



# STAFF REPORT

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**Meeting Type:** City Council and Planning Commission Joint Work Session  
**Meeting Date:** December 4, 2023  
**From:** Kelly O'Neill, Jr., Development Services Director  
Beth Goodman and Nicole Underwood, ECONorthwest  
**Subject:** Comprehensive Plan: Housing Capacity Analysis Work Session

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## **PURPOSE / OBJECTIVE:**

The purpose of this joint work session is to gather input from the City Council and the Planning Commission on the Housing Capacity Analysis (HCA). A Housing Capacity Analysis (HCA) includes an assessment of current and future (20 year) demand for housing units across a range of prices, rent levels, locations, housing types, and densities. The HCA then compares these needs with the community's 20-year supply of buildable residential land.

## **BACKGROUND / CONTEXT:**

The City recently completed a draft HCA as part of the broader Comprehensive Plan update process. The HCA provides essential information about Sandy's residential land sufficiency and housing growth needs over the 20-year planning period from 2023 to 2043. Sandy must complete an HCA every eight years as required by Goal 10 (housing) of Oregon's Statewide Land Use Planning Goals. This HCA report must be completed and adopted by December 31, 2025.

In particular, the HCA examines how population growth, demographics, and economic factors including housing costs and incomes will impact the types of housing that Sandy will need in the future. Forecasting housing growth allows the City to ensure there is enough residential land to accommodate population growth, as well as set policies to ensure that the City is planning for housing that will be affordable at the income levels of Sandy's households. The HCA provides the factual basis for updating the City's Comprehensive Plan as well as the foundation for developing a Housing Production Strategy (HPS) which the City is planning to undertake in 2024 as required by House Bill 2003.

## KEY FINDINGS

- **Sandy is forecast to grow by 6,350 people between 2023 and 2043.** To accommodate this population growth, the city will need 2,424 new dwelling units over the 20-year period, averaging construction of 121 units annually.
- **Sandy does not have enough land to meet its projected housing need.** The analysis identified a deficit of 8 acres (70 units) in the R-2 zoning designation. The city has sufficient residential capacity in other zones to accommodate this deficit within the Sandy UGB. Addressing this 8-acre shortfall will be important to meet Sandy's housing needs over the next 20 years. Sandy is required to address this land deficit before adopting the HCA.
- **Sandy needs a wider range of housing types for both rent and ownership.** The HCA projects a housing mix for future development in Sandy of 60% single-family detached, 7% townhouses, 5% duplexes, triplexes, quadplexes, and 28% multifamily structures with 5+ units. This represents a shift from Sandy's current housing stock, which is 79% single-family detached homes. The projections align with the need for more diverse and affordable options for more income ranges.
- **Housing prices have risen substantially in Sandy over the past decade.** The median sales home price increased 80% since 2015 and rents increased 41%. The median home sales price reached \$475,000 in December 2022. The average asking rent for an apartment (including utilities) is about \$1,840.
- **Housing in Sandy is becoming difficult to afford for many people who work in Sandy.** In 2021, the average wage for a covered employee in Sandy was \$43,856. To afford the average monthly rent for an apartment including utilities of \$1,840, households need at least two earners making average or higher wages. Even two-worker households with relatively high-wage jobs cannot afford today's home sales prices. A household would need to earn about \$146,000 annually to afford Sandy's median home sales price of \$475,000.
- **Long-time Sandy residents are also impacted by rising housing costs.** Many people who grew up in Sandy and are ready to form their own households can no longer afford to rent or buy starter homes in Sandy. With average rents requiring two incomes and home prices far exceeding what most can pay, Sandy residents who may want to remain in their hometown are being priced out as costs rapidly escalate. About 32% of current Sandy residents are cost burdened (spending 30% or more of their income on housing). Renters are even more cost burdened with about 60% of current Sandy residents who rent being cost burdened.
- **Sandy's wastewater deficiencies limit the City's ability to accommodate projected growth.** Sandy has a development moratorium in place due to the limited capacity of its wastewater infrastructure. Building capacity in Sandy's wastewater system will be essential in meeting the housing needs of future residents, but this will obviously take time to accomplish.

The HCA gives the City a fact-based foundation to make plans and investments in residential development. With the needs and opportunities identified in the HCA, the City can refine the policies in the Comprehensive Plan.

**KEY CONSIDERATIONS / ANALYSIS:**

Staff is requesting that the City Council and the Planning Commission consider the following questions during this work session:

- Do you have questions or concerns about the inventory of buildable land, need for housing affordable to people who live in Sandy, or the forecast of residential land needs?

Any edits generated at this work session will be incorporated into the HCA document, at which point the HCA will be considered to be complete pending final adoption.

**BUDGET IMPACT:**

None at this time.

**LIST OF ATTACHMENTS / EXHIBITS:**

- Exhibit A. Housing Capacity Analysis (HCA)
- Exhibit B. HCA Presentation