2021, rents increased by 6.1 percent overall from the previous year. The average rent was \$1,556 per month, which is \$89 higher than in 2020. Rent growth varied by unit type. Rents in 2- and 3-bedroom units increased by an average of 5.6 and 4 percent respectively, while studios and 1-bedroom units increased by 3.7 and 8.2 percent respectively over the previous year.

Similar to 2020, vacancy rates stayed at 6.4 percent overall in 2021 (although the rate was higher among studios and 1-bedroom units than larger units).

Across the city, nine neighborhoods saw relatively smaller increases (3 percent or less) in average rent: 122nd-Division, Centennial-Glenfair-Wilkes, Hollywood, Interstate Corridor, Montavilla, Pleasant Valley, South Portland-Marquam Hill, Tryon Creek-Riverdale, and Woodstock. By contrast, three neighborhoods saw rents increase by more than 10 percent: Central City, Forest Park-Northwest Hills, and West Portland. On average, rent for 3-bedroom units increased the most (more than 5 percent) in Centennial-Glenfair-Wilkes, Hillsdale-Multnomah-Barbur, Northwest, Raleigh Hills, Roseway-Cully, and West Portland. South Portland-Marquam Hill was the only neighborhood to see a significant decline in rents among 3-bedroom units, which fell by 10 percent.

See Fig. 0.02-0.05 at right.

Homeownership Market and Affordability

Between 2014 and 2019, the median home sales price increased 26 percent citywide—over \$88,638. As in 2018, the neighborhoods in East and Inner East Portland—122nd-Division, Centennial-Glenfair-Wilkes, Gateway, and Lents-Foster—showed the most significant increases in median home sales prices, between 43 and 57 percent. Hayden Island-Bridgeton, Parkrose-Argay, Pleasant Valley, and St. Johns neighborhoods also showed significant increases.

The median home sales price exceeded \$400,000 in nearly two-thirds of neighborhoods in the city in 2019, compared to less than half of neighborhoods in 2016 (when measured in 2019 dollars). A homebuyer looking to buy for less than \$300,000 in 2019 would have only one neighborhood to buy in: Hayden Island-Bridgeton (whereas the buyer would have found two neighborhoods in 2018).

Rising home prices over the last five years in many East Portland neighborhoods indicate potential displacement risk and housing instability in those areas. Most home prices increased by more than 32 percent in the last five years. Three neighborhoods with already high home prices—Central City, Forest Park-Northwest Hills, and Northwest—showed slower increases, having increased by 3, 7, and 6 percent, respectively.

See Fig. 0.01 below.

Fig 0.01 Increase in Home Prices (2021\$)

Source: RMLS 2022

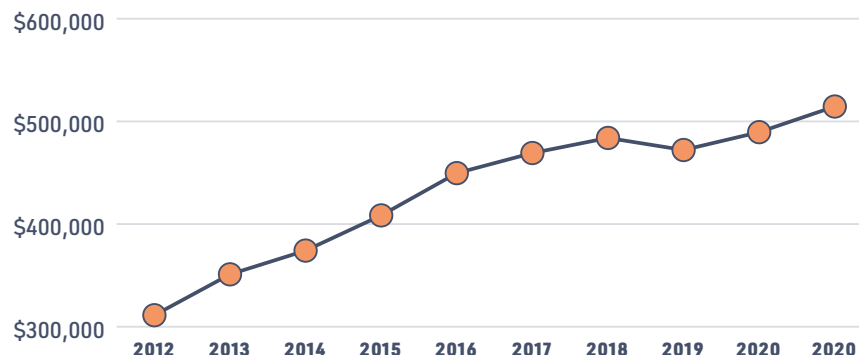
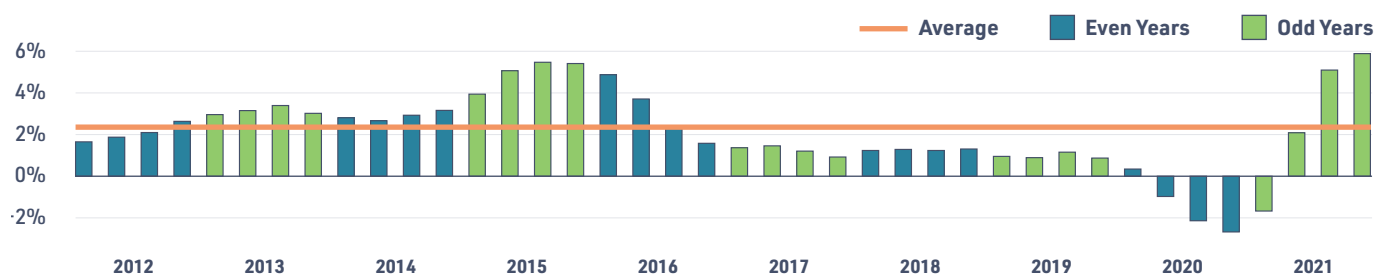
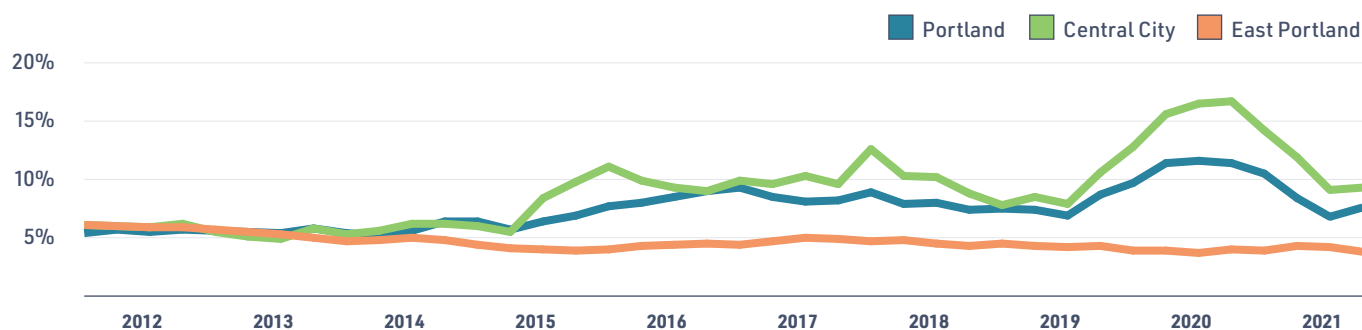
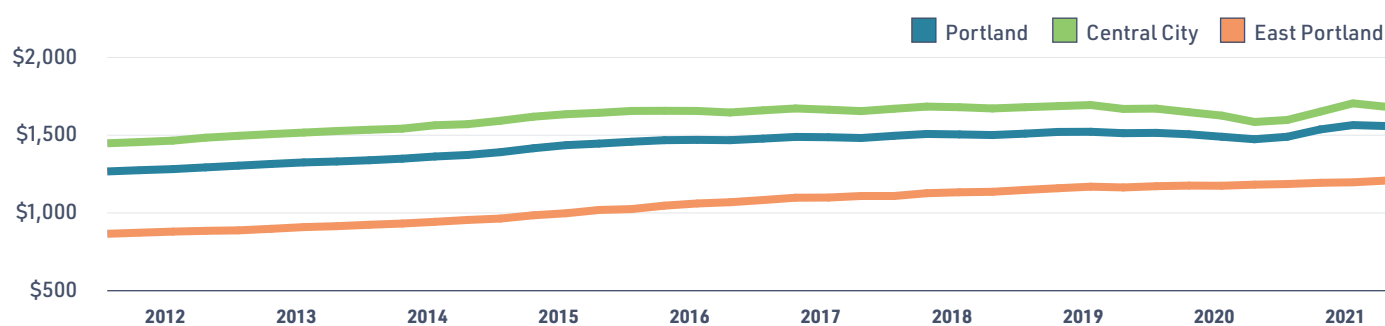
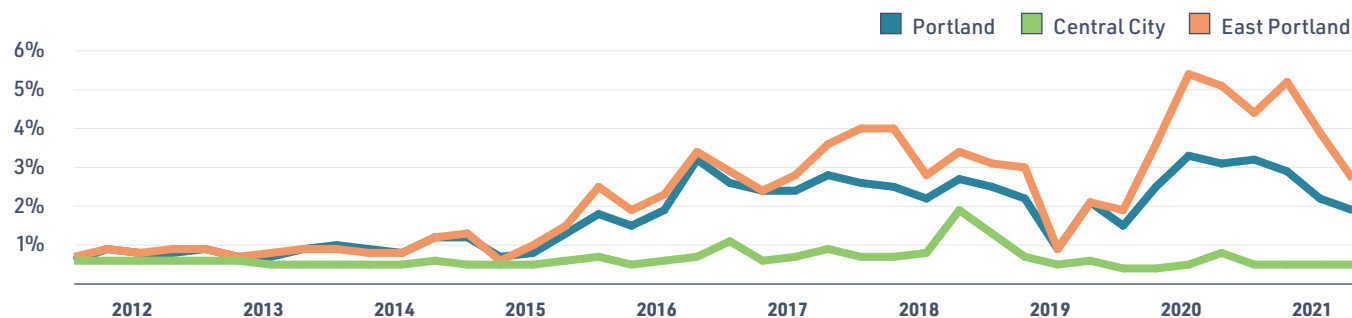


Fig 0.02 Percent Change in Rent per Year, 2012-2021 (Quarterly Data)**Fig 0.03 Vacancy Rates, 2012-2021** (Quarterly Data)**Fig 0.04 Asking Rents, 2012-2021** (Quarterly Data)**Fig 0.05 Rent Concession Rates, 2012-2021** (Quarterly Data)

Source (all above): CoStar 2022

Housing Production During State of Emergency

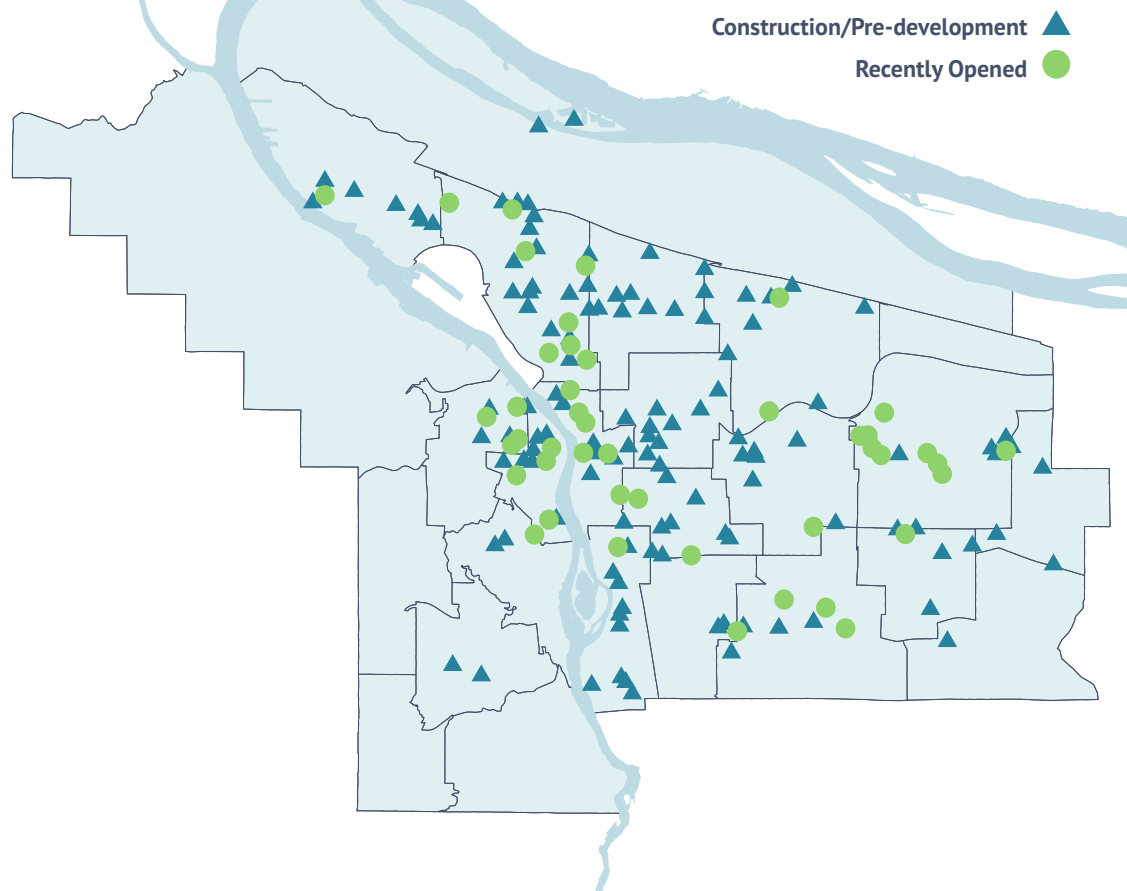
On October 7, 2015, Portland City Council declared a housing emergency to help address the city's growing homelessness and housing affordability crisis. The declaration by Council allowed for the expedited development of affordable housing projects and made it easier to provide services in more locations accessible to people experiencing homelessness. Over the past five years, many affordable housing projects have used the expedited building permit process made possible through the state of emergency declaration.

In 2018, the Housing Bureau opened 800 newly affordable housing units, the largest number ever produced in a single year at the time. This record-breaking number was surpassed in 2019 with the opening of 878 newly affordable housing units, which provided homes for approximately 1,500 people. Beginning in 2020, the impacts of the COVID-19 pandemic slowed affordable housing production, with 654 newly affordable units opening in 2020 and another 499 opening in 2021.

All told, throughout the Housing Emergency, the City of Portland has opened 7,735 affordable units, providing housing for 14,605 Portlanders.

7,735 Affordable Units	11,544 Affordable Bedrooms	14,605 Est. People Housed
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City Regulated Units by
Location Since 2015



COVID-19 and Housing

Since March 12, 2020, when the City of Portland declared a COVID-19 Emergency, the city has seen major economic and social disruptions. Over the last two years, the COVID-19 pandemic has changed—and will continue to change—the future of work, transit, and social equity. More importantly, it has deepened disparities in income, housing, and health. More research is needed to understand the severity of the issues raised by the pandemic.

The stay-at-home order and closing of many businesses and institutions affected all Portlanders, especially low-income Portlanders and BIPOC community members, who tend to work in retail, hospitality, and other service sectors. They were also most likely to be affected by the virus, as well as underemployment and unemployment.

The pandemic affected all aspects of residential housing in Portland, but the multifamily rental market was the most impacted, as seen in the changes in vacancy rates, asking rents, and concession rates, etc. These measures varied geographically—the Central City was more affected than East Portland and neighboring cities such as Beaverton, Hillsboro, and Vancouver.

Vacancy rates, which went up in 2020, and asking rents, which dipped slightly, have gone back to pre-COVID levels, showing stabilization of the rental market. Housing stability remains a concern for renters and homeowners who continue to experience unemployment or income loss due to the pandemic—again, with disproportionate impact of BIPOC communities. Similar to the national trend, the non-payment and deferral of rents remain above 10 percent, adding to rent arrears and impacting landlords and property owners in the long run. The long-term impacts on rental housing are unpredictable and depend upon many factors such as a return to office space, business opening, economic resilience, and government policies. So far, most rent deferrals and eviction moratoria have expired. In Portland, renters are protected from eviction for nonpayment of rent through July 2022 if they have applied for rent assistance.

Fig 0.06 Vacancy Rate in Portland

Source: CoStar 2022

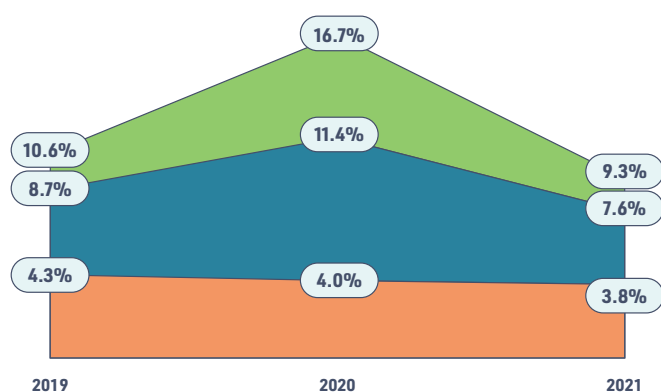
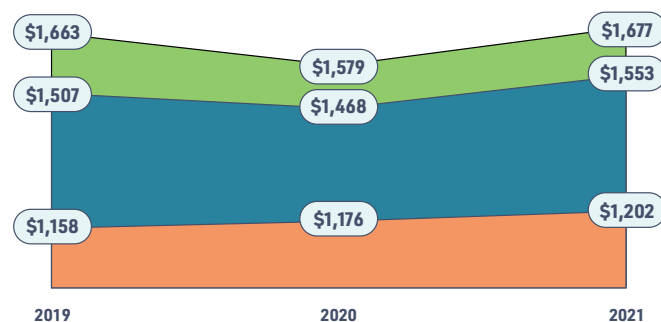


Fig 0.07 Asking Rent in Portland

Source: CoStar 2022

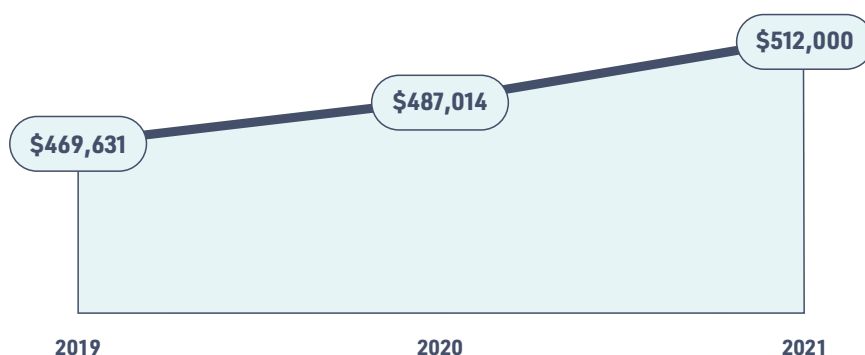


■ Portland ■ Central City ■ East Portland

The homeownership market remained stable throughout the pandemic. The median home price was higher in 2020 and 2021 than in 2019, prior to the pandemic (Fig. 0.08 below). A combination of low inventory, high demand, low mortgage rates, and growing demand for privacy and a home office space brought on by the shift to remote work have contributed to the strength of the homeownership market during the pandemic.

Fig 0.08 Residential Median Sale Price, 2019-2021

Note: City COVID Emergency Declared in March 2019
Source: RMLS 2022



COVID-19 Emergency Rent Assistance Programs

Portland renters who lost income due to 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, 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 April 2022, Portland's local rent assistance program has assisted 19,000 households with nearly \$87 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 0.09 Number of Households Served by Rent Assistance

PHB April 2022

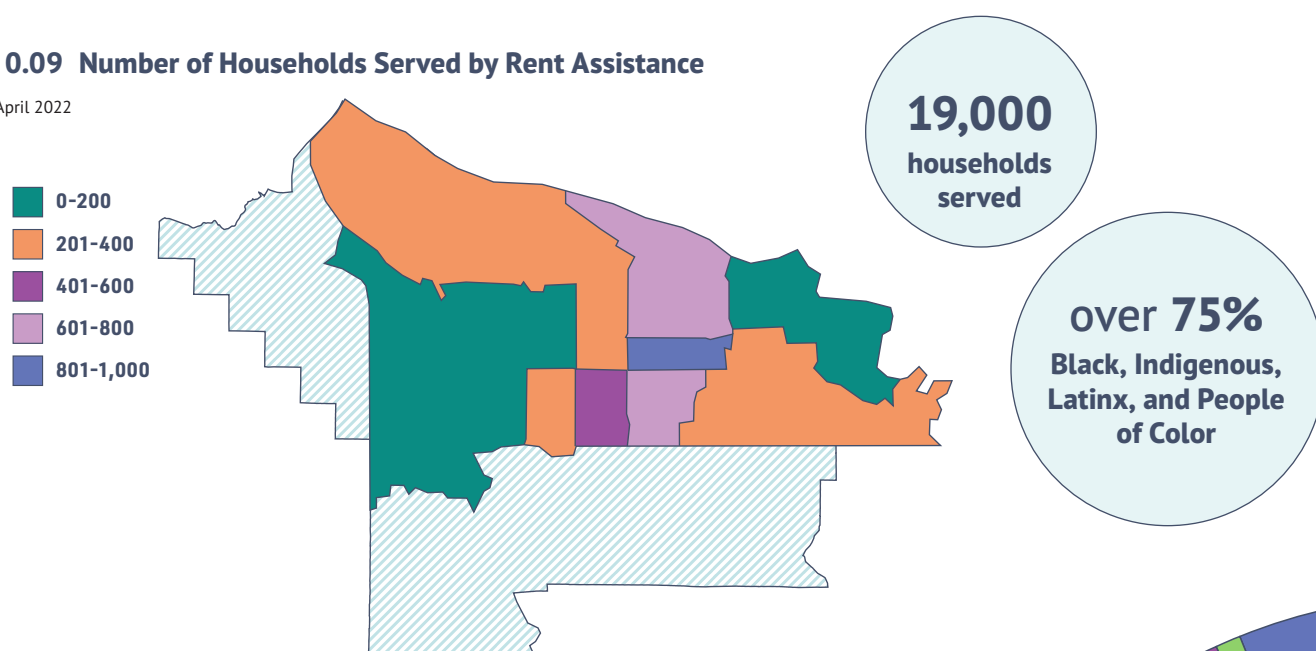


Fig 0.10 Communities Served

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%
Nonbinary	<1%
Declined to Respond	<1%
Female	28%

Race/Ethnicity ▶

◀ Gender