



Housing Capacity Analysis City Council Hearing April 1, 2024

- Outcomes and Requirements of an HCA
- Overview of Buildable Land in Sandy
- Overview of Housing Market Conditions in Sandy
- Forecast of New Housing and Land Sufficiency

Why do an HCA?

- Legal requirements (Goal 10: Housing)
 - Cities outside of Metro must update their HCA every 8 years; Sandy's deadline to adopt a new HCA is December 31, 2024
 - Cities must follow state rules when completing an HCA which includes evaluating housing need by type and affordability level
 - ECONorthwest used accepted state methodologies and safe harbors to ensure that Sandy is in compliance with the legal requirements
- Factual basis for updating the Comprehensive Plan
- Determine whether Sandy has enough land to accommodate population growth

Local governments must:

Inventory and plan for residential use of buildable lands to “encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capability of Oregon households and allow for flexibility of housing location, type and density.”

Goal 10 Process for Forecasting Housing Need

Start with official PSU population forecast for Sandy for 20-year period



Forecast total number of new units



Determine types of housing likely to be affordable based on housing market and demographic changes in Sandy



Estimate number of needed housing units by type of needed housing



Estimate future housing density based on what is currently allowed by zone and recent development densities



Estimate land need by zone based on the forecast of needed housing and density assumptions

Goal 10 Requirements for Forecasting Needed Housing

ORS 197A.018* requires cities to plan for needed housing.

Needed housing includes the following housing types:

- Detached single-family housing, middle housing types and multifamily housing that is owned or rented
- Government assisted housing
- Mobile home or manufactured dwelling parks
- Manufactured homes on individual lots planned and zoned for single-family residential
- Housing for agricultural workers

*Formerly ORS 197.303

Housing Need versus Housing Market Demand

Housing Need

Based on the principle that a community's plan for housing should meet the needs of households at all income levels, as required by Goal 10.

Considers resident's needs based on:

- Housing type
- Owner & renter housing
- Financial and affordability
- Condition
- Crowding (avoiding overcrowding)
- Needs of populations such as people with disabilities, families, low-income households, and other needs

Housing Market Demand

What households demonstrate they are willing and able to purchase in the marketplace. Market demand does not consider the unique needs of people unable to afford housing costs

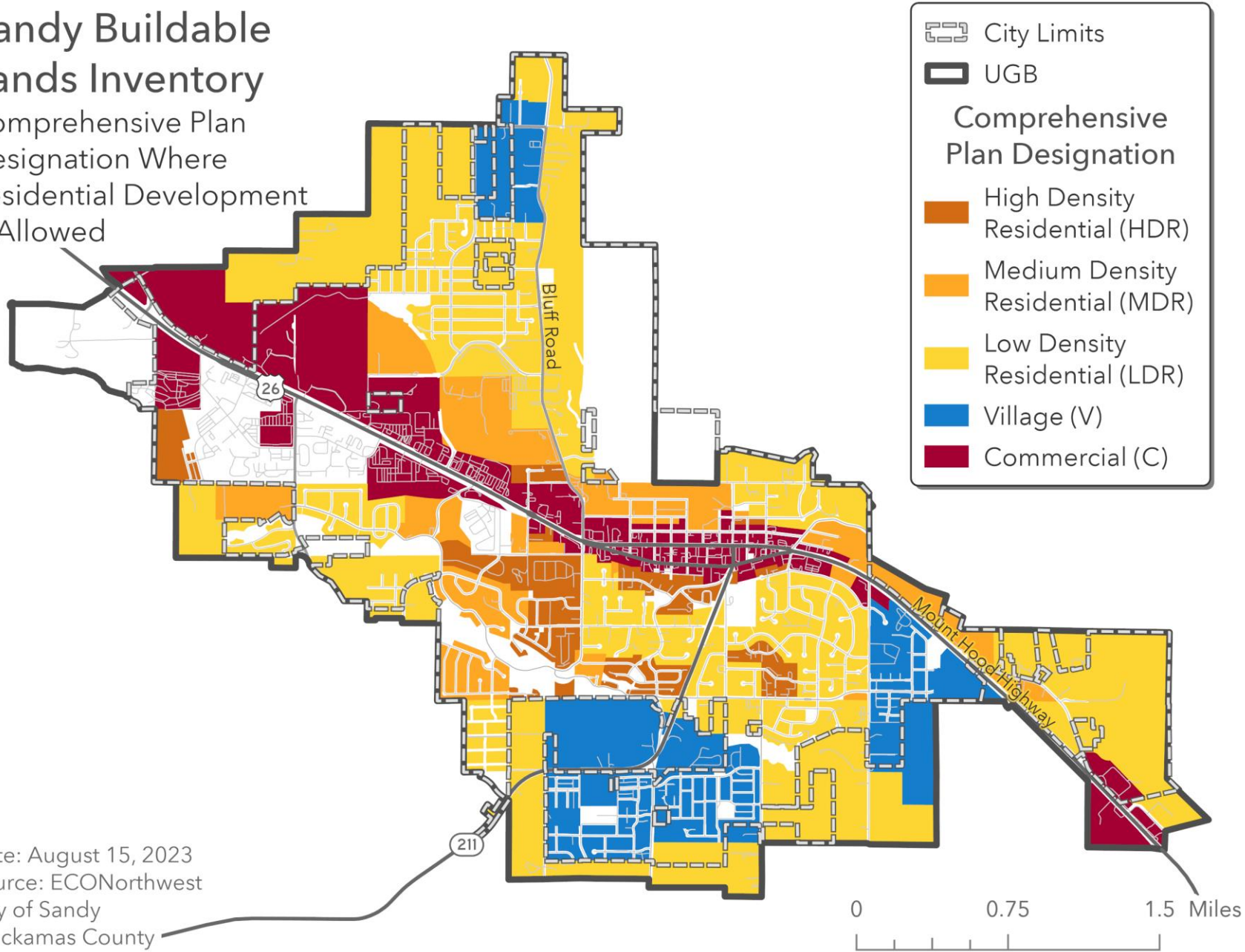
- Evidenced by recent development trends in types of housing, features of housing, housing price and other factors.
- Housing market considers what can be developed under current market conditions without consideration of potential market intervention by federal, state, and local governments, nonprofit developers, and other stakeholders involved in the housing market



Residential Buildable Lands Inventory

Sandy Buildable Lands Inventory

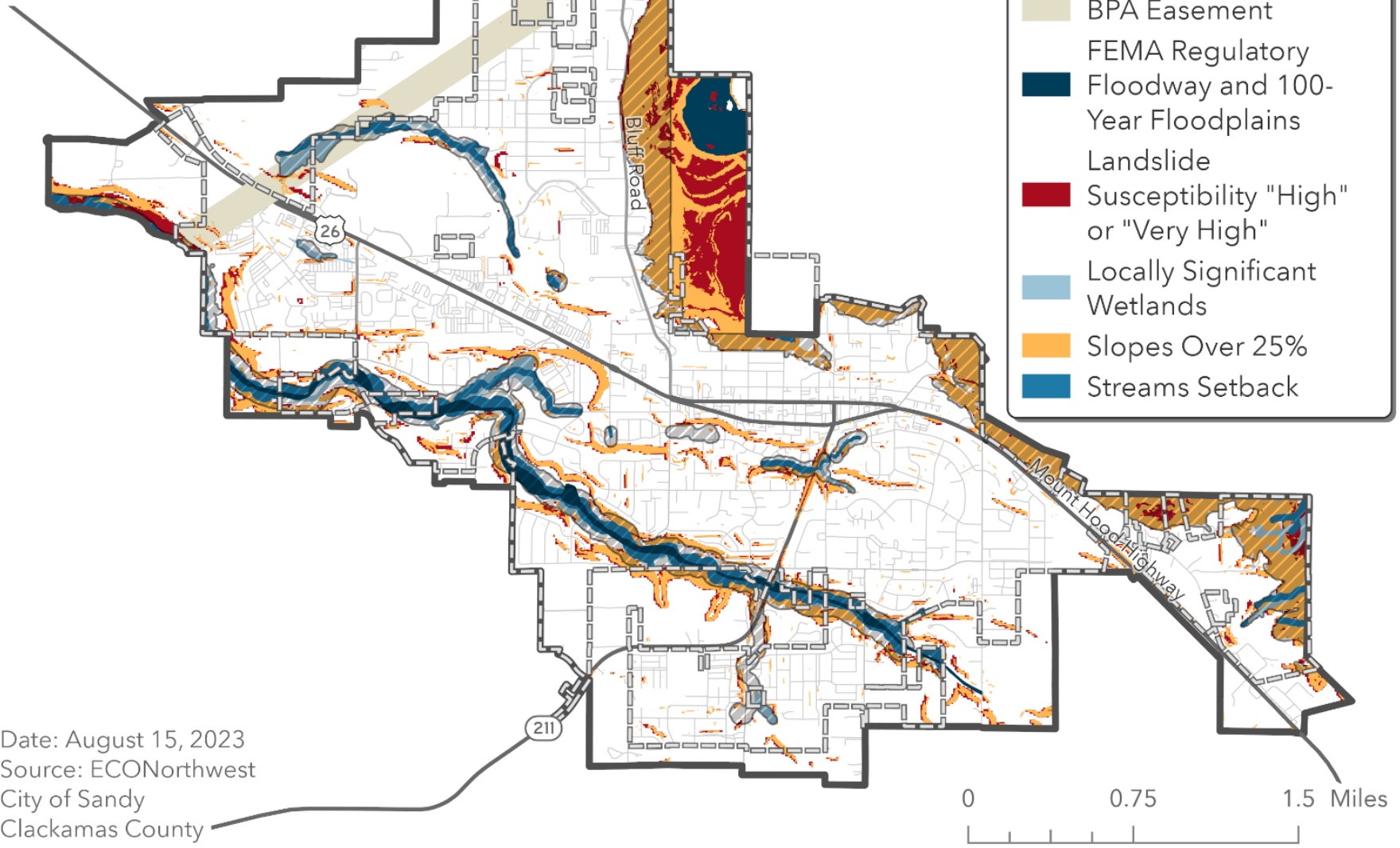
Comprehensive Plan Designation Where Residential Development is Allowed



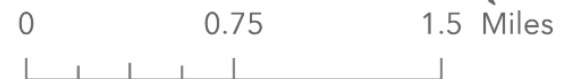
Date: August 15, 2023
Source: ECONorthwest
City of Sandy
Clackamas County

Sandy
Comprehensive
Plan Designations
where housing is
allowed with clear
and objective
standards

Sandy Buildable Lands Inventory Constraints

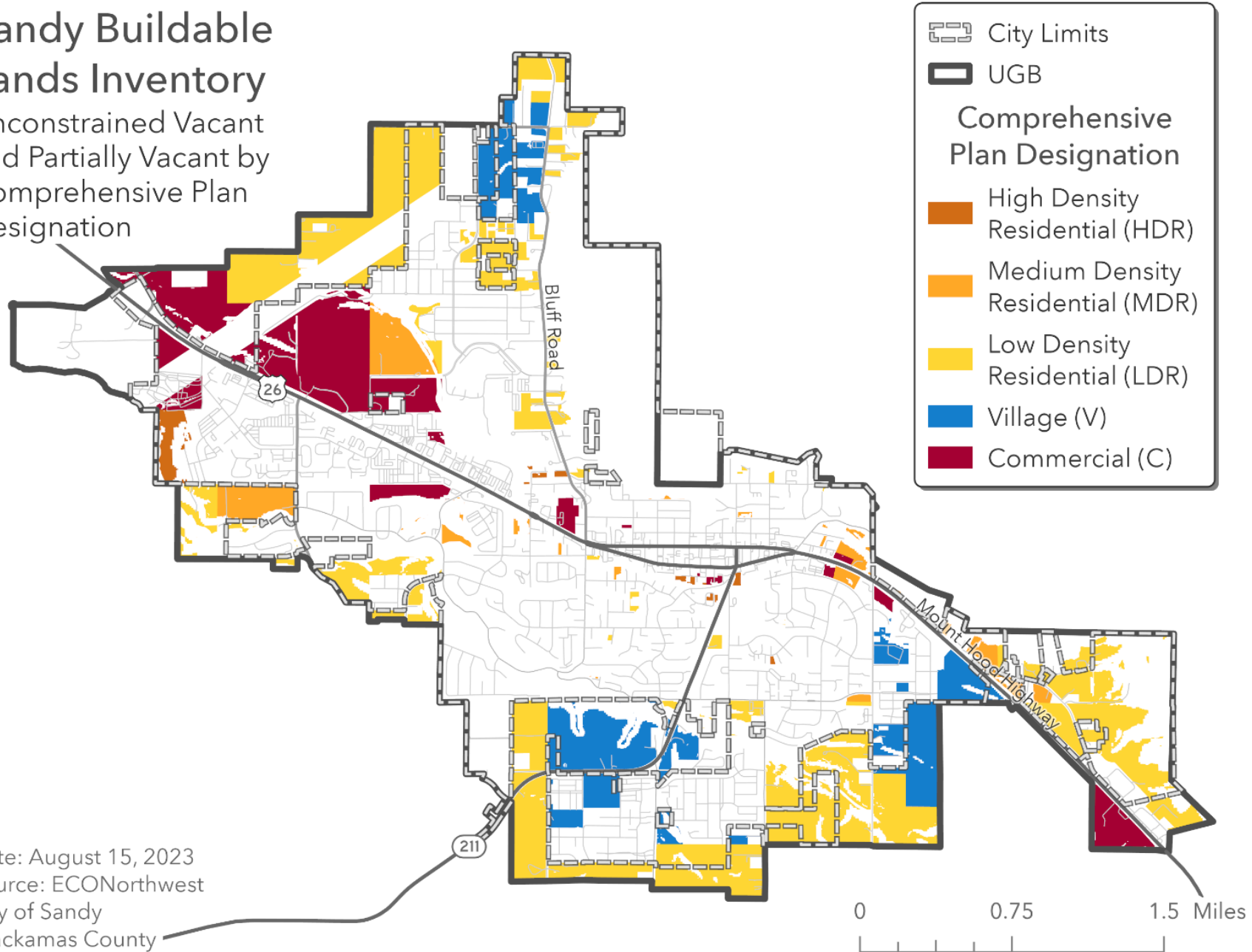


Date: August 15, 2023
Source: ECONorthwest
City of Sandy
Clackamas County



Sandy Buildable Lands Inventory

Unconstrained Vacant
and Partially Vacant by
Comprehensive Plan
Designation



Date: August 15, 2023
Source: ECONorthwest
City of Sandy
Clackamas County

Unconstrained Vacant Lands

Comprehensive Plan Designation/Zone	Total Buildable Acres
Low Density Residential (LDR)	420
Low Density Residential (R-1)	2
Single-Family Residential (SFR)	418
Medium Density Residential (MDR)	60
Medium Density Residential (R-2)	60
High Density Residential (R-3)	0.1
High Density Residential (HDR)	12
High Density Residential (R-3)	12
Village (V)	151
Low Density Residential (R-1)	91
Medium Density Residential (R-2)	8
High Density Residential (R-3)	16
Single-Family Residential (SFR)	31
Village Commercial (C-3)	4
Commercial (C)	128
Central Business District (C-1)	1
General Commercial (C-2)	128
Total	771

Vacant unconstrained residential land:

LDR: 420 acres

MDR: 60 acres

HDR: 12 acres

Village: 151 acres

Commercial: 128 acres

Not all commercial land will be used for residential development



Housing Market Overview

Types of Housing - Owner and Renter Occupied

Single Family Detached

- Single-family detached
- Manufactured & mobile homes
- Cottage Housing



Single Family Attached

- Townhouses



Multifamily (2 to 4 units per structure)

- Duplexes
- Triplexes
- Quadplexes

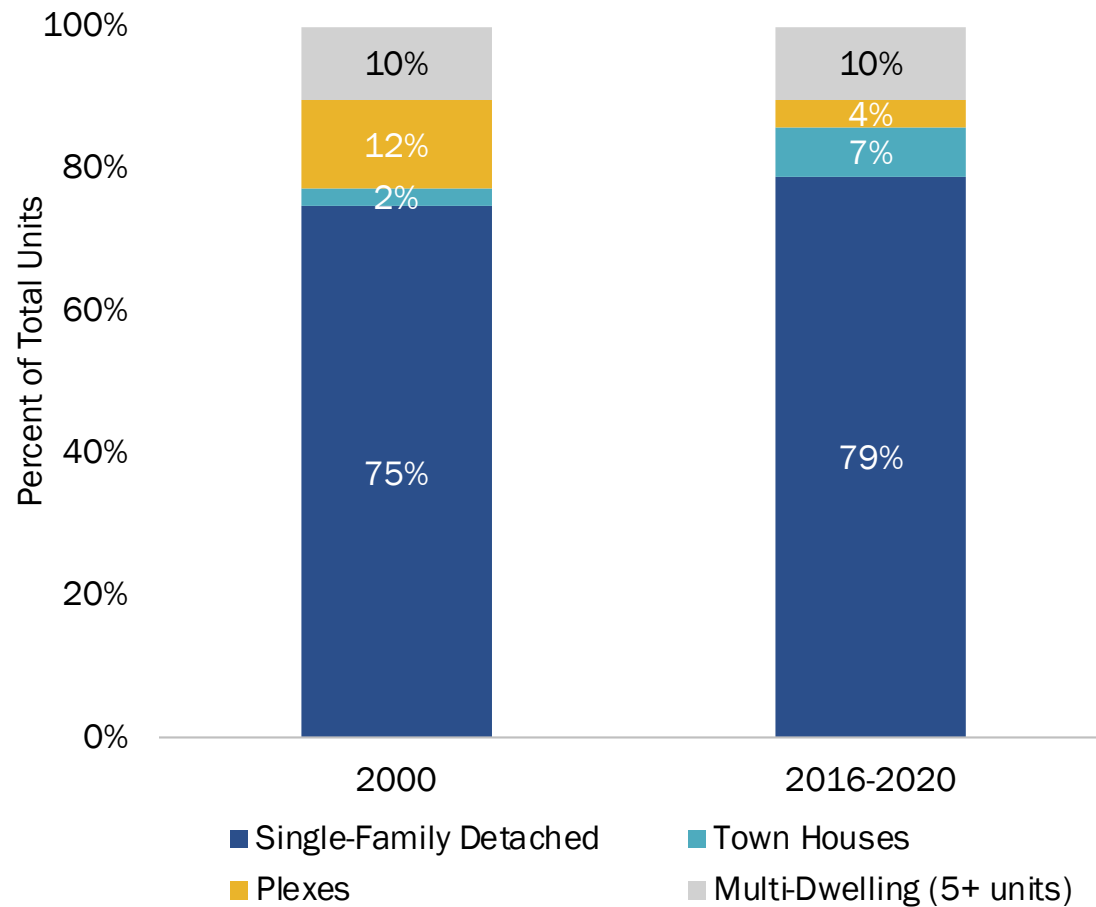


Multifamily (5+ units per structure)

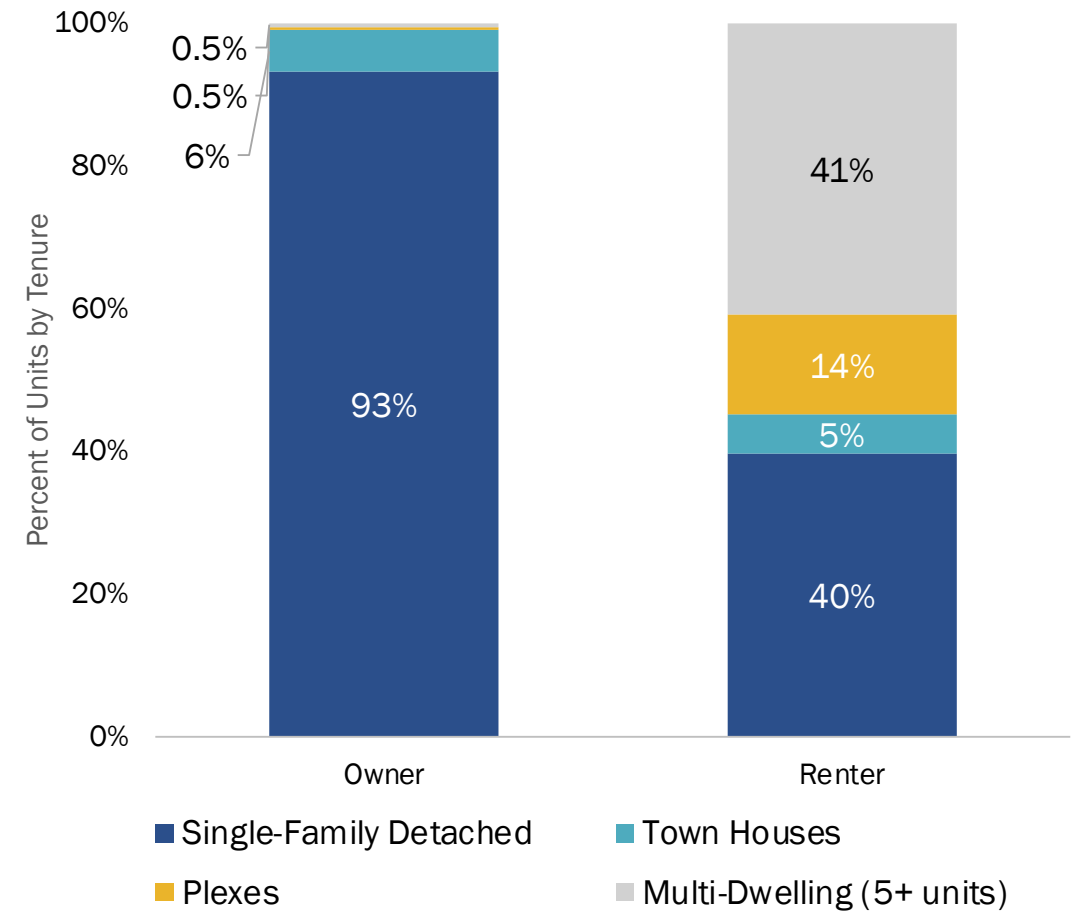


Housing Mix and Tenure, Sandy

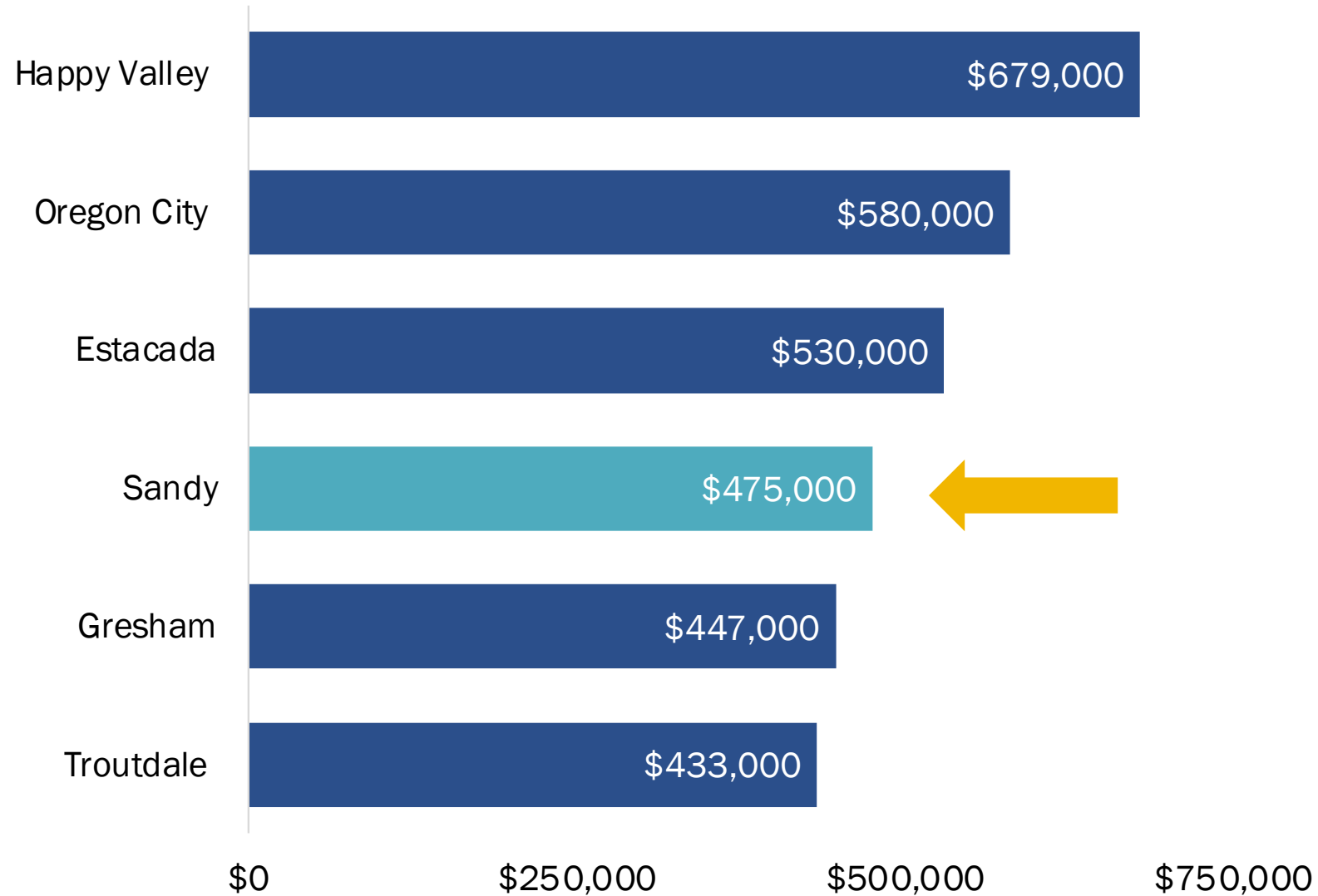
Housing Mix, 2000 and 2020



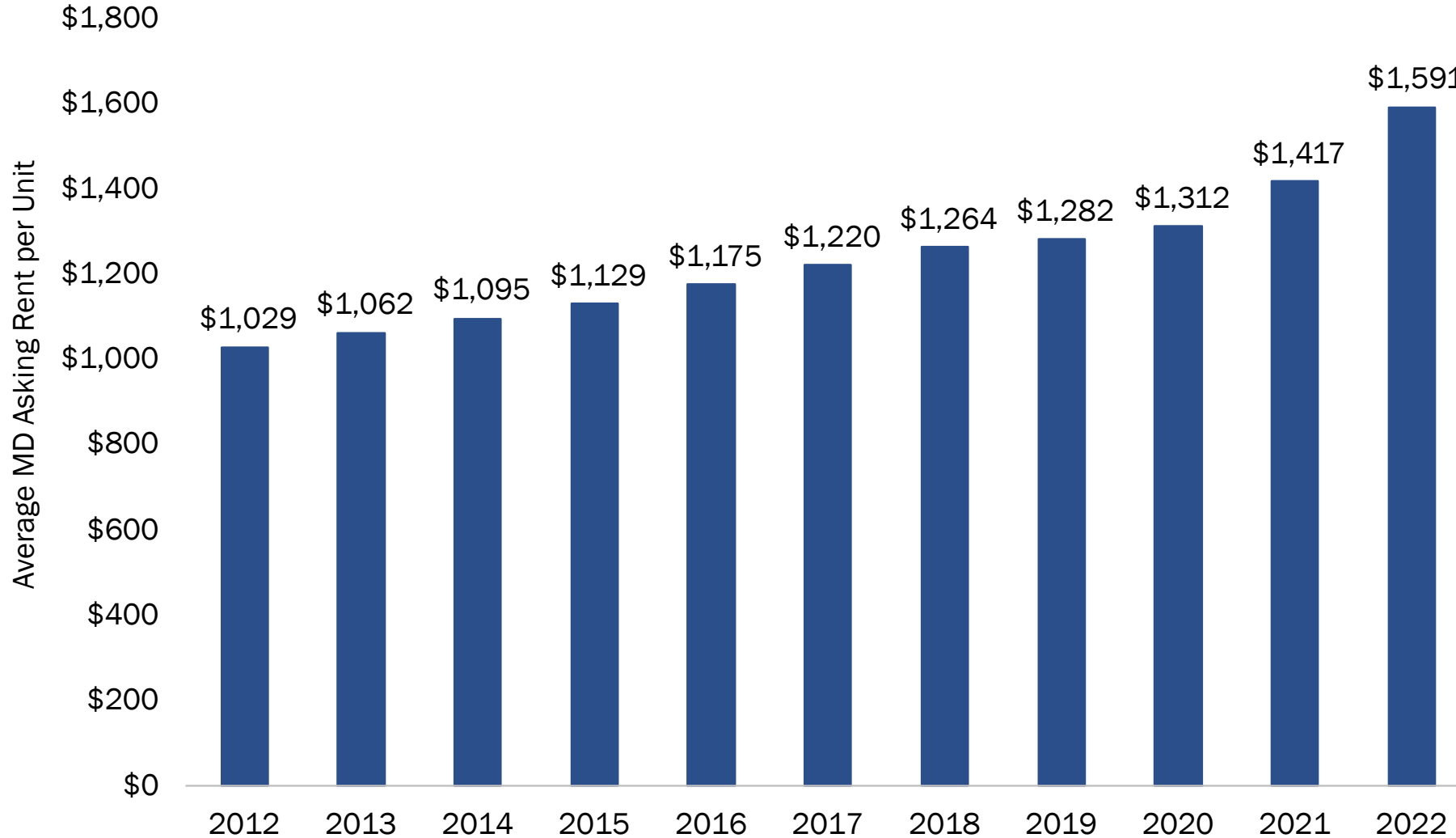
Tenure by Type of Unit, 2020



Median Sales Price, December 2022



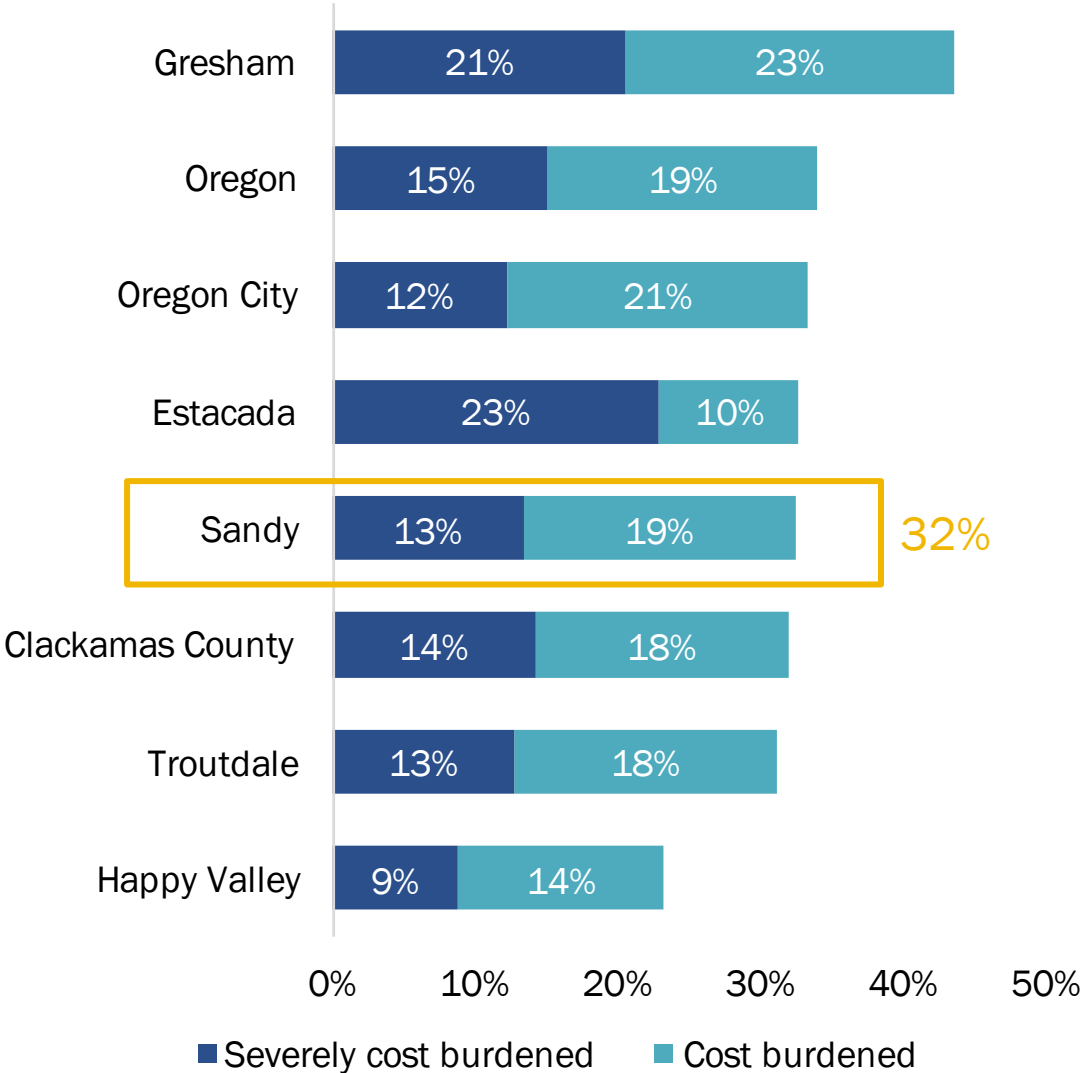
Average Asking Rent, Sandy



Between 2015 and 2022, Sandy's average asking rent increased by \$462 (41%) from \$1,129 per month to \$1,591 per month

*asking rent does not include utilities

Cost Burden, 2020



Households paying 30% or more for housing costs are said to be cost burdened.

Cost Burden in Sandy:

- Renters: 60%
- Owners: 23%

Source: U.S. Census Bureau, 2016-2020 ACS tables B25091 and B25070

Financially Attainable Housing in Sandy

If your household earns....

\$34,300

(30% of MFI)

\$57,200

(50% of MFI)

\$91,500

(80% of MFI)

\$114,400

(100% of MFI)

\$137,300

(120% of MFI)

Then you can afford....

\$860

monthly rent

\$1,430

monthly rent

\$2,290

monthly rent

\$2,860

monthly rent

\$3,430

monthly rent

OR

**\$252,000-
\$297,000**

home sales price

OR

**\$315,000-
\$372,000**

home sales price

OR

**\$378,000-
\$446,000**

home sales price



Dishwashers
\$32,800



Carpenter
\$58,000



Police
\$88,600



Electrical Engineer
\$108,900



Pharmacist
\$142,200



Nursing Assistant
\$42,100



Paralegals
\$70,400



Data Scientist
\$97,000



Software Developer
\$121,800

Median Home Sale
Price in Sandy:
\$475,000

Requires \$146,000 income
(128% of MFI) to afford

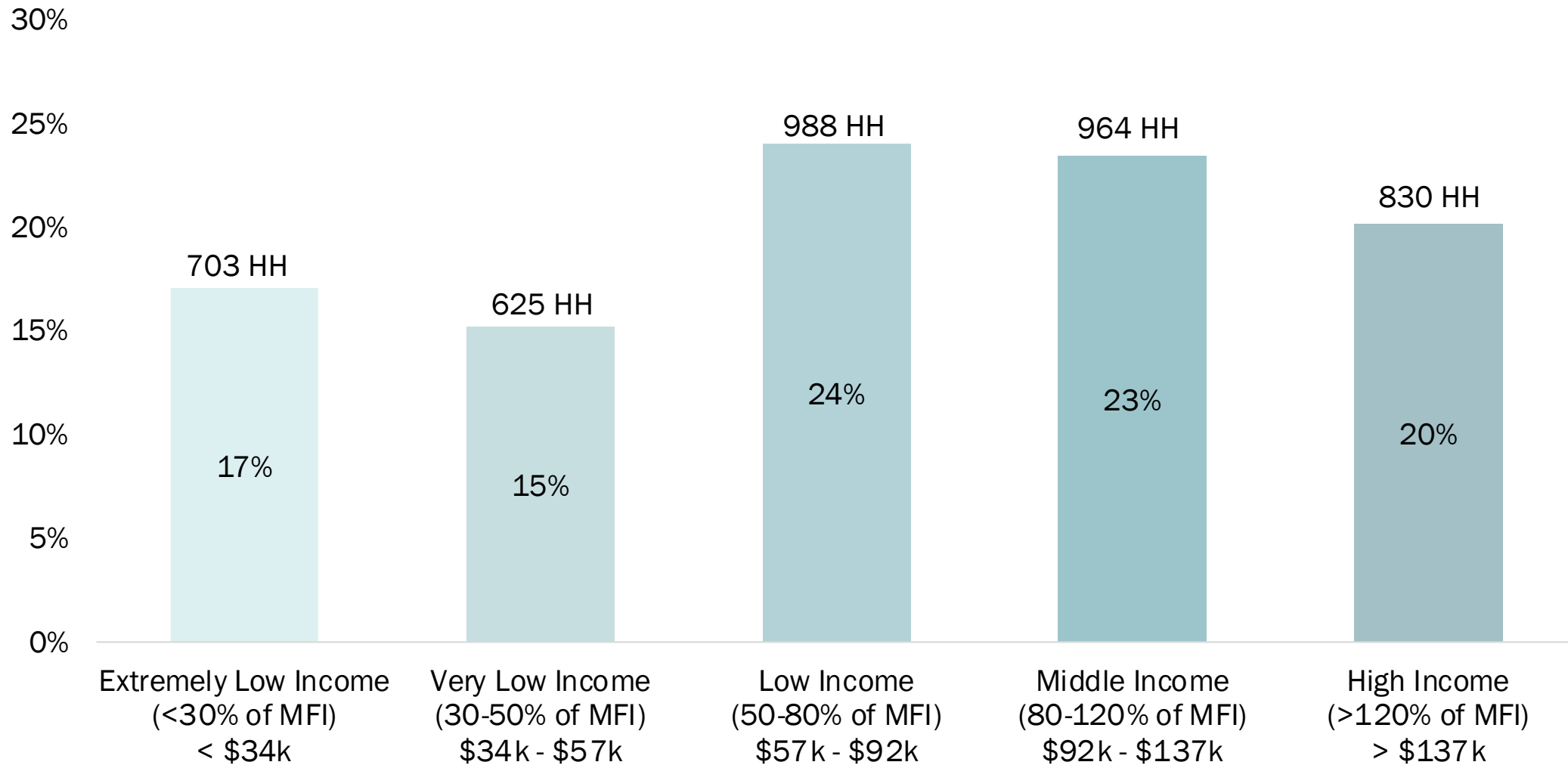
Average Monthly Rent
in Sandy:
\$1,840 (including \$250 in
utilities)

Requires \$73,600 income
(64% of MFI) to afford

Source: U.S. Department of Housing and Urban Development, Portland MSA, 2023.

Source: Costar 2022, Redfin December 2022

Share of Households by Income Level for Sandy Households



Source: US Department of HUD. US Census Bureau, 2016-2020 ACS Table 19001. Clackamas County 2023 MFI



Housing Forecast and Land Sufficiency

Population Forecasting Requirements

- OAR 660-032-0020 requires cities to use the most recent official state forecast from the Population Research Center to forecast population and housing growth
 - Cities are required by Goal 10 to use this forecast for an HCA
 - The HCA uses the Coordinated Population Forecast for Clackamas County
 - Population in Sandy's UGB is forecast to grow from 13,877 residents in 2023 to 20,227 residents in 2043, an increase of 6,350 residents
 - Based on this, Sandy will need 2,424 new housing units (as described in the following slides)

Goal 10 Safe Harbor Assumptions for Forecasting New Housing

- OAR 660-024-0040 allows cities to use the following assumptions as safe harbors in forecasting growth:
 - U.S. Census Bureau data about persons per household
 - U.S. Census Bureau data about vacancy rates
 - If the city allows government-assisted housing and manufactured homes on lots the same way it allows other similar housing types, no individual forecast of those housing types needed

Housing Forecast, Sandy UGB, 2023 to 2043

Sandy is expected to add **6,350** new residents between 2023 and 2043 at an annual average growth rate of **1.90%**. This will result in a need for **2,424** new dwelling units.

Variable	New Dwelling Units (2023-2043)
Change in persons	6,350
Average household size	2.75
New occupied DU	2,309
<i>times</i> Vacancy rate	5.0%
<i>equals</i> Vacant dwelling units	115
Total new dwelling units	2,424
Annual average of new dwelling units	121

Factors that affect future housing need

- Demographic factors*:
 - Aging population
 - Growth in families with children
 - Growth of Latino population
- Increasing housing costs outpacing incomes
- Affordability concerns, particularly for millennials and Gen Z

Implication: Sandy needs a broader range of housing types with a wider range of price points than are currently available in Sandy's housing stock.

*ORS 197.303 requires cities to consider demographic and housing market factors that affect housing need in the future

Forecast by Housing Type, 2023 to 2043

Sandy is forecast to add 2,424 new dwellings

Single-Family
Detached



1,454
New Units
(60%)

Townhouses



170
New Units
(7%)

Duplex, Triplex,
Quadplex



121
New Units
(5%)

Multi-dwelling
(5+ units)



679
New Units
(28%)

Forecast of new housing started with Sandy's 2015 Urbanization Study, which projected 69% single family attached and detached and 31% plexes and multi-dwelling.

It projects a slight increase in the share of plexes and multi-dwelling units to better meet the increasing demand for more affordable housing options. A shift toward multifamily is consistent with recent development trends.

Assumed Housing Densities

Net Densities are calculated using the maximum densities permitted in each zone while factoring in a share of underbuilt land. Net density assumptions were developed with city staff and do not include land set aside for right-of-way.

Percent for rights-of-way is the share of existing land in rights-of-way in Sandy in 2023.

Gross Densities are densities that include land for rights-of-way.

Plan Designation	Avg. Net Density (DU/net acre)	% for Rights-of-Way	Avg. Gross Density (DU/gross acre)
Low Density Residential			
SFR	4.9	25%	3.7
R-1	7.2	25%	5.4
Medium Density Residential			
R-2	12.6	23%	9.7
R-3	19.0	23%	14.6
High Density Residential			
R-3	19.0	22%	14.8
Village			
SFR	4.9	29%	3.5
R-1	7.2	29%	5.1
R-2	12.6	29%	8.9
R-3	19.0	29%	13.5
Commercial			
C-2	20.0	13%	17.4

Capacity Results

Plan Designation	Total Unconstrained Buildable Acres	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
Low Density Residential			
SFR	418	3.7	1,545
R-1	2	5.4	9
Medium Density Residential			
R-2	60	9.7	582
R-3	0	14.6	1
High Density Residential			
R-3	12	14.8	172
Village			
SFR	31	3.5	109
R-1	91	5.1	465
R-2	8	8.9	74
R-3	16	13.5	214
Commercial			
C-2	19	17.4	333
Total	657	5.3	3,504

Capacity is the unconstrained buildable land divided by the gross density assumption.

Land Sufficiency Results

Demand in dwelling units is the forecast for new housing in Sandy.

Capacity less demand is subtraction of capacity for new dwelling units minus new dwelling units

Land sufficiency is acres of land that is left over or needed to accommodate growth of new housing and group quarters.

Plan Designation	Total Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)	Land Sufficiency (Acres)
Low Density Residential				
SFR	1,545	672	873	236
R-1	9	-	9	2
Medium Density Residential				
R-2	582	581	1	0
R-3	1	-	1	0
High Density Residential				
R-3	172	169	3	0
Village				
SFR	109	66	43	12
R-1	465	380	85	17
R-2	74	73	1	0
R-3	214	145	69	5
Commercial				
C-2	333	333	0	0
Total	3,504	2,419	1,085	

ECONNorthwest

ECONOMICS • FINANCE • PLANNING



Los Angeles



Portland



Seattle



Boise