ORDINANCE NO. 23XX

AN ORDINANCE REPEALING AND REPLACING APPENDIX F AND G OF THE HERMISTON COMPREHENSIVE PLAN RELATING TO RESIDENTIAL NEEDS AND BUILDABLE LANDS.

THE CITY OF HERMISTON ORDAINS AS FOLLOWS:

SECTION 1. The Residential Needs Analysis and Buildable Land Inventory, incorporated into the Hermiston Comprehensive Plan as Appendices F and G respectively by Ordinance No. 2181, on July 25th 2011 are hereby repealed.

SECTION 2. The Housing Capacity Analysis, prepared by Johnson Economics and dated January 2021 is attached to this Ordinance as Exhibit A and hereby incorporated into the Hermiston Comprehensive Plan as Appendix F.

SECTION 3. The Hermiston Buildable Land Inventory, prepared by Angelo Planning Group and dated January 26, 2021 is attached to this Ordinance as Exhibit B and hereby incorporated into the Hermiston Comprehensive Plan as Appendix G.

SECTION 4. The findings of fact as adopted by the City Council on June 14th, 2021 are incorporated herein by reference.

SECTION 5. The effective date of this ordinance shall be the thirtieth day after enactment.

PASSED by the Common Council this 14th day of June, 2021.
SIGNED by the Mayor this 14th day of June, 2021.

_____
David Drotzmann, MAYOR

ATTEST:

_____
Lilly Alarcon-Strong, CMC, CITY RECORDER

Exhibit A

CITY OF HERMISTON, OR

HOUSING CAPACITY ANALYSIS
(OREGON STATEWIDE PLANNING GOAL 10)

20-YEAR HOUSING NEED
2020 - 2040

January 2021

JOHNSON
ECONOMICS

Acknowledgments

Johnson Economics prepared this report for the City of Hermiston, Oregon. Johnson Economics and Hermiston thank the many people who helped to develop this document.

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This report was prepared in accordance with the requirements of OAR 660 Division 8: Interpretation of Goal 10 Housing. This project is funded by the State of Oregon 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.

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I. INTRODUCTION

This analysis outlines a forecast of housing need within the Urban Growth Boundary (UGB) of Hermiston. Housing need and resulting land need are forecast to 2040 consistent with 20-year need assessment requirements of Oregon Revised Statutes.[1] This report presents a housing need analysis (presented in number and types of housing units) and a residential land need analysis, based on those projections.

The primary data sources used in generating this forecast were:

- Portland State University Population Research Center
- U.S. Census
- Environics Analytics Inc.[2]
- Oregon Employment Department
- City of Hermiston
- Umatilla County
- Other sources are identified as appropriate.

This analysis relies heavily on Census data from both the Decennial Census, and the American Community Survey (ACS). Generally, data from the ACS has a larger statistical margin of error than the 10-year Census. This analysis relies whenever possible on the most recent ACS 5-year estimates. The 5-year estimates have the lowest margin of error in comparison to the ACS 3-year and 1-year estimates. At the time this report was prepared, the latest 5-year data available was from the 2018 ACS. All Census data feature some margin of error but remain the best source of data available on many demographic and housing subjects.

II. CITY OF HERMISTON DEMOGRAPHIC PROFILE

SUMMARY

The following table (Figure 2.1) presents a profile of City of Hermiston demographics from the 2000 and 2010 Census. It also reflects the estimated population of this area as of 2019 from PSU estimates, forecasted forward to 2020 using the growth rate since 2010. The figures provided are from *within Hermiston's Urban Growth Boundary (UGB)*, which extend beyond the city limits. Therefore, these figures, including population, are higher than those for the city alone.

- Hermiston is a City of nearly 21,400 people (within the UGB) located in Umatilla County in north-central Oregon. The city is the largest city in the county and represents roughly a quarter of the county's population. The estimated population within the city limits was 18,600 in 2020, meaning that an additional 2,800 people (or 15%) live outside the city but within the UGB.
- Hermiston's UGB population makes it roughly the 28th largest city in the state by population, similar in size to other Oregon cities such as Ashland or Happy Valley. The city is roughly 125% the size of nearby Pendleton.
- According to the US Census and PSU estimates, Hermiston has experienced moderate growth, growing at just over 42% since 2000. In comparison, Umatilla County and the state are both estimated to have experienced lower growth of less than 24% since 2000.

[1] ORS 197.628; OAR 660-025

[2] Environics Analytics Inc. is a third-party company providing data on demographics and market segmentation. It licenses data from the Nielson Company which conducts direct market research including surveying of households across the nation. Nielson combines proprietary data with data from the U.S. Census, Postal Service, and other federal sources, as well as local-level sources such as Equifax, Vallassis and the National Association of Realtors. Projections of future growth by demographic segments are based on the continuation of long-term and emergent demographic trends identified through the above sources.

- Hermiston's UGB was home to an estimated 7,673 households in 2020, an increase of 1,975 households since 2000. The percentage of families has remained stable from 68% of all households in 2000 to 67% in 2020. The city has a higher share of family households than Umatilla County (64%) and the state (63%).
- Average household size is estimated to have grown since 2000. Hermiston's estimated average household size is 2.8 persons. This is slightly larger than the Umatilla County average of 2.7 and the statewide average of 2.5.

FIGURE 2.1: HERMISTON DEMOGRAPHIC PROFILE

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS					
	2000 (Census)	**2010 (Census)**	**Growth 00-10**	**2020 (PSU)**	**Growth 10-20**
Population[1]	15,109	19,234	27%	21,395	11%
Households[2]	5,702	6,949	22%	7,673	10%
Families[3]	3,861	4,806	24%	5,154	7%
Housing Units[4]	6,121	7,272	19%	8,051	11%
Group Quarters Population[5]	104	147	41%	292	99%
Household Size (non-group)	*2.63*	*2.74*	4%	*2.76*	1%
Avg. Family Size	*3.18*	*3.28*	3%	*3.37*	3%
PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000 (Census)	**2010 (Census)**	**Growth 00-10**	**2020 (Proj.)**	**Growth 10-20**
Per Capita ($)	na	$20,274	na	$23,906	18%
Median HH ($)	na	$47,279	na	$51,923	10%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901; S19301

1 From PSU Population Research Center, growth rate 2000-2019 extended to 2020

2 2020 Households = (2020 population - Group Quarters Population)/2020 HH Size

3 Ratio of 2020 Families to total HH is based on 2018 ACS 5-year Estimates

4 2020 housing units are the '10 Census total plus new units permitted from '10 through '20 (source: Census, City)

5 Ratio of 2020 Group Quarters Population to Total Population is kept constant from 2010.

A. POPULATION GROWTH

Since 2000, Hermiston's UGB has grown by roughly 6,285 people within the UGB, or 42% in 20 years. This was higher than the countywide rate of growth. In comparison, the population of the state grew by an estimated 24% during this period.

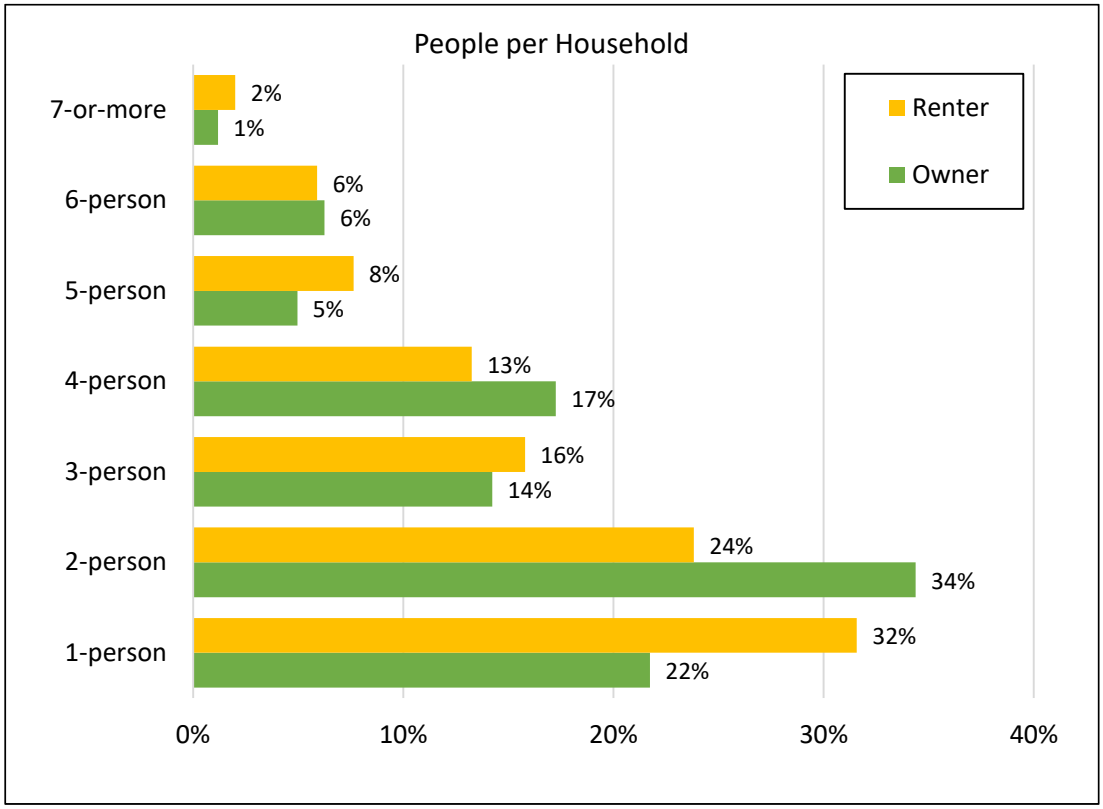
B. HOUSEHOLD GROWTH & SIZE

As of 2020, the UGB has an estimated 7,673 households. Since 2000, Hermiston has added an estimated 1,971 households. This is an average of just under 100 households annually during this period. The growth since 2000 has just outpaced the estimated growth in new housing units, which have been permitted at the rate of roughly 95 units per year.

Hermiston's average household size is 2.8 people per household. There has been a general trend in Oregon and nationwide towards declining household size as birth rates have fallen, more people have chosen to live alone, and the Baby Boomers have become empty nesters. While this trend of diminishing household size is expected to continue nationwide, there are limits to how far the average can fall. Hermiston is estimated to have defied this trend in recent decades.

Figure 2.2 shows the share of households by the number of people for renter and owner households in 2018, according to the latest US Census data available. The size of owner and renter households are similar, but renter households are more likely to have one person. Owner households are more likely to have two persons. Household size correlates to housing needs.

FIGURE 2.2: NUMBER OF PEOPLE PER HOUSEHOLD, CITY OF HERMISTON



SOURCE: US Census, JOHNSON ECONOMICS LLC
Census Tables: B25009 (2018 ACS 5-yr Estimates)

C. FAMILY HOUSEHOLDS

As of the 2018 ACS, 67% of Hermiston households were family households, very similar to 2000 (68%). The total number of family households in Hermiston is estimated to have grown by nearly 1,300 since 2000. The Census defines family households as two or more persons, related by marriage, birth or adoption and living together. In 2020, family households in Hermiston had an average size of 3.4 people.

D. GROUP QUARTERS POPULATION

The City of Hermiston has an estimated group quarters population of 1.4% of the total population, or 292 persons. Group quarters include such shared housing situations as nursing homes, prisons, dorms, group residences, military housing, or shelters. For the purposes of this analysis, these residents are removed from the estimated population total, before determining the amount of other types of housing that are needed for non-group households. (The share of group quarters population is assumed to remain steady over the 20-year forecast period.)

E. Housing Units

Data from the City of Hermiston and the US Census indicate that the city added just over 1,930 new housing units since 2000 within the UGB, representing 32% growth in the housing stock. This number of new units is slightly lower than the growth in new households estimated during the same period (1,971), indicating that housing growth has not kept pace with growing need.

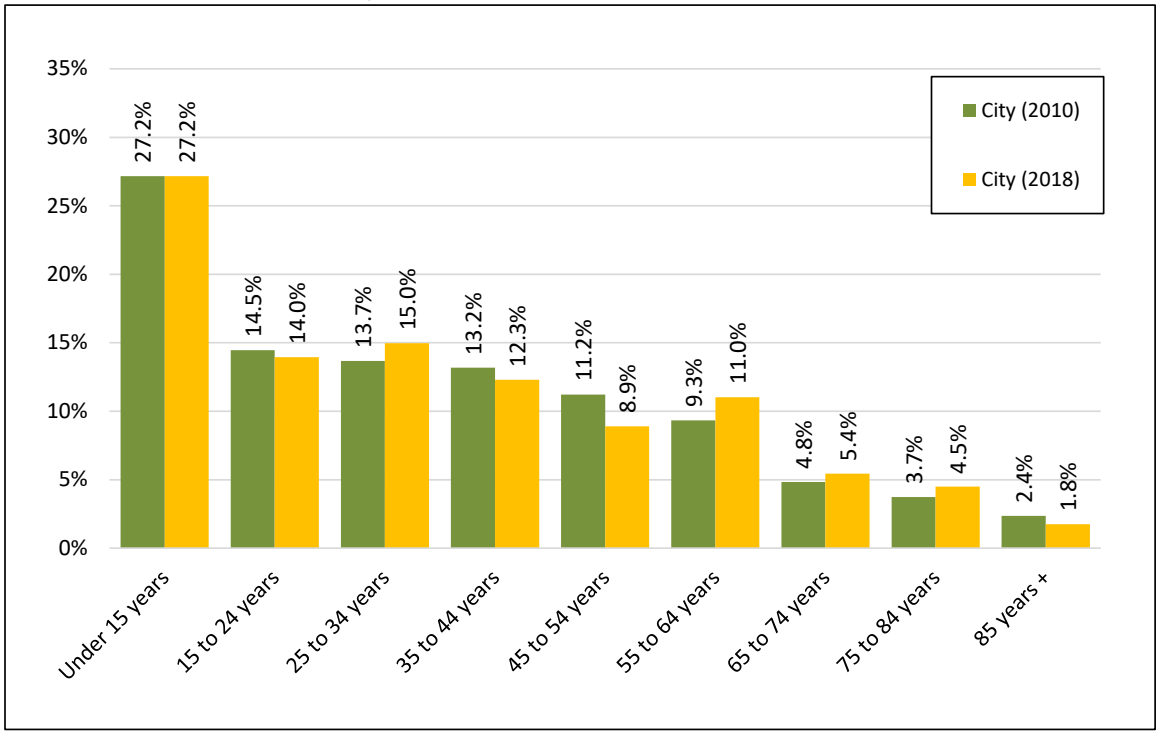
As of 2020, the city had an estimated housing stock of roughly 8,051 units for its 7,673 estimated households. This translates to an estimated average vacancy rate of under 5%.

Residential Permits: The city of Hermiston accounts for most of the countywide residential permits in Umatilla County. Between 2010 and mid-2020, a total of 679 units have been permitted in the city, or an average of 68 per year. 542 of these permits were for single family homes. 137 units in multifamily developments were permitted.

F. Age Trends

The following figure shows the share of the population falling in different age cohorts between the 2000 Census and the most recent 5-year ACS estimates. As the chart shows, there is a general trend for the middle-aged cohorts to fall as share of total population, while older cohorts (55+) have grown in share. This is in keeping with the national trend caused by the aging of the Baby Boom generation. Overall, Hermiston has a younger average population than the county, with a greater share of children. Those under age 15 have maintained their share of the population in Hermiston.

Figure 2.3: Age Cohort Trends, 2010 - 2018

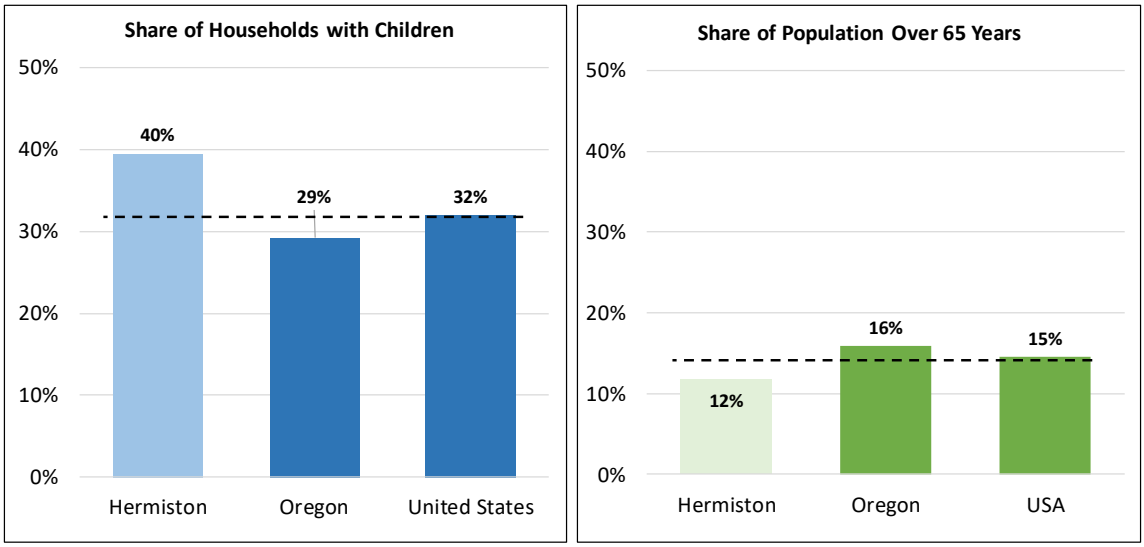


SOURCE: US Census, Johnson Economics LLC
Census Tables: QT-P1 (2010); S0101 (2018 ACS 5-yr Estimates)

- The cohort which grew the most in share during this period were those aged 55 to 64 years.
- In the 2018 ACS, the local median age was an estimated 31 years, compared to 38 years in Oregon.

Figure 2.4 presents the share of households with children, and the share of population over 65 years for comparison. Compared to state and national averages, Hermiston has a higher share of households with children at 40%. And at 12%, the share of population over 65 is lower than the state and national figures.

FIGURE 2.4: SHARE OF HOUSEHOLDS WITH CHILDREN/ POPULATION OVER 65 YEARS (HERMISTON)



SOURCE: US Census, JOHNSON ECONOMICS LLC
Census Tables: B11005; S0101 (2018 ACS 5-yr Estimates)

G. INCOME TRENDS

The following figure presents data on Hermiston's income trends. (2000 Census data on income is not available for Hermiston.)

FIGURE 2.5: INCOME TRENDS, 2000 – 2020

PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000 (Census)	2010 (Census)	Growth 00-10	2020 (Proj.)	Growth 10-20
Per Capita ($)	na	$20,274	na	$23,906	18%
Median HH ($)	na	$47,279	na	$51,923	10%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901; S19301

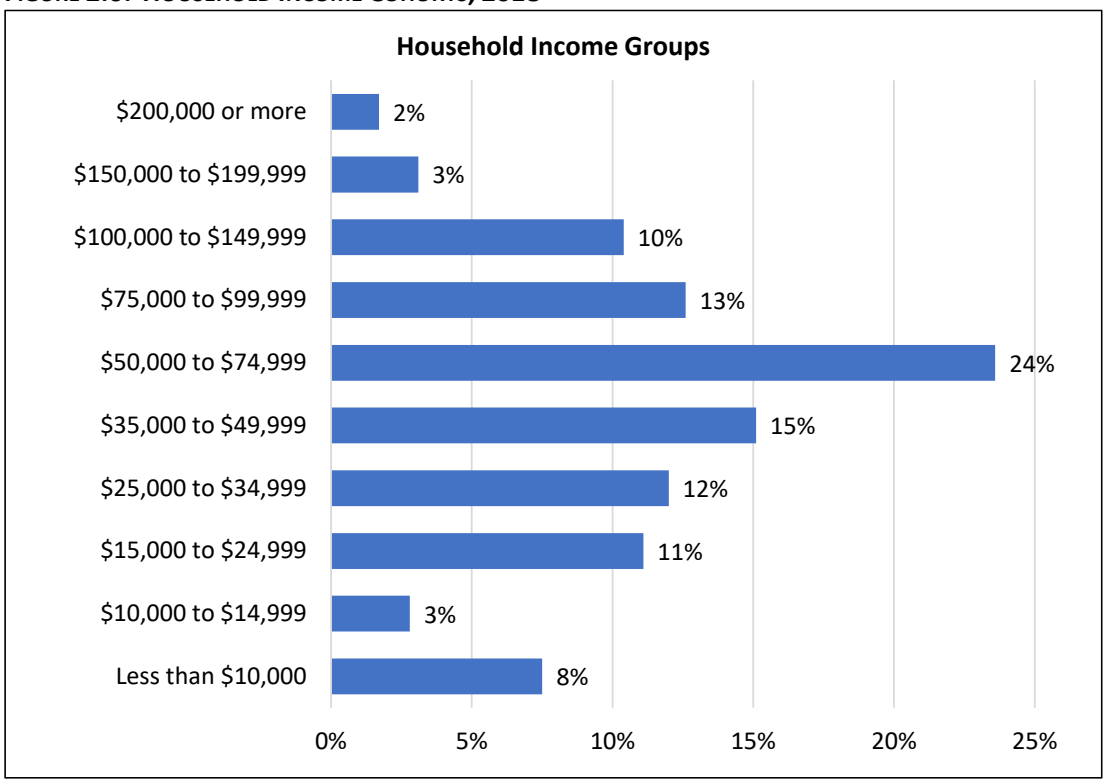
- Hermiston's estimated median household income was $52,000 in 2020. This is similar to the Umatilla County median, but 7% lower than the statewide median of $56,000.
- Hermiston's per capita income is roughly $24,000.
- Median income has grown an estimated 10% between 2010 and 2020, in real dollars. Inflation was an estimated 18% over this period, so the local median income did not keep pace with inflation over this period. This is the case in many regions and nationally, where income growth did not kept pace with inflation coming out of the 2008 recession.

Figure 2.6 presents the estimated distribution of households by income as of 2018. The largest income cohorts are those households earning between $50k and $75k.

- Fifty percent of households earn between $35,000 and $100,000.

- Roughly 21% of households earn less than $25k per year, while roughly 15% of households earn $100k or more.

FIGURE 2.6: HOUSEHOLD INCOME COHORTS, 2018



SOURCE: US Census, Census Tables: S1901 (2018 ACS 5-yr Est.)

H. POVERTY STATISTICS

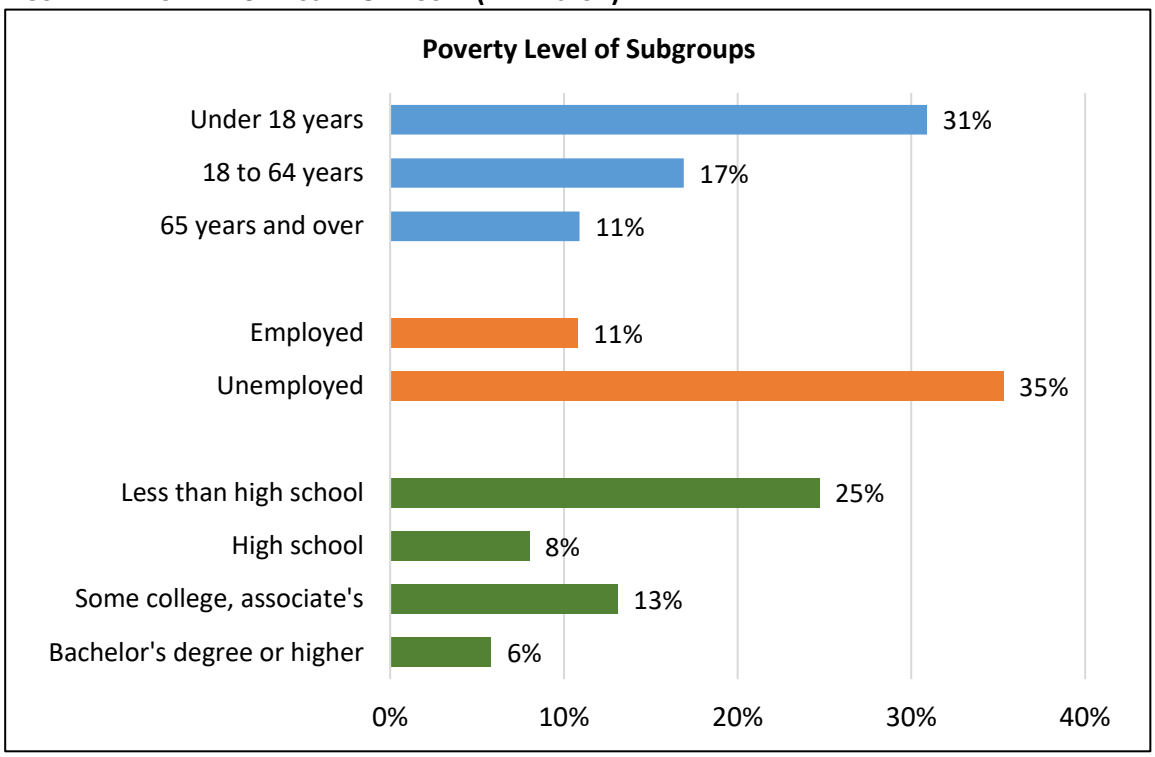
According to the US Census, the official poverty rate in Hermiston is an estimated 21% over the most recent period reported (2018 5-year estimates).[3] This is roughly 4,475 individuals in Hermiston. In comparison, the official poverty rate across the state is 17%, and 18% countywide. In the 2014-18 period:

- The Hermiston poverty rate is lowest among those over 65 years of age at 11%. The rate is 17% among those between 18 and 64 years of age. The estimated rate is the highest for children at 31%. Countywide the childhood poverty rate is a slightly lower 27%.
- For those without a high school diploma the poverty rate is 25%, and for those with a high school diploma, the poverty rate is 8%. For those with a college degree the rate is 6%.
- Among those who are employed the poverty rate is 11%, while it is 35% for those who are unemployed.

Information on affordable housing is presented in Section III F of this report.

[3] Census Tables: S1701 (2018 ACS 5-yr Estimates)

FIGURE 2.7: POVERTY STATUS BY CATEGORY (HERMISTON)



SOURCE: US Census
Census Tables: S1701 (2018 ACS 5-yr Est.)

I. EMPLOYMENT LOCATION TRENDS

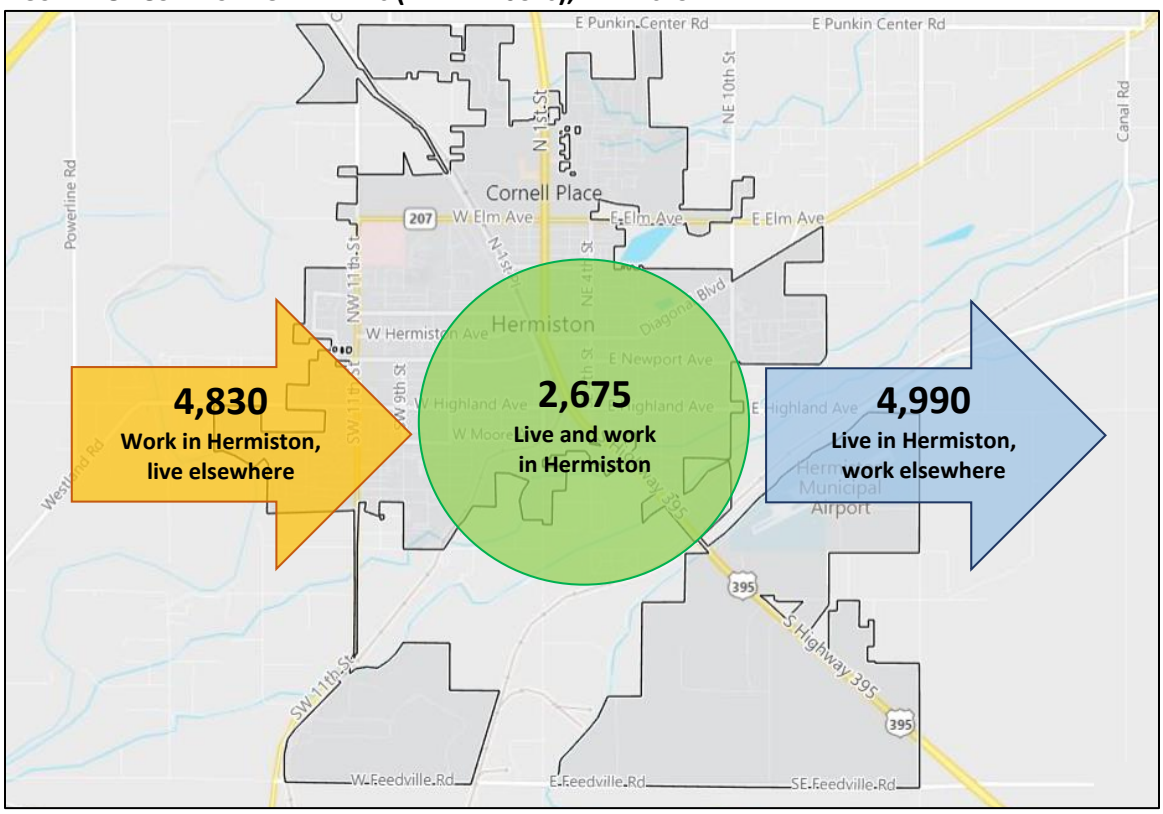
This section provides an overview of employment and industry trends in Hermiston that are related to housing.

Commuting Patterns: The following figure shows the inflow and outflow of commuters to Hermiston according to the Census Employment Dynamics Database. These figures reflect "covered employment" as of 2017, the most recent year available. (Covered employment refers to those jobs where the employee is covered by federal unemployment insurance.) This category does not include many contract employees and self-employed and therefore is not a complete picture of local employment. The figure discussed here is best understood as indicators of the general pattern of commuting and not exact figures.

As of 2017, the most recent year available, the Census estimated there were over 7,500 covered employment jobs located in Hermiston. Of these, an estimated 2,675 or 35%, are held by local residents, while roughly 4,830 employees commute into the city from elsewhere. This pattern is fairly common among communities. The most common homes of local workers commuting into the city are the cities of Umatilla and Pendleton.

Of the estimated 7,665 employed Hermiston residents, 65% of them commute elsewhere to employment. The most common destinations for Hermiston commuters are also the cities of Umatilla and Pendleton.

FIGURE 2.8: COMMUTING PATTERNS (PRIMARY JOBS), HERMISTON



Source: US Census Longitudinal Employer-Household Dynamics

Jobs/Household Ratio: Hermiston features a fairly low jobs-to-households ratio. There are an estimated 7,500 jobs in the city of Hermiston (covered), and an estimated 7,673 households in Hermiston. This represents roughly 1 local job per household. There is no standard jobs-to-households ratio that is right for all communities, but it can provide a guide to the balance between employment uses and residential uses in the city.

III. CURRENT HOUSING CONDITIONS

This section presents a profile of the current housing stock and market indicators in Hermiston. This profile forms the foundation to which current and future housing needs will be compared.

A. HOUSING TENURE

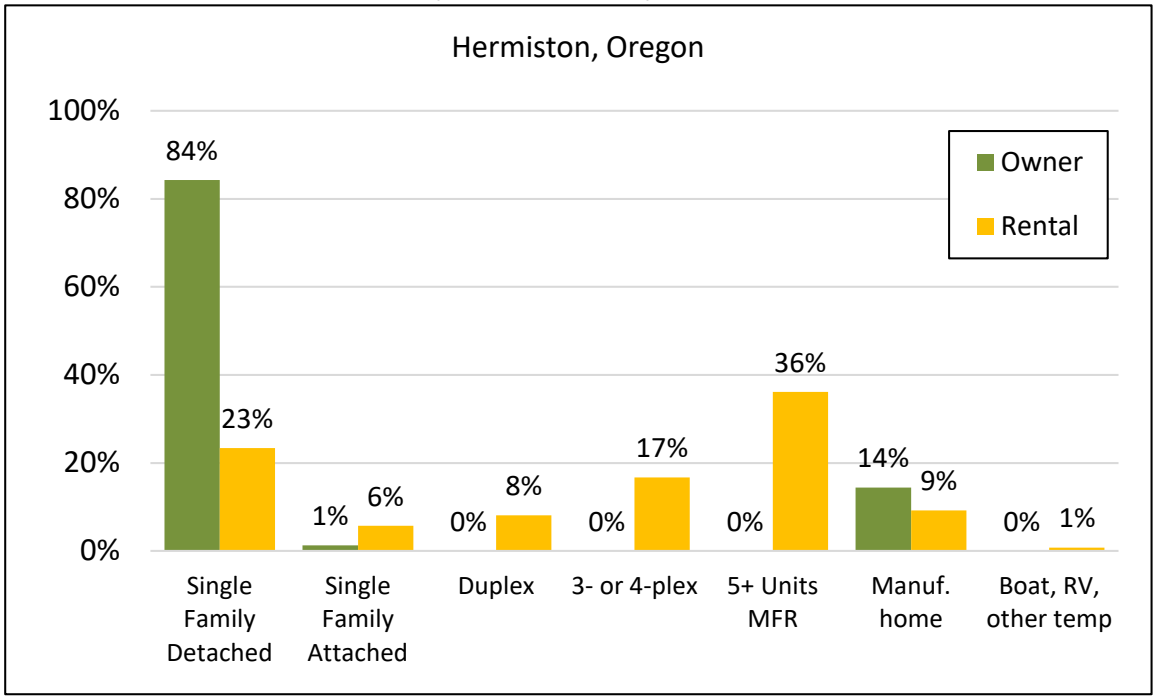
Hermiston has a greater share of homeowner households than renter households. The 2018 ACS estimates that 60% of occupied units were owner occupied, and 40% renter occupied. The ownership rate has risen from an estimated 55% in 2000. During this period the statewide rate fell from 64% to 61%. Nationally, the homeownership rate is 66%.

The estimated ownership rate is higher across Umatilla County (64%) than it is in Hermiston or the state overall.

B. HOUSING STOCK

As shown in Figure 2.1, Hermiston had an estimated 8,051 housing units in 2020, with a vacancy rate of 4.7% (includes ownership, rental units, and second homes). The housing stock has increased by roughly 1,930 units since 2000, or growth of 32%.

FIGURE 3.1: ESTIMATED SHARE OF UNITS, BY PROPERTY TYPE, 2020



SOURCE: US Census, City of Hermiston

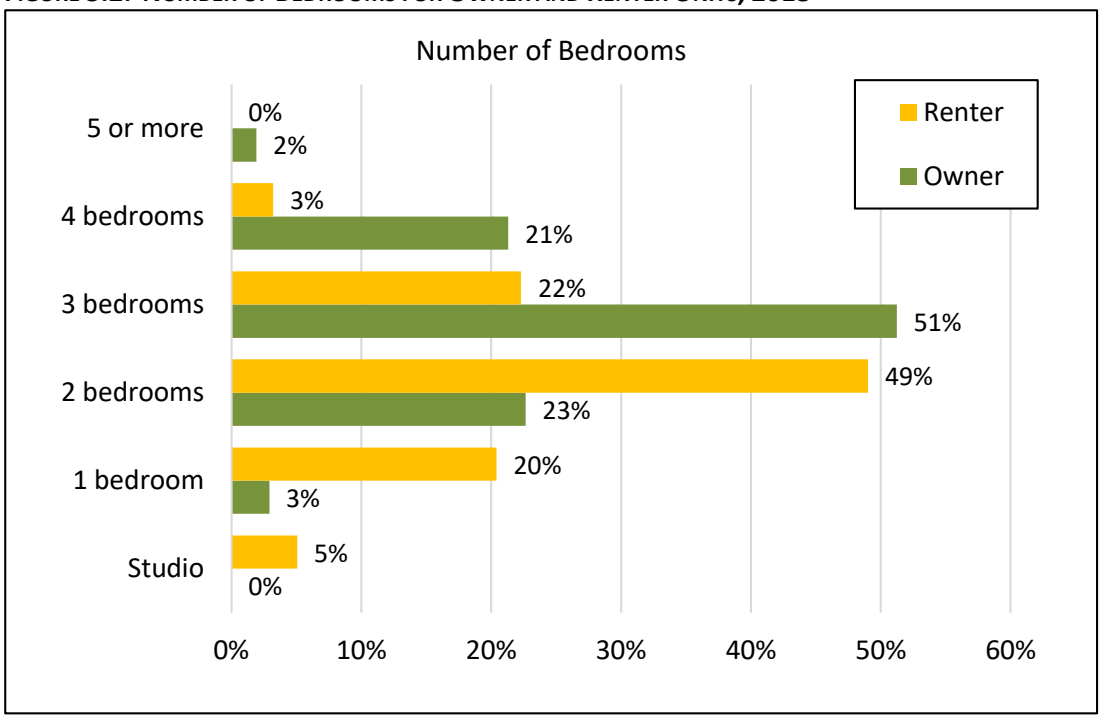
Figure 3.1 shows the estimated number of units by type in 2020 based on US Census. Detached single-family homes represent an estimated 60% of housing units (owner and renter combined). Manufactured homes represent an additional 12% of the total inventory.

Units in larger apartment complexes of 5 or more units represent only 15% of total units, and other types of attached homes represent 13% of units. (Attached single family generally includes townhomes, some condos, and 2 to 4-plexes which are separately metered.)

C. NUMBER OF BEDROOMS

Figure 3.2 shows the share of units for owners and renters by the number of bedrooms they have. In general, owner-occupied units are much more likely to have three or more bedrooms, while renter-occupied units are much more likely to have two or fewer bedrooms.

FIGURE 3.2: NUMBER OF BEDROOMS FOR OWNER AND RENTER UNITS, 2018



SOURCE: US Census
Census Tables: B25042 (2018 ACS 5-year Estimates)

D. UNIT TYPES BY TENURE

As Figure 3.3 and 3.4 show, a large share of owner-occupied units (84%) are detached homes, which is related to why owner-occupied units tend to have more bedrooms, and manufactured homes (14%). Renter-occupied units are much more distributed among a range of structure types. An estimated 33% of rented units are detached homes or manufactured homes, while the remainder are some form of attached unit. Over 36% of rental units are in larger apartment complexes.

FIGURE 3.3: CURRENT INVENTORY BY UNIT TYPE, FOR OWNERSHIP AND RENTAL HOUSING

OWNERSHIP HOUSING

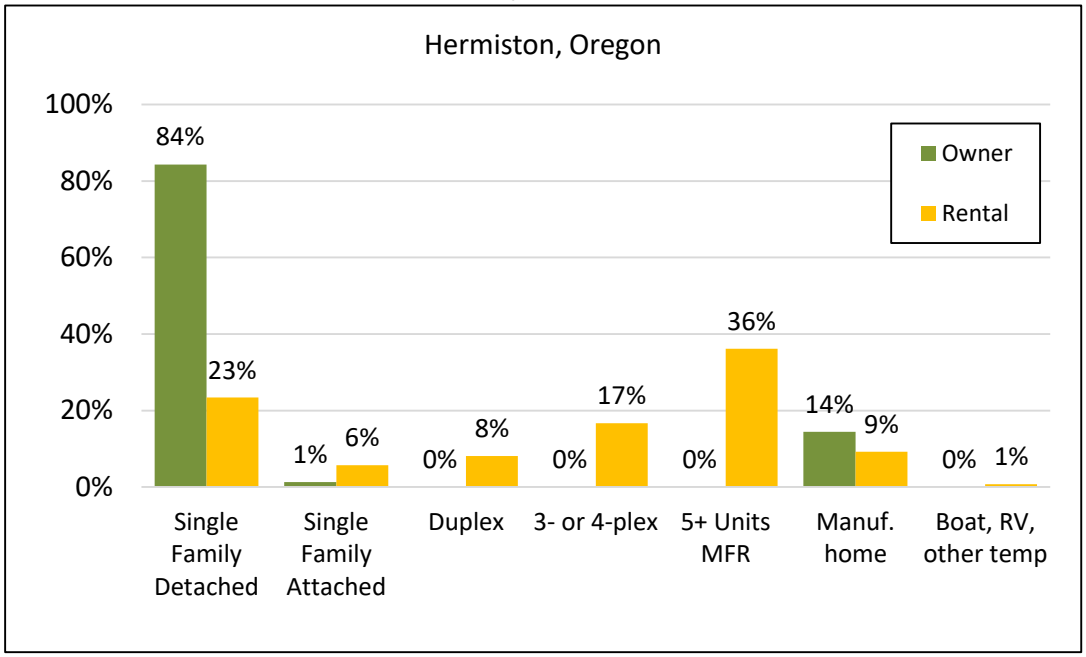
OWNERSHIP HOUSING								
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units
Totals:	4,065	61	0	0	0	696	0	4,822
Percentage:	84.3%	1.3%	0.0%	0.0%	0.0%	14.4%	0.0%	100%

RENTAL HOUSING

RENTAL HOUSING								
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units
Totals:	755	184	261	540	1,168	297	25	3,229
Percentage:	23.4%	5.7%	8.1%	16.7%	36.2%	9.2%	0.8%	100%

Sources: US Census, JOHNSON ECONOMICS, CITY OF HERMISTON

FIGURE 3.4: CURRENT INVENTORY BY UNIT TYPE, BY SHARE

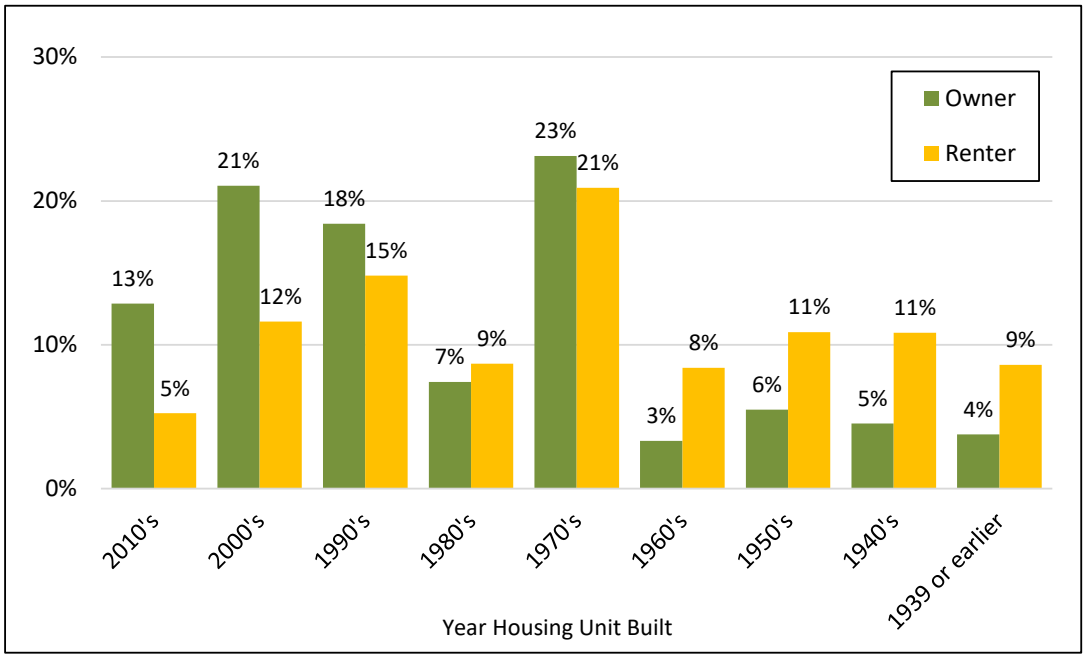


Sources: US Census, JOHNSON ECONOMICS, CITY OF HERMISTON

E. AGE AND CONDITION OF HOUSING STOCK

Hermiston's housing stock reflects the pattern of development over time. Seventy-three percent of the housing stock is pre-2000 with the remainder being post-2000. The single largest share of housing stock was built in the 1970's. Rental units are more likely to be older units, while a larger percentage of ownership units were built since the 1990's.

FIGURE 3.5: AGE OF UNITS FOR OWNERS AND RENTERS



SOURCE: US Census
Census Tables: B25036 (2018 ACS 5-year Estimates)

- Unfortunately, good quantitative data on housing condition is generally unavailable without an intensive on-site survey of all local housing that is beyond the scope of this analysis. Census categories related to housing condition are ill-suited for this analysis, dealing with such issues as units without

indoor plumbing, which was more common in the mid-20th Century, but is an increasingly rare situation. Age of units serves as the closest reliable proxy for condition with available data. By this measure, Hermiston does have some older homes that are likely in poorer condition than the average newer home, but also offer a lower cost housing option.

- For ownership units, older homes may be in poor condition, but are also more likely to have undergone some repair and renovation over the years. Rental units are more likely to degrade steadily with age and wear-and-tear and are less likely to receive sufficient reinvestment to keep them in top condition, though this is not universally true.

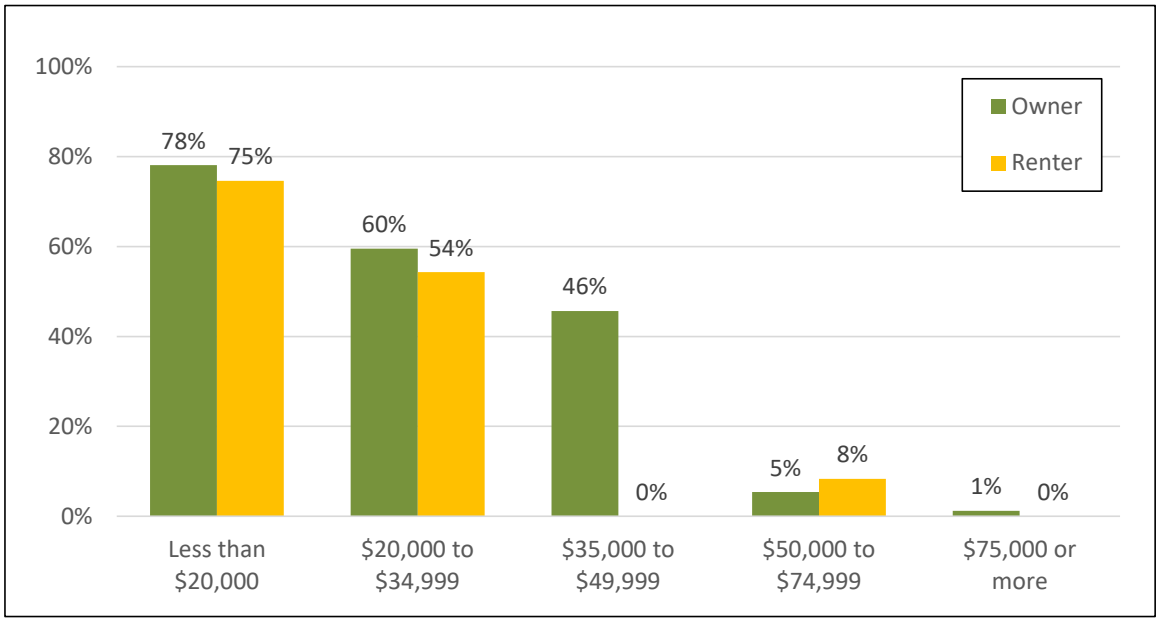
F. Housing Costs vs. Local Incomes

Figure 3.6 shows the share of owner and renter households who are paying more than 30% of their household income towards housing costs, by income segment. (Spending 30% or less on housing costs is a common measure of "affordability" used by HUD and others, and in the analysis presented in this report.)

As one would expect, households with lower incomes tend to spend more than 30% of their income on housing, while incrementally fewer of those in higher income groups spend more than 30% of their incomes on housing costs. Of those earning less than $20,000, an estimated 78% of owner households and 75% of renter households in Hermiston spend more than 30% of income on housing costs.

In total, the US Census estimates that 29% of Hermiston households pay more than 30% of income towards housing costs (2018 American Community Survey, B25106)

Figure 3.6: Share of Households Spending More than 30% on Housing Costs, by Income Group



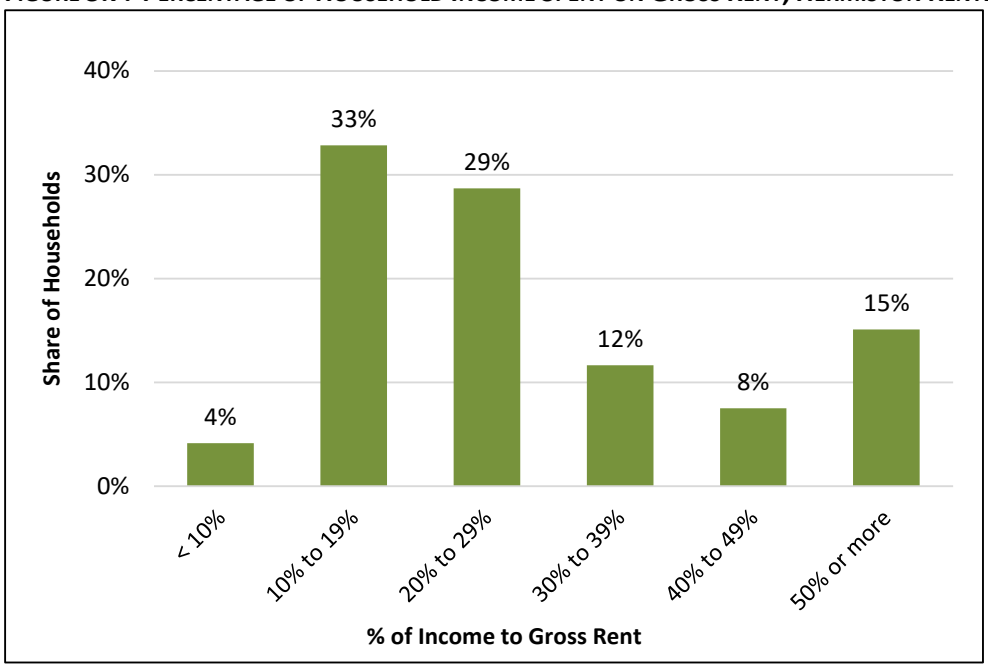
Sources: US Census, Johnson Economics
Census Table: B25106 (2018 ACS 5-yr Estimates)

Housing is generally one of a household's largest living costs, if not the largest. The ability to find affordable housing options, and even build wealth through ownership, is one of the biggest contributors to helping lower income households save and build wealth. Even for renters, affordable housing costs allow for more household income to be put to other needs, including savings.

The following figures shows the percentage of household income spent towards gross rent for local *renter households only*. This more fine-grained data shows that not only are 35% of renters spending more than 30% of their income on gross rent, but an estimated 15% of renters are spending 50% or more of their income on housing and are considered severely rent-burdened.

Renters are disproportionately lower income relative to homeowners. Housing cost[4] burdens are felt more broadly for these households, and as the analysis presented in a later section shows there is a need for more affordable rental units in Hermiston, as in most communities.

FIGURE 3.7: PERCENTAGE OF HOUSEHOLD INCOME SPENT ON GROSS RENT, HERMISTON RENTER HOUSEHOLDS



Sources: US Census, JOHNSON ECONOMICS
Census Table: B25070 (2018 ACS 5-yr Estimates)

G. PUBLICLY ASSISTED HOUSING

Hermiston has an estimated 655 rent-subsidized housing units, found in 17 properties, according to Oregon Housing and Community Services (OHCS). These properties are funded through HUD programs, tax credits and other programs which guarantee subsidized rents for qualified households.

The estimated 655 subsidized housing units in Hermiston represents 8% of *total* local households, and 22% of local *renter* households. The number of renters still paying over 30% of their income towards housing costs indicates that there is an ongoing need for rental units at the lowest price points.

Agricultural Worker Housing: Hermiston is now currently home to an estimated 148 units (included in the above total) meant for agricultural workers, in four properties. The population may also be served by other available affordable units.

Homelessness: A recent analysis that was prepared for OHCS to test a potential approach for preparing Housing Needs Analyses on a regional basis included estimates of homeless population in Oregon communities, including Hermiston. The approach utilizes a combination of data from the bi-annual point-in-time count and from tracking homeless school-aged children in keeping with the McKinney-Vento Act.

The analysis estimates 108 homeless households in Hermiston as of mid-2020. These include household who are unsheltered, in temporary shelter, or staying with friends or relatives. These households are a component of current and future housing need.

The most recent point-in-time homeless count estimated just over 500 homeless individuals countywide.

[4] The Census defines Gross Rent as "the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid by the renter (or paid for the renter by someone else)." Housing costs for homeowners include mortgage, property taxes, insurance, utilities and condo or HOA dues.

IV. CURRENT HOUSING NEEDS (CITY OF HERMISTON UGB)

The profile of current housing conditions in the study area is based on Census 2010, which the Portland State University Population Research Center (PRC) uses to develop yearly estimates through 2019. The 2019 estimate is forecasted to 2020 using the estimated growth rate realized since 2010.

FIGURE 4.1: CURRENT HOUSING PROFILE (2020)

CURRENT HOUSING CONDITIONS (2020)			SOURCE
Total 2020 Population:	21,395		PSU Pop. Research Center
- Estimated group housing population:	292	(0.8% of Total)	US Census
Estimated Non-Group 2020 Population:	**21,103**	(Total - Group)	
Avg. HH Size:	2.76		US Census
Estimated Non-Group 2020 Households:	**7,673**	(Pop/HH Size)	
Total Housing Units:	**8,051**	(Occupied + Vacant)	Census 2010 + permits
Occupied Housing Units:	7,673	(= # of HH)	
Vacant Housing Units:	378	(Total HH - Occupied)	
Current Vacancy Rate:	4.7%	(Vacant units/ Total units)	

Sources: Johnson Economics, City of Hermiston, PSU Population Research Center, U.S. Census

*This table reflects population, household and housing unit projections shown in Figure 2.1

We estimate a current population of nearly 21,400 residents within the UGB, living in 7,673 households (excluding group living situations). Average household size is 2.8 persons.

There are an estimated 8,051 housing units in the city UGB, indicating an estimated vacancy rate of 4.7%. This includes units vacant for any reason, such as those for sale or rent, vacation homes, short-term rentals and other investments.

ESTIMATE OF CURRENT HOUSING DEMAND

Following the establishment of the current housing profile, the current housing demand was determined based upon the age and income characteristics of current households.

The analysis considered the propensity of households in specific age and income levels to either rent or own their home (tenure), in order to derive the current demand for ownership and rental housing units and the appropriate housing cost level of each. This is done by combining data on tenure by age and tenure by income from the Census ACS (tables: B25007 and B25118, 2018 ACS 5-yr Estimates).

The analysis takes into account the average amount that owners and renters tend to spend on housing costs. For instance, lower income households tend to spend more of their total income on housing, while upper income households spend less on a percentage basis. In this case, it was assumed that households in lower income bands would *prefer* housing costs at no more than 30% of gross income (a common measure of affordability). Higher income households pay a decreasing share down to 20% for the highest income households.

While the Census estimates that most low-income households pay more than 30% of their income for housing, this is an estimate of current *preferred* demand. It assumes that low-income households need (or demand) units affordable to them at no more than 30% of income, rather than more expensive units.

Figure 4.2 presents a snapshot of current housing demand (i.e. preferences) equal to the number of households in the UGB study area (7,673). The breakdown of tenure (owners vs. renters) reflects data from the 2018 ACS.

FIGURE 4.2: ESTIMATE OF CURRENT HOUSING DEMAND (2020)

Ownership				
Price Range	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0k - $80k	272	Less than $15,000	5.8%	5.8%
$80k - $130k	229	$15,000 - $24,999	4.9%	10.8%
$130k - $190k	421	$25,000 - $34,999	9.0%	19.8%
$190k - $220k	690	$35,000 - $49,999	14.8%	34.6%
$220k - $270k	770	$50,000 - $74,999	16.5%	51.1%
$270k - $360k	804	$75,000 - $99,999	17.3%	68.4%
$360k - $440k	502	$100,000 - $124,999	10.8%	79.1%
$440k - $530k	288	$125,000 - $149,999	6.2%	85.3%
$530k - $710k	415	$150,000 - $199,999	8.9%	94.2%
$710k +	269	$200,000+	5.8%	100.0%
Totals:	**4,659**		**% of All:**	**60.7%**

Rental				
Rent Level	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0 - $400	520	Less than $15,000	17.3%	17.3%
$400 - $700	417	$15,000 - $24,999	13.8%	31.1%
$700 - $900	333	$25,000 - $34,999	11.0%	42.1%
$900 - $1100	377	$35,000 - $49,999	12.5%	54.7%
$1100 - $1300	640	$50,000 - $74,999	21.2%	75.9%
$1300 - $1700	493	$75,000 - $99,999	16.3%	92.2%
$1700 - $2100	144	$100,000 - $124,999	4.8%	97.0%
$2100 - $2500	44	$125,000 - $149,999	1.4%	98.4%
$2500 - $3400	30	$150,000 - $199,999	1.0%	99.4%
$3400 +	17	$200,000+	0.6%	100.0%
Totals:	**3,014**		**% of All:**	**39.3%**

All Households
7,673

Sources: PSU Population Research Center, Environics Analytics., Census, JOHNSON ECONOMICS
Census Tables: B25007, B25106, B25118 (2018 ACS 5-yr Estimates)
Environics Analytics: Estimates of income by age of householder

The estimated home price and rent ranges are irregular because they are mapped to the affordability levels of the Census income level categories. For instance, an affordable home for those in the lowest income category (less than $15,000) would have to cost $80,000 or less. Affordable rent for someone in this category would be $400 or less.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 5% (significantly more than the current rate, but in line with historic norms), with 15% down payment. These assumptions are designed to represent prudent lending and borrowing levels for ownership households.

The 30-year mortgage commonly serves as the standard. In the 2000's, down payment requirements fell significantly, but standards have tightened somewhat since the 2008/9 credit crisis. While 20% is often cited as the standard for most buyers, it is common for homebuyers, particularly first-time buyers, to pay significantly less than this using available programs.

Interest rates are subject to disruption from national and global economic forces, and therefore impossible to forecast beyond the short term. The 5% used here is roughly the average 30-year rate over the last 20 years. The general trend has been falling interest rates since the early 1980's, but many economists believe that rates may be reaching a lower bound, as the effective Federal funds rate has been near 0% for much of the last decade.

During the 2020 Covid-19 emergency, the Federal Reserve has again cut their benchmark funds rate to near zero, which has reduced mortgage rates moderately, but not dramatically. The economic uncertainty has the effect of making lenders more cautious, and this can balance the effect of a lower federal rate.

CURRENT HOUSING INVENTORY

The profile of current housing demand (Figure 4.2) represents the preference and affordability levels of households. In reality, the current housing supply (Figures 4.3 and 4.4 below) differs from this profile, meaning that some households may find themselves in housing units which are not optimal, either not meeting the household's own/rent preference, or being unaffordable (requiring more than 30% of gross income).

A profile of current housing supply in the Hermiston UGB was estimated based on permit data from the City of Hermiston and Census data from the most recently available 2018 ACS, which provides a profile of housing types (single family, attached, manufactured home, etc.), tenure, housing values, and rent levels. The 5-year estimates from the ACS were used because 3-year and 1-year estimates are not yet available for Hermiston geography.

- An estimated 60% of occupied housing units are ownership units, while an estimated 40% of housing units are rental units. This is very similar to the estimated demand profile shown in Figure 4.2. The inventory includes vacant units.

- 84% of ownership units are detached homes, and 14% are manufactured homes. Thirty-three percent of rental units are either single family homes or manufactured homes, while 36% are in structures of 5 units or more.

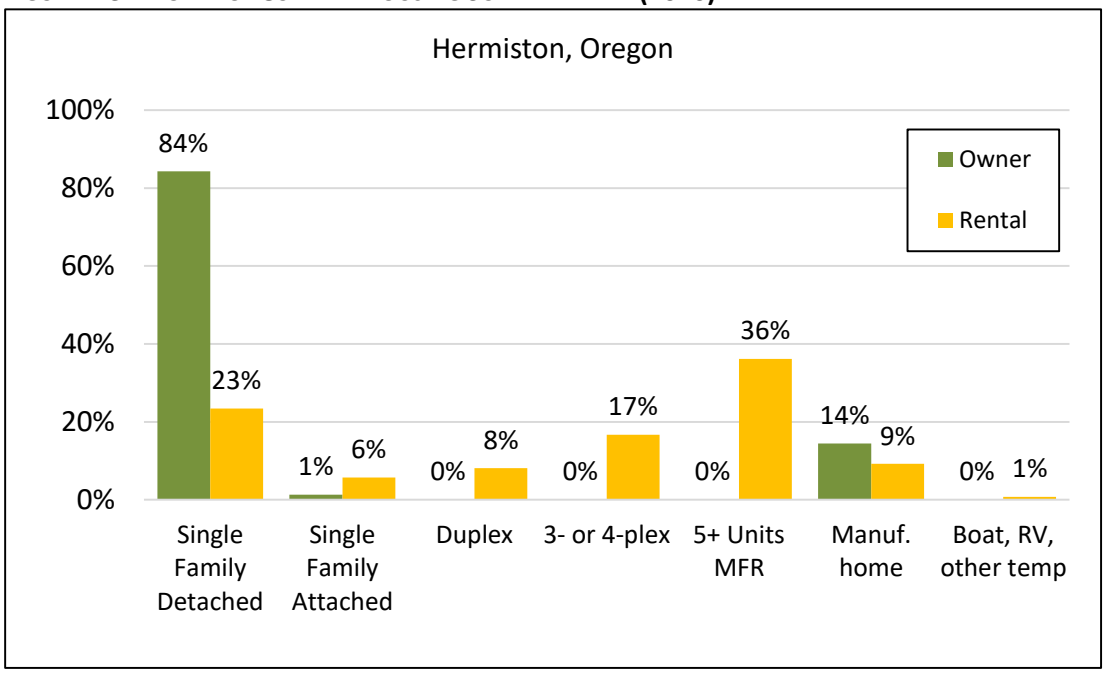
- Of total housing units, an estimated 60% are detached homes, and 12% are manufactured homes. 27.5% percent are some sort of attached unit type, and a very small share are RV homes.

- The affordability of different unit types is an approximation based on Census data on the distribution of housing units by value (ownership) or gross rent (rentals) (Figure 4.4).

- Most subsidized affordable housing units found in the city are represented by the inventory at the lowest end of the rental spectrum.

- Ownership housing found at the lower end of the value spectrum generally reflect mobile homes, older, smaller homes, or homes in poor condition on small or irregular lots. **It is important to note that these represent estimates of current *property value or current housing cost to the owner*, not the current market pricing of homes for sale in the city.** These properties may be candidates for redevelopment when next they sell but are currently estimated to have low value/low carrying cost to the occupant.

FIGURE 4.3: PROFILE OF CURRENT HOUSING SUPPLY BY TYPE (2020)



Sources: US Census, PSU Population Research Center, JOHNSON ECONOMICS
Census Tables: B25004, B25032, B25063, B25075 (2018 ACS 5-yr Estimates)

FIGURE 4.4: ESTIMATED HOUSING COSTS OF CURRENT SUPPLY* (2020)

Income Range	Ownership Housing: Affordable Price Level	Ownership Housing: Estimated Units	Rental Housing: Affordable Rent Level	Rental Housing: Estimated Units	Share of Total Units
Less than $15,000	$0k - $80k	618	$0 - $400	376	12%
$15,000 - $24,999	$80k - $130k	868	$400 - $700	952	23%
$25,000 - $34,999	$130k - $190k	1,810	$700 - $900	909	34%
$35,000 - $49,999	$190k - $220k	491	$900 - $1100	655	14%
$50,000 - $74,999	$220k - $270k	555	$1100 - $1300	162	9%
$75,000 - $99,999	$270k - $360k	326	$1300 - $1700	121	6%
$100,000 - $124,9	$360k - $440k	71	$1700 - $2100	48	1%
$125,000 - $149,9	$440k - $530k	69	$2100 - $2500	6	1%
$150,000 - $199,9	$530k - $710k	12	$2500 - $3400	0	0%
$200,000+	$710k +	3	$3400 +	0	0%
	60%	4,822	40%	3,229	

0% 10% 20% 30% 40%

Sources: US Census, PSU Population Research Center, JOHNSON ECONOMICS
Census Tables: B25004, B25032, B25063, B25075 (2018 ACS 5-yr Estimates)
* This table represents the estimated current housing costs to households in these units. Some are owners who have been in their units for many years, so the housing costs are relatively low. When these units sell, or are re-rented, the housing cost may be raised for the new occupant. (Discussed more below.)

COMPARISON OF CURRENT HOUSING DEMAND WITH CURRENT SUPPLY

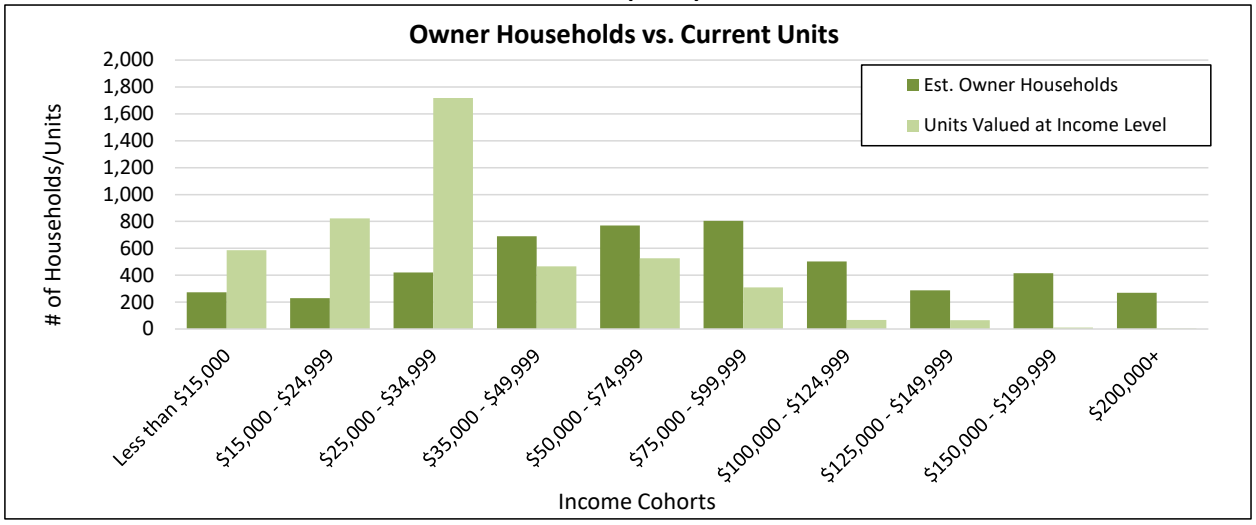
A comparison of estimated current housing *demand* with the existing *supply* identifies the existing discrepancies between needs and the housing which is currently available. The estimated number of units outnumbers households by roughly 380 units, indicating an average vacancy rate of less than 5%.

In general, this identifies that there is currently support for more ownership housing in the middle price ranges. This is because much housing in Hermiston is clustered at lower-value levels (older, modest, or substandard homes, and mobile homes), while analysis of household incomes and ability to pay indicates that some households could afford housing at higher price points. The analysis shows support for more homes are needed in the $175k to $300k price range.

The analysis finds that the current market rates for most rental units are in the $400 to $1,000/month range. Therefore, this is where most of the rental unit supply is currently clustered. While there is a fair amount of low-rent and subsidized units in the community, there is still some unmet need at the lowest end of the income scale, where many current renters pay more than 30% of their income in housing costs. There is also an indication that some renter households could support more units at higher rent levels. Rentals at more expensive levels generally represent houses for rent or new apartment developments.

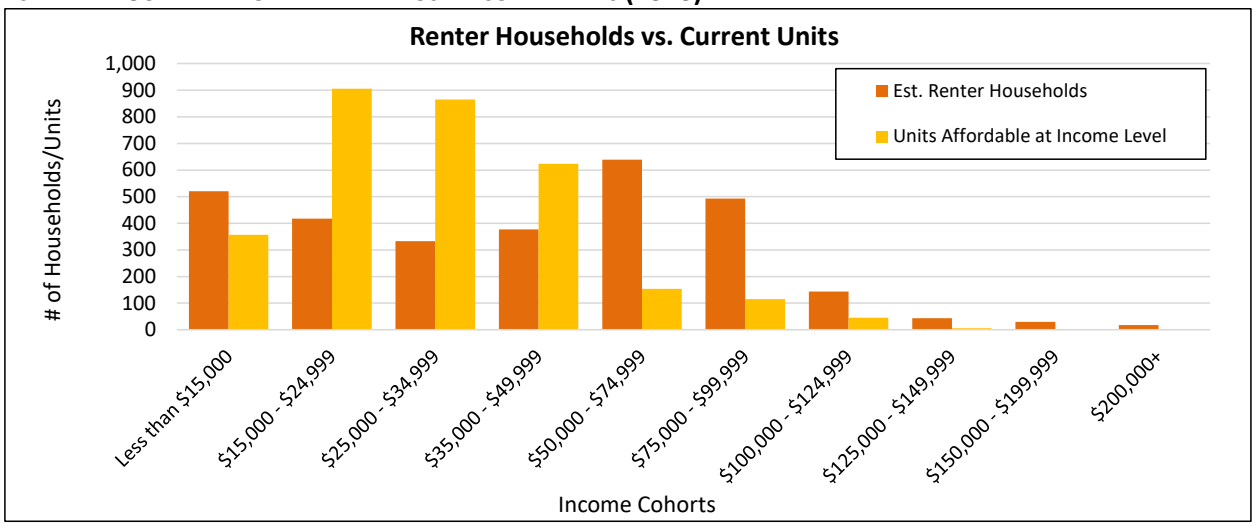
Figures 4.5 and 4.6 present this information in chart form, comparing the estimated number of households in given income ranges, and the supply of units currently valued (ownership) or priced (rentals) within those income ranges. The data is presented for owner and renter households.

FIGURE 4.5: COMPARISON OF OWNER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2020)



Sources: PSU Population Research Center, City of Hermiston, Census, JOHNSON ECONOMICS

FIGURE 4.6: COMPARISON OF RENTER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2020)



Sources: PSU Population Research Center, City of Hermiston, Census, JOHNSON ECONOMICS

The home value and rent segments which show a "surplus" in Figures 4.5 and 4.6 illustrate where current property values and market rent levels are in Hermiston. Housing values and rent levels will tend to congregate around those levels. These levels will be too costly for some (i.e. require more than 30% in gross income) or "too affordable" for others (i.e. they have income levels that indicate they could afford more expensive housing if it were available).

In general, these findings demonstrate that there is a need for more home buying opportunities in the heart of Hermiston's income distribution, where most households are found. There is also a need for additional subsidized affordable units for low-income households. In general, there is need for more apartment units of all types to alleviate low vacancy and availability in the community.

HOME SALE PRICES

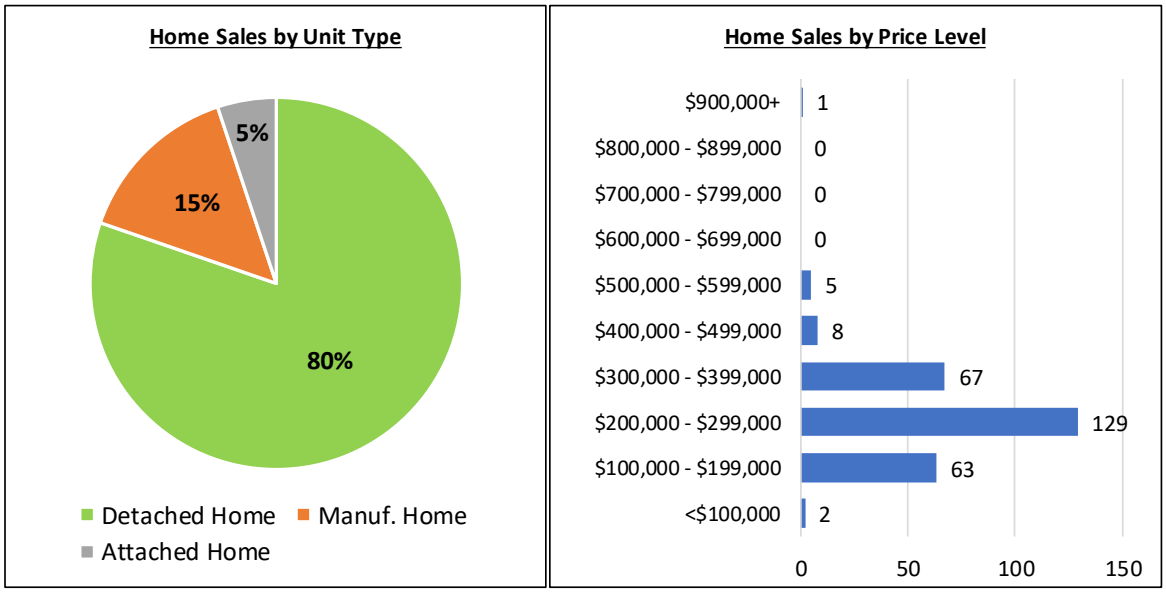
It is important to note that the figures presented in the prior section represent estimates of current *property value or current housing cost to the owner*, not the current market pricing of homes for sale in the city. For instance, a household living in a manufactured home that has been paid off over many years may have relatively low housing costs. This indicates that one owner household is living in a "lower value" unit. It does **not** indicate that units at this price point are available on the current market.

If this hypothetical household were to sell their home, it would likely sell at a higher price reflecting inflation and current achievable market prices. For this reason, many of the lower value or lower rent units found in the previous section will actually become higher-priced units when they are sold or become vacant.

For reference, this section presents home sales data between Fall 2019 and Fall 2020 to indicate housing costs for new entrants into the market (Figure 4.7). These figures reflect sales of new and existing homes, including mobile homes.

- The median sale price was $260,000.
- The average (mean) sale price was $265,000.
- The average price per square foot was $150/s.f.
- The median square footage was 1,730 s.f.

FIGURE 4.7: HERMISTON HOME SALES (12 MONTHS)



Sources: RMLS, JOHNSON ECONOMICS

- 47% of sales were priced between $200,000 and $299,000.

- 24% of sales were priced below $200,000.
- 29% of sales were priced at $300,000 or more.

Affordability: As indicated, nearly 95% of recent sales in Hermiston took place within the $100,000 to $400,000 price range. Homes in this range should be affordable to many households earning from roughly $25,000 to $85,000 per year. Over 50% of local households fall within these income segments.

New Housing Supply: As one would expect, newly built housing units tend to be more expensive than older homes. In the last two years, homes built since 2010 in Hermiston have sold for a median price of $300,000. These prices for newer homes are roughly $40,000 higher than the median for all units regardless of age.

This indicates that new homes built in Hermiston will tend to be priced higher than many local households can afford. However, this price range is still appropriate for roughly 45% of local ownership households with incomes above $85,000 per year.

* * *

The findings of current need form the foundation for projected future housing need, presented in the following section.

V. FUTURE HOUSING NEEDS - 2040 (CITY OF HERMISTON UGB)

The projected future (20-year) housing profile (Figure 5.1) in the UGB study area is based on the current housing profile (2020), multiplied by an assumed projected future household growth rate. The projected future growth is the forecasted 2040 population for the City of Hermiston included in the most recent forecast from the PSU Population Forecast program (2019). This forecast estimates that the Hermiston population will grow at a rate of 1% annually between 2020 and 2040.

FIGURE 5.1: FUTURE HOUSING PROFILE (2040)

PROJECTED FUTURE HOUSING CONDITIONS (2020 - 2040)			SOURCE
2020 Population (Minus Group Pop.)	21,103		PSU
Projected Annual Growth Rate	1.0%	PSU Population Forecast Program	Metro
2040 Population (Minus Group Pop.)	25,689	(Total 2040 Population - Group Housing Pop.)	
Estimated group housing population:	355	Share of total pop. (1.4%)	US Census
Total Estimated 2040 Population:	**26,045**		
Estimated Non-Group 2040 Households:	**9,214**	(2040 Non-Group Pop./Avg. Household Size)	
New Households 2020 to 2040	1,541		
Avg. Household Size:	2.79	Projected household size	US Census
Total Housing Units:	**10,081**	Occupied Units plus Vacant	
Occupied Housing Units:	9,214	(= Number of Non-Group Households)	
Vacant Housing Units:	504	(= Total Units - Occupied Units)	
Projected Market Vacancy Rate:	5.0%	(Vacant Units/ Total Units)	

Sources: PSU Population Research Center, Census, JOHNSON ECONOMICS LLC
*Projections are applied to estimates of 2020 population, household and housing units shown in Figure 2.1

The model projects growth in the number of non-group households over 20 years of nearly 1,550 households, with accompanying population growth of 4,650.

(The total number of housing units includes a percentage of vacancy. Projected housing unit needs are discussed below.)

PROJECTION OF FUTURE HOUSING UNIT DEMAND (2040)

The profile of future housing demand was derived using the same methodology used to produce the estimate of current housing need. This estimate includes current and future households *but does not include a vacancy assumption*. *The vacancy assumption is added in the subsequent step.* Therefore, the need identified below is the total need for actual households in occupied units (9,214).

The analysis considered the propensity of households at specific age and income levels to either rent or own their home, in order to derive the future need for ownership and rental housing units, and the affordable cost level of each. The projected need is for *all* 2040 households and therefore includes the needs of current households.

The price levels presented here use the same assumptions regarding the amount of gross income applied to housing costs, from 30% for low income households down to 20% for the highest income households.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 5%, with 15% down payment. Because of the impossibility of predicting variables such as interest rates 20 years into the future, these assumptions were kept constant from the estimation of current housing demand. Income levels and price levels are presented in 2020 dollars.

Figure 5.2 presents the projected occupied future housing demand (current and new households, without vacancy) in 2040.

FIGURE 5.2: PROJECTED OCCUPIED FUTURE HOUSING DEMAND (2040)

Ownership				
Price Range	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0k - $80k	327	Less than $15,000	5.8%	5.8%
$80k - $130k	274	$15,000 - $24,999	4.9%	10.8%
$130k - $190k	506	$25,000 - $34,999	9.0%	19.8%
$190k - $220k	828	$35,000 - $49,999	14.8%	34.6%
$220k - $270k	924	$50,000 - $74,999	16.5%	51.1%
$270k - $360k	965	$75,000 - $99,999	17.3%	68.4%
$360k - $440k	603	$100,000 - $124,999	10.8%	79.1%
$440k - $530k	346	$125,000 - $149,999	6.2%	85.3%
$530k - $710k	498	$150,000 - $199,999	8.9%	94.2%
$710k +	323	$200,000+	5.8%	100.0%
Totals:	**5,595**		**% of All:**	**60.7%**

Rental				
Rent Level	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0 - $400	625	Less than $15,000	17.3%	17.3%
$400 - $700	501	$15,000 - $24,999	13.8%	31.1%
$700 - $900	400	$25,000 - $34,999	11.0%	42.1%
$900 - $1100	453	$35,000 - $49,999	12.5%	54.7%
$1100 - $1300	768	$50,000 - $74,999	21.2%	75.9%
$1300 - $1700	592	$75,000 - $99,999	16.3%	92.2%
$1700 - $2100	173	$100,000 - $124,999	4.8%	97.0%
$2100 - $2500	52	$125,000 - $149,999	1.4%	98.4%
$2500 - $3400	35	$150,000 - $199,999	1.0%	99.4%
$3400 +	21	$200,000+	0.6%	100.0%
Totals:	**3,619**		**% of All:**	**39.3%**

All Units
9,214

Sources: Census, Environics Analytics, JOHNSON ECONOMICS

The number of households across the income spectrum seeking a range of both ownership and rental housing is anticipated to grow. It is projected that the homeownership rate in Hermiston will remain steady over the next 20 years at around 60%.

COMPARISON OF FUTURE HOUSING DEMAND TO CURRENT HOUSING INVENTORY

The profile of occupied future housing demand presented above (Figure 5.2) was compared to the current housing inventory presented in the previous section to determine the total future need for *new* housing units by type and price range (Figure 5.3).

This estimate includes a vacancy assumption. As reflected by the most recent Census data, and as is common in most communities, the vacancy rate for rental units is typically higher than that for ownership units. An average vacancy rate of 5% is assumed for the purpose of this analysis.

FIGURE 5.3: PROJECTED FUTURE NEED FOR NEW HOUSING UNITS (2040), HERMISTON

OWNERSHIP HOUSING									
			Multi-Family						
Unit Type:	Single Family Detached	Single Family Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	1,028	41	0	0	0	180	0	1,249	61.5%
Percentage:	82.3%	3.3%	0.0%	0.0%	0.0%	14.4%	0.0%	100%	

RENTAL HOUSING									
			Multi-Family						
Unit Type:	Single Family Detached	Single Family Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	136	45	79	146	298	78	0	781	38.5%
Percentage:	17.4%	5.7%	10.1%	18.7%	38.2%	10.0%	0.0%	100%	

TOTAL HOUSING UNITS									
			Multi-Family						
Unit Type:	Single Family Detached	Single Family Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	1,164	85	79	146	298	258	0	**2,030**	**100%**
Percentage:	57.3%	4.2%	3.9%	7.2%	14.7%	12.7%	0.0%	100%	

Sources: PSU, City of Hermiston, Census, Environics Analytics, JOHNSON ECONOMICS

- The results show a need for 2,030 new housing units by 2040.
- Of the new units needed, 61.5% are projected to be ownership units, while 38.5% are projected to be rental units.
- There is some new need for ownership housing at the low-end of the pricing spectrum. But income trends suggest that the greatest demand will remain in the middle price ranges ($175k to $300k). This is because some of the city's current housing is found at lower value levels due to age, condition, and mobile homes. At the same time, most new homes are projected to be priced at higher price points.
- The greatest need for rental units is found at the lowest and some higher price points. Market rents are currently clustered in the $400 to $1,000 range in current dollars. Therefore, most units are to be found in this range. There is insufficient rental housing for the lowest income households making $15,000 or less, and there may also be some support for higher rent units, which may be in new apartment complexes, townhomes or detached single-family homes for rent.

Needed Unit Types

The mix of needed unit types shown in Figure 5.3 reflects both past trends and anticipated future trends. Since 2000, detached single family units (including manufactured and mobile homes) have constituted a majority of the permitted units in Hermiston. In keeping with development trends, and the buildable land available to Hermiston, single family units are expected to continue to make up a significant share of new

housing development over the next 20 years. However, an increasing share of new needed units is anticipated to be attached housing types to accommodate renters and first-time home buyers.

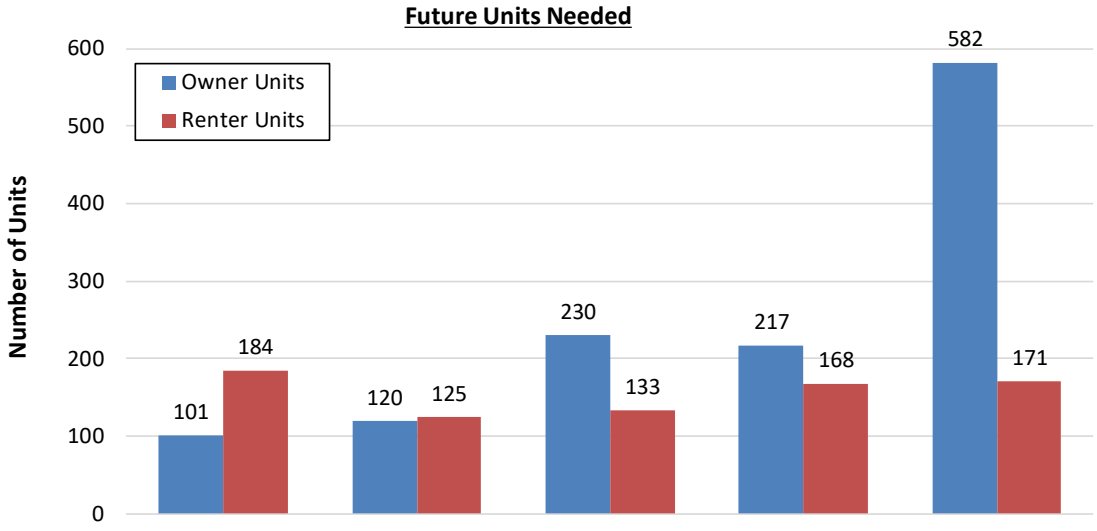
- Fifty-seven percent of the new units are projected to be single family detached homes, 13% are projected to be mobile homes, and 30% to be some form of attached housing.
- A majority of projected demand is projected to be for detached single-family housing to meet the needs of middle- and upper-income households (see more discussion below). At 57% of demand, this is a diminishing share than currently seen in the community (60%), while attached types of housing a expected to increase in share.
- Single family attached units (townhomes on individual lots) are projected to meet over 4% of future need. These are defined as units on separate tax lots, attached by a wall but separately metered, the most common example being townhome units.
- Duplex through four-plex units are projected to represent 11% of the total need. Duplex units would include a detached single-family home with an accessory dwelling unit on the same lot, or with a separate unit in the home (for instance, a rental basement unit.)
- 15% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 13% of new needed units are projected to be manufactured home units, which meet the needs of some low-income households for both ownership and rental.
- Of ownership units, 82% are projected to be detached single-family homes, and 14% manufactured homes.
- About 67% of new rental units are projected to be found in new attached buildings, with 38% projected in rental properties of 5 or more units, and 29% in buildings of two to four units, and 27% in single-family or mobile home units.

Needed Affordability Levels

Figure 5.4 presents the estimated need for net new housing units by major income segment, based on the projected demographics of new households to the market area. The needed affordability levels presented here are based on current 2020 dollars. Over time, incomes and housing costs will both inflate, so the general relationship projected here is expected to remain unchanged.

Figure 5.4 also discusses the housing types typically attainable by residents at these income levels.

FIGURE 5.4: PROJECTED NEED FOR NEW HOUSING AT DIFFERENT INCOME LEVELS



INCOME LEVEL*:	Extremely Low Inc.	Very Low Income	Low Income	Middle Income	Upper Income
	< 30% AMI	30% - 50% AMI	50% - 80% AMI	80% - 120% AMI	> 120% AMI
	< $19,500	$19.5k - $32.5k	$32.5k - $52k	$52k - $78.5k	> $78,500
TOTAL UNITS:	286	244	363	385	753
SHARE:	14%	12%	18%	19%	37%
COMMON HOUSING PRODUCT:	Govt-subsidized; Voucher	Aging/substandard rentals; Govt-subsidized; Voucher	Market apts; Manuf. homes; Plexes; Aging SFR	Single-family detached; Townhomes; Small homes; New apts	Single-family detached

* Adjusted to 2020 dollars. The median household income level in 2040 will be will be inflated from current levels.

Sources: HUD, Census, Environics Analytics, JOHNSON ECONOMICS

- Generally, based on income levels there is a shortage of units in the lowest pricing levels for renter households ($400 and less). This unit type is generally met by units subsidized via government programs, including tax credits, or housing choice vouchers.
- The projection of future ownership units finds that the supply at the lowest end of the spectrum is currently sufficient due to the prevalence of older and manufactured homes in the community. (This reflects the estimated ongoing housing cost to the current occupants many of whom have a low cost basis due to being in their homes for many years; new housing or housing put on the market will have a higher average pricing.) The community can support some housing at higher price points, but most demand remains in the middle-income range.
- Because middle-income and upper-income households are expected to make up 56% of new households, single family homes are still expected to make up the largest share of new units, but there is also a projected need for all types of attached units (see Figure 5.3).
- Figure 5.5 presents estimates of need at key low-income affordability levels in 2020 and in 2040. There is existing and on-going need at these levels, based on income levels specified by Oregon Housing and Community Services for Umatilla County. An estimated 44% of households qualify as at least "low income" or lower on the income scale, while 14% of household qualify as "extremely low income". Typically, only rent-subsidized properties can accommodate these households at "affordable" housing cost levels. (The threshold income levels presented here are generated for the entire county based on the significantly higher countywide average household income. Therefore, these income thresholds are likely somewhat high for Hermiston.)

FIGURE 5.5: TOTAL PROJECTED NEED FOR HOUSING AFFORDABLE AT LOW INCOME LEVELS, HERMISTON

Affordablilty Level	Income Level*		Current Need (2020)		Future Need (2040)		NEW Need (20-Year)	
			# of HH	% of All	# of HH	% of All	# of HH	% of All
Extremely Low Inc.	30% AMI	$19,590	1,089	14%	1,375	15%	286	14%
Very Low Income	50% AMI	$32,650	2,015	26%	2,494	27%	479	24%
Low Income	80% AMI	$52,240	3,385	44%	4,278	46%	892	44%

Sources: OHCS, Environics Analytics, JOHNSON ECONOMICS
* Income levels are based on OHCS guidelines for a family of four.

Agricultural Worker Housing

There are currently 148 units of housing dedicated to this population in Hermiston, which is less than 2% of local housing. Based on the assumption that this type of housing will maintain its current representation in the local housing stock, this indicates a need for 35 – 40 additional units for agricultural workers over the planning period. This population may also be served by other available affordable units.

VI. RECONCILIATION OF FUTURE NEED (2040) & LAND SUPPLY

This section summarizes the results of the Buildable Lands Inventory (BLI). The BLI is presented in detail in an accompanying memo to this report. This analysis relies on the most conservative estimate of capacity from the multiple scenarios considered in the BLI memo.

The following table (Figure 6.1) presents the estimated new unit capacity of the buildable lands identified in the City of Hermiston and within the UGB. The table breaks down the City's residential zoning into broad categories:

- Low density (<8 units/net acre)
- Medium density (8 – 18 units/net acre)
- High density (18+ units/net acre)*

FIGURE 6.1: ESTIMATED BUILDABLE LANDS CAPACITY BY ACREAGE AND NO. OF UNITS (2020)

ZONING		Unconstrainted Acres			Unit Capacity	
		Vacant	Part. Vac.	Total	Units	Share
RESIDENTIAL ZONE	**Category**					
City Zoning						
R-1	Low-Density Res.	97.6	69.1	166.7	748	13%
R-2	Low-Density Res.	27.2	8.9	36.1	195	3%
R-3	Medium-Density Res.	185.7	6.1	191.8	1,656	28%
R-4	Med-Density Res.*	33.2	10.1	43.3	327	6%
R-R	Med-Density Res.*	121.5	183.6	305.1	2,972	50%
	TOTALS:	*465.2*	*277.8*	*743.0*	*5,898*	100%
Comp Plan Area Designations						
L	Low-Density Res.	94.4	64.2	158.6	711	6%
M	Low-Density Res.	8.9	59.6	68.5	460	4%
MH	Medium-Density Res.	43.1	41.6	84.7	735	6%
F-R	Medium-Density Res.	460.7	1,047.1	1,507.8	10,270	84%
R-R	Medium-Density Res.	0.1	0.0	0.1	1	0%
	TOTALS:	*607.2*	*1,212.5*	*1,819.7*	*12,177*	100%
	GRAND TOTAL:	***1,072.4***	***1,490.3***	***2,562.7***	***18,075***	***100%***
ZONE CATEGORIES	**Typical Housing Type**					
Low-Density Res.	Single-family detached; Duplex	228.1	201.8	429.9	2,114	12%
Medium-Density Res.	SF attached; Mobile home; 2-4 plexes	689.6	1,094.8	1,784.4	12,662	70%
Med-Density Res.*	Multi-family apartments	154.7	193.7	348.4	3,299	18%
	TOTALS:	***1,072.4***	***1,490.3***	***2,562.7***	***18,075***	***100%***

Source: Angelo Planning Group

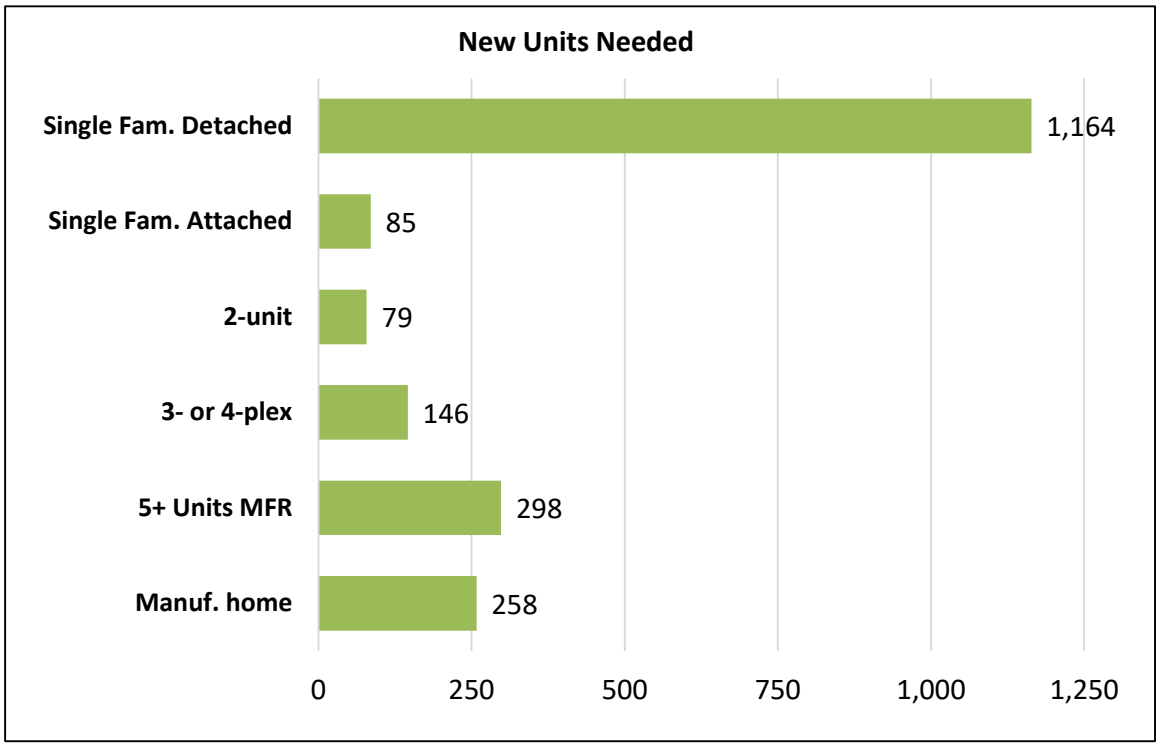
* Hermiston does not have a "High Density Residential" zone, defined as a zone with a density of 18 units/net acre or higher. The projected demand for multi-family apartment units is allocated to the R-4 and R-R zones, which allow the highest density among the Medium Density Zones.

- There is a total estimated remaining capacity of over 18,000 units of different types within the UGB.
- There are nearly 430 acres available in low-density zones. In total, the capacity of these zones represents 12% of the total unit capacity, or capacity for over 2,100 units.
- The remaining buildable acreage (88%) is in the Medium-Density Residential zones. At a total capacity of 15,961 housing units.
- Figure 6.1 breaks the Medium-Density Residential zones into those best suited for "missing middle housing" such as single-family attached, mobile homes and duplexes through fourplexes. In these zones, there is an estimated capacity for 12,622 housing units, roughly 70% of the total unit capacity.
- Because Hermiston lacks a true High Density Residential zone, the projected demand for larger apartment complexes is allocated to the R-4 and R-R zones, which have an assumed average density of 10 units/acre and 12 units/acre respectively. These zones have an estimated capacity of nearly 3,300 new units, or 18% of the total unit capacity.

The following table summarizes the forecasted future unit need for Hermiston. These are the summarized results from Section V of this report, presented here for reference.

FIGURE 6.2: SUMMARY OF FORECASTED FUTURE UNIT NEED (2040)

TOTAL HOUSING UNITS									
			Multi-Family						
Unit Type:	Single Family Detached	Single Family Attached	2-unit	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units	% of Units
Totals:	1,164	85	79	146	298	258	0	**2,030**	**100%**
Percentage:	57.3%	4.2%	3.9%	7.2%	14.7%	12.7%	0.0%	100%	



Sources: PSU Population Research Center, Census, Johnson Economics

Comparison of Housing Need and Capacity

There is a total forecasted need for 2,030 units over the next 20 years based on the forecasted growth rate. This is far below the estimated total capacity of over 18,000 units. Figure 6.3 below presents a comparison

of the BLI capacity for new housing units, compared to the estimate for new unit need by 2040. It breaks down need by general zoning category (LDR, MDR, HDR).

- The results find ample future capacity for low-density, medium -density, and high-density housing types in the Hermiston UGB. The greatest surplus of land and unit capacity is in the medium-density zones. However, the low-density zones are also found to have a surplus capacity of nearly 900 units, or 182 acres over the coming 20-year forecast period.

- Under recently adopted state rules (HB2001, 2019), Hermiston will be required in the future to allow for additional housing types in low-density residential zones. As a "medium-sized city", Hermiston will allow duplexes in single-family zones by June 2021. Within the 20-year planning period, the city is forecast to surpass a population of 25,000, making it a "large city" under HB2001. At the forecasted growth rate, this would happen around 2035. This means that single-family zones will also be required to allow attached single-family homes (townhomes), duplex-to-fourplex, and compact small-unit "cottage cluster" developments.

- In the case of Hermiston, given the ample surplus of residential land in all zones, as presented below, it becomes more likely that available land in the LDR zones will be developed mostly with single-family detached homes. At the same time, there is capacity in the MDR zones to accommodate demand for most of the attached types listed above.

- These findings assume that under newly adopted state rules, 2% of available buildable parcels in the LDR zone will used for the various types of attached units (single-family attached townhomes, duplex – fourplex). This amounts to a total of 56 future attached units, plus 1,168 single-family detached units in the LDR zones.

FIGURE 6.3: COMPARISON OF FORECASTED FUTURE LAND NEED (2040) WITH AVAILABLE CAPACITY

WITHIN CITY LIMITS		SUPPLY			DEMAND		
Zone & Plan Category	Typical Housing Type	Buildable Land Inventory (Total)			Growth Rate (1.8%)		
		Developable Acres	Unit Capacity	Avg. Density (units/ac)	New Unit Need (2040)	Surplus or (Deficit)	
						Units	Acres
Low-Density	Single-family detached; Duplex	429.9	2,114	4.9	1,220	894	182
Med-Density	SF attached; Mobile home; 2-4 plexes	1,784.4	12,662	7.1	512	12,150	1,712
Med-Density Res.*	Multi-family apartments	348.4	3,299	9.5	298	3,001	317
	TOTALS:	*2,562.7*	*18,075*	*7.1*	2,030	16,045	2,211

Sources: Angelo Planning Group, Johnson Economics

LAND USE PLANNING
TRANSPORTATION PLANNING
PROJECT MANAGEMENT

MEMORANDUM

Hermiston Buildable Lands Inventory – Methodology and Results

City of Hermiston

DATE	January 26, 2021
TO	City of Hermiston, OR
FROM	Brandon Crawford, Clinton "CJ" Doxsee, & Darci Rudzinski, APG
CC	Anne Debbaut, & Robert Mansolillo, DLCD Brendan Buckley, Johnson Economics

INTRODUCTION

The purpose of this memorandum is to describe the methodology and data sources for the City of Hermiston Residential Buildable Lands Inventory (BLI) and the results of the inventory. This BLI is a component of the Hermiston Housing Capacity Analysis (HCA) project, and the results will inform the Residential Land Needs Analysis (RLNA) and the Measures to Accommodate Needed Housing. The Hermiston HCA is being funded through a Department of Land Conservation and Development (DLCD) grant for implementing applicable requirements of House Bills 2001 (Middle Housing) and 2003 (Regional Housing Needs Analysis) implementation. The BLI addresses land within the Hermiston Urban Growth Boundary (UGB), shown in Figure 1.

The BLI is conducted in several steps, as follows.

- **Step 1: Identify Constraints.** Constraints include wetlands, water bodies, and steep slopes. While floodplains are usually included in the analysis, staff has noted that no floodplains are located in the City's residential areas.
- **Step 2: Classification of Land.** APG has classified every tax lot within the Hermiston UGB based on residential comprehensive plan designation or zoning. The BLI for this project is confined to those properties that are designated or zoned for residential uses.
- **Step 3: Assign Development Status.** Each tax lot within the Hermiston UGB is given a "development status." These development statuses are based on assessor's data, aerial photography, and staff input. Each development status type is defined later in the memo.
- **Step 4: Determine Developable Acreage.** Tax lots with a vacant or partially vacant status are given an amount of developable acreage based on their size, existing uses, and any development constraints on the property identified in Step 1.
- **Step 5: Determine Development Capacity.** For land categorized as residential, APG has identified development capacity in number of units based on the developable acreage of a parcel and a review of the City's comprehensive plan and zoning regulations.

The remainder of this memorandum discusses these steps and initial results in greater detail.

LEGAL FRAMEWORK

STATE RULES AND STATUES

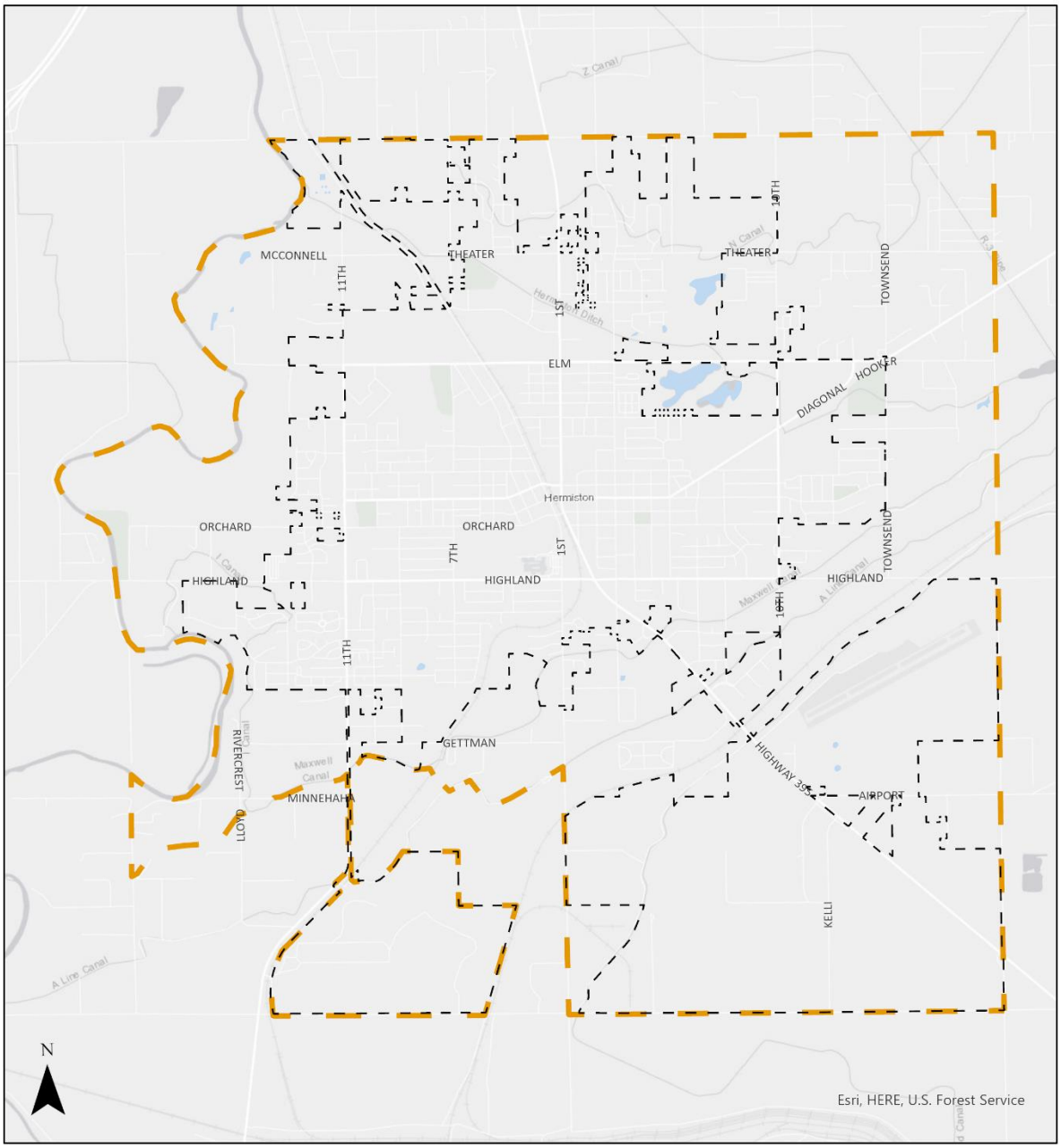
This memorandum draws on requirements related to analyzing buildable lands for UGB expansions in jurisdictions throughout Oregon. Relevant to this analysis are provisions under OAR 660 Division 24, Urban Growth Boundaries (660-024-0050 Land Inventory and Response to Deficiency); and Division 38 (Simplified Urban Growth Boundary Method).

This regulatory framework provides the following guidance for assessment of buildable lands:

- Physical constraints on the developability of land include floodways and water bodies; land with greater than 25% slopes; and lands subject to Goal 5 (Natural Resources, Scenic and Historic Areas, and Open Spaces), Goal 6 (Air, Water, and Land Resources Quality), or Goal 7 (Areas Subject to Natural Disasters and Hazards).
- Land should be categorized as vacant, partially vacant, or developed.
- A BLI must consider lands for public facilities such as roads, stormwater facilities, schools, etc. Publicly owned land is not generally considered available for development.
- State law stipulates that 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, or 15-19 (Willamette River Greenway and coastal Goals)
  c) has slopes of 25% or greater
  d) is within the 100-year flood plain, or
  e) cannot be provided with public facilities.

Figure 1 shows the project study area, which includes all land withing the Hermiston UGB. Figure 2 shows Hermiston zoning for land inside city limits and the Comprehensive Plan designations for areas outside city limits, but within the UGB.

FIGURE 1. STUDY AREA



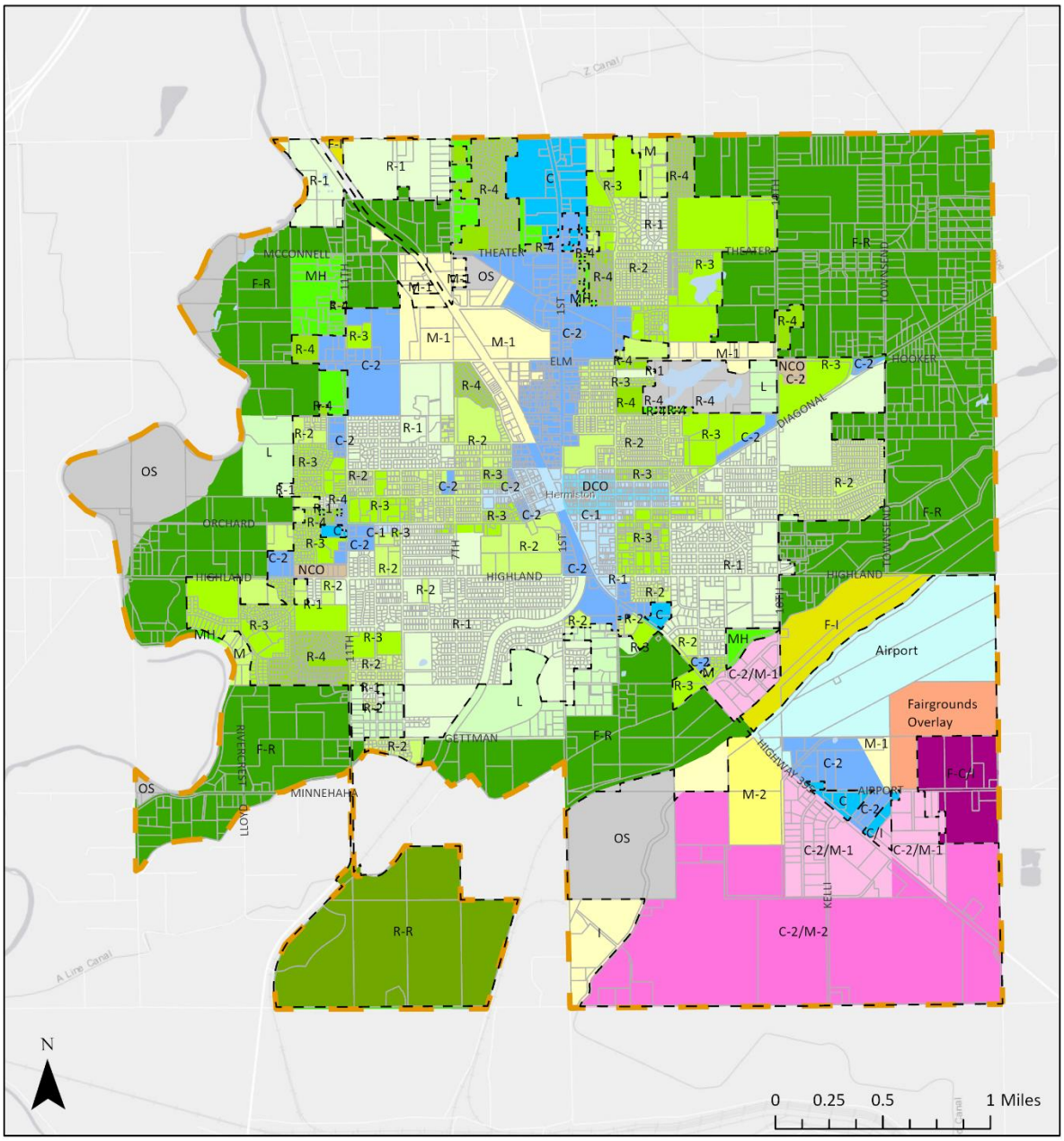
Hermiston BLI: Study Area

0 0.25 0.5 1 Miles

City Limits
UGB

Date: 10/20/2020
Source: Angelo Planning Group
For Planning Purposes Only

FIGURE 2. HERMISTON ZONING DESIGNATIONS



Hermiston BLI: Comprehensive Plan and Zoning Designations

City Limits
UGB
Taxlot
Waterbody

Zoning: Airport, C-1, C-2, C-2/M-1, C-2/M-2, DCO, Fairgrounds, M-1, M-2, NCO, OS, R-1, R-2, R-3, R-4, R-R

Comprehensive Plan: C, C/I, F-C/I, F-I, F-R, I, L, M, MH, OS, R-R

Date: 10/20/2020
Source: Angelo Planning Group
For Planning Purposes Only

STEP 1 - CONSTRAINTS

Development constraints are factors that temporarily or permanently limit or prevent the use of economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas. The first step of the BLI process addresses land constrained by natural resources. Subsequent steps in the BLI removes the constrained acreage from the total area within each tax lot.

NATURAL RESOURCE CONSTRAINTS

Natural resources typically provide beneficial environmental functions or aesthetic enhancements that are necessary to preserve. The preservation of these resources often provides a constraint on the developability of an area. To reflect this, environmental resources are identified in this step and removed in subsequent steps.

The following natural resource constraints are assumed to be entirely unbuildable and removed fully.

- Steep Slopes > 25% (Data source: Oregon Department of Geology and Mineral Industries - DOGAMI)
- Wetlands, including artificial wetlands and those identified from the City's Draft Local Wetland Inventory (LWI)[1]
- Streams and canals, with a 25-foot buffer applied

Note that any given piece of land can have multiple, overlapping constraints. Examples of this includes areas that are designated wetland and also have a stream buffer area. These constrained areas are combined and then overlaid with City tax lots to estimate the amount of land in each parcel where development is limited. Constraints are shown on Figure 3.

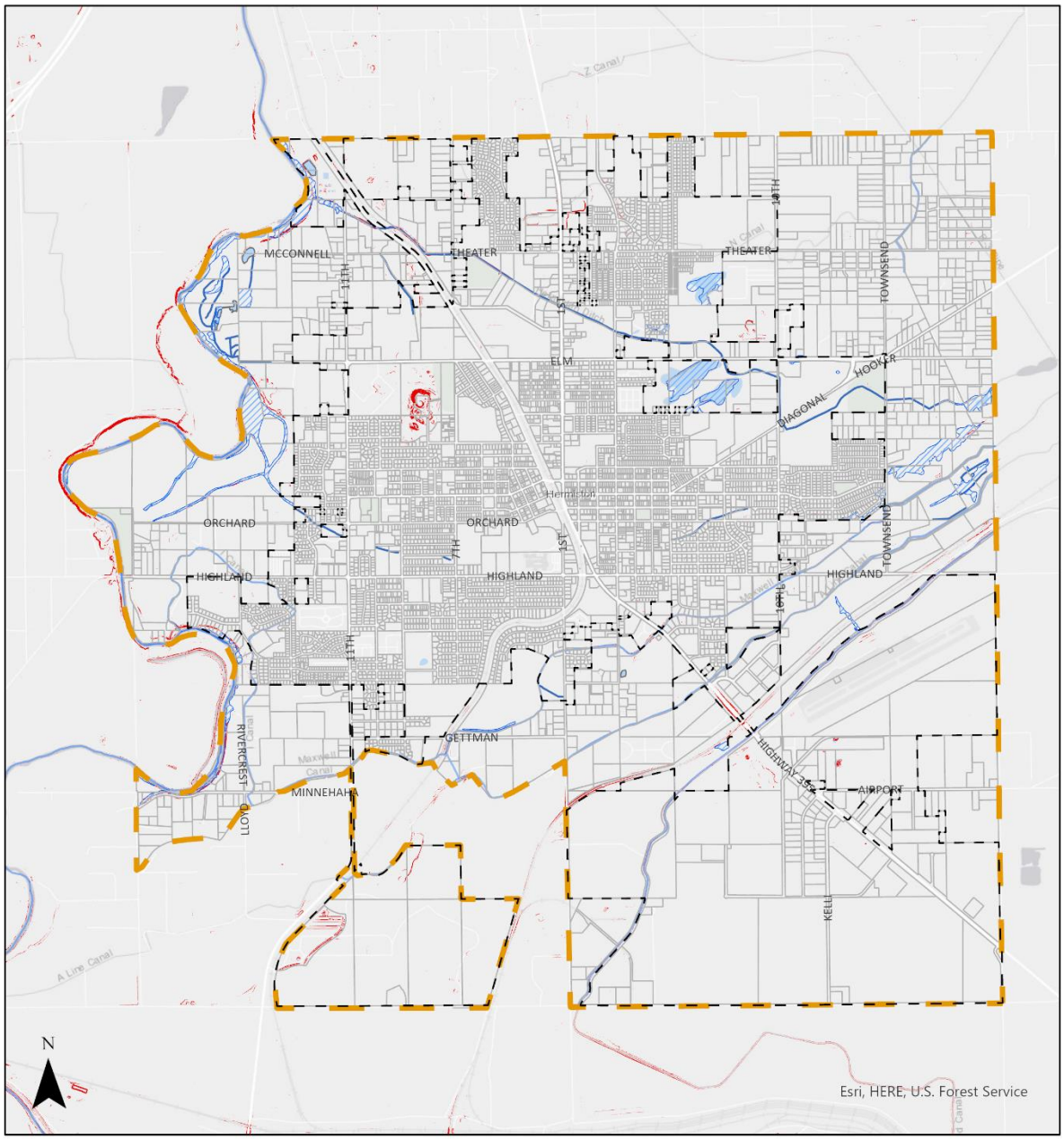
Table 1 summarizes the acreage for each constraint. Note that land can be subject to more than one constraint, as explained earlier.

TABLE 1: ENVIRONMENTAL CONSTRAINT SUMMARY

Constraint	Total (acres)
Total	346.7
Steep Slopes	52.5
Wetlands	134.9
Streams and Canals	159.3

[1] The Hermiston LWI is currently under review by the Department of State Lands and pending approval.

FIGURE 3. CONSTRAINTS MAP



Hermiston BLI: Constraints

0 0.25 0.5 1 Miles

City Limits	Artificial Wetland	Canal (25 ft buffer)
UGB	Wetland (LWI)	Stream (25 ft buffer)
Taxlot	Steep Slopes (>25%)	Waterbody

Date: 10/20/2020
Source: Angelo Planning Group
For Planning Purposes Only

STEP 2 - CLASSIFICATION OF LAND

For the purpose of this analysis, residential land is identified as the following:

- Lands identified as a residential zone in the City's Zoning Code. These include:
  - Single-Family (R-1)
  - Duplex (R-2)
  - Multi-Family (R-3)
  - Multi-Structure (R-4)
  - Recreational Residential (R-R)
- Lands with a Comprehensive Plan designations that allow housing were considered for outside city limits and inside the UGB. These include:
  - Low-Density (L)
  - Medium-Density (M)
  - Medium-Density/Mobile-Home (MH)
  - Future-Residential (F-R)

Land zoned for other uses (commercial, industrial, open space, etc.) is excluded. Although the City's zoning code allows for limited residential uses in other, non-residential zones, it is not the primary purpose of these zones and there is no guarantee that land so designated will be used for residential purposes.

Table 2 summarizes the amount of residentially zoned or designated land that is constrained. There is a total of 5,239 acres of residential land within the City's UGB. As shown, Future Residential (F-R) represents a significant portion of all residential land within the UGB at approximately 2,236 acres (approximately 43% of residential land). Single-Family (R-1) and Multi-Family (R-3) make up most of the residential land within Hermiston city limits. There are approximately 920 acres of R-1 zoned land and 544 acres of R-3 zoned land; this equates to approximately 18% and 10% of total residential land in the UGB, respectively.

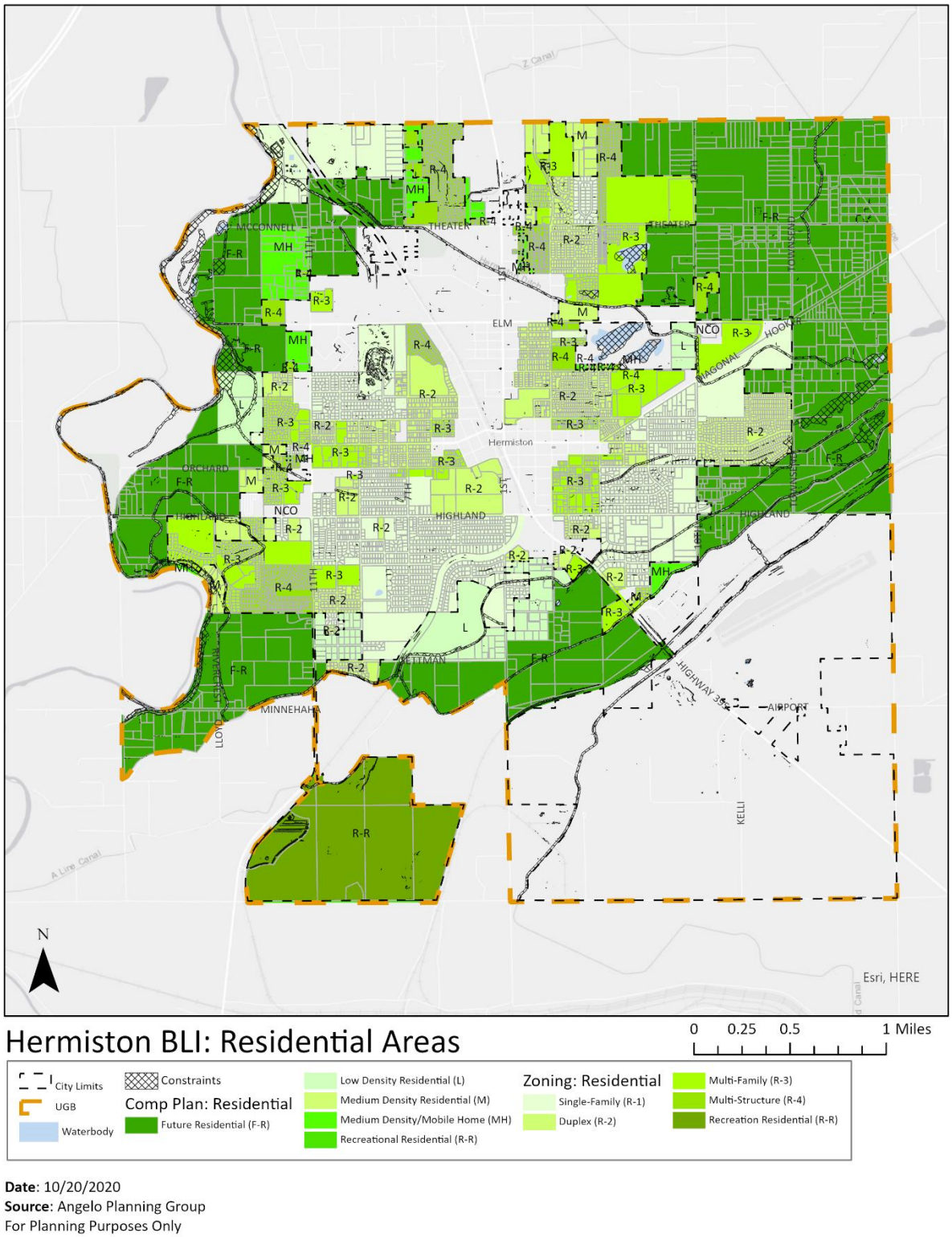
Only small portions of residentially zoned or designated land have some form of constraint. The constrained acreage in these areas comprise of a small proportion of their respective total area. Constrained acreage is relatively proportional to the total area of the residential zone or designation. Overall, approximately 3-4% of residential land has some form of constraint. The Low Density Residential (L) designation has the highest amount of constrained land; approximately 7% of L designated land has some form of constraint. Some zones and designations have close to 0% of their areas constrained. They include the Multi-Structure (R-4) zone, and the Medium-Density/Mobile Home (MH) and Recreational Residential (R-R) comprehensive plan designations.

TABLE 2: GROSS ACREAGE IN RESIDENTIAL LAND INVENTORY

Zone/Comp Plan	Constrained (acres)	Unconstrained (acres)	Total (acres)
Zoning	*70.4*	*2,471.0*	*2,541.4*
R-1	39.8	880.0	919.8
R-2	6.3	447.5	453.8
R-3	18.3	526.1	544.4
R-4	1.2	242.0	243.2
R-R	4.9	375.3	380.2
Comp Plan	*121.3*	*2,576.3*	*2,697.6*
L	16.8	216.5	233.3
M	4.5	100.6	105.1
MH	0.2	121.6	121.8
F-R	99.8	2,137.0	2,236.8
R-R	0.0	0.6	0.6
Total	**191.7**	**5,047.3**	**5,239.0**

Residential land classifications with constraints overlaid are shown on Figure 4. Consistent with the table and figures above, a substantial portion of constrained appears in Future-Residential (F-R) areas outside city limits, particularly in the far-eastern and western portions of the UGB.

FIGURE 4. LAND CLASSIFICATION MAP



Date: 10/20/2020
Source: Angelo Planning Group
For Planning Purposes Only

STEP 3 - DEVELOPMENT STATUS

Each residential tax lot within the Hermiston UGB was given a "development status" of either vacant, partially vacant, committed, constrained, or developed. These designations are based on County tax assessor's data, aerial photography, and staff input. Criteria for these categories are described below.

DEVELOPMENT STATUS FOR RESIDENTIAL TAX LOTS

- **Vacant** – Vacant tax lots have no existing development, as identified by assessor data or aerial photography. Vacant tax lots were identified as those with a tax assessor Real Market Value (RMV) Improvement value of less than $10,000, and a minimum of 5,000 unconstrained square feet.
- **Partially Vacant properties** – These tax lots are greater than 1/2 acre (unconstrained) in size and have an existing single-family home.[2] One quarter-acre is deducted from the unconstrained acreage of the tax lot to account for the existing home and any remaining unconstrained acreage is considered available for future development.
- **Committed properties** – These properties include parcels in common ownership (e.g., homeowners' association common areas), are in private and public rights-of-way, and/or are designated or planned for other public facilities (e.g., schools, parks, water treatment facilities, etc.), and are assumed to be unavailable for additional residential uses. The City provided "public ownership" data that was used to identify these tax lots.
- **Constrained** – These properties do not have capacity for additional development under current zoning regulations (even if the site is currently undeveloped). They were identified as having less than 2,000 square feet of unconstrained land.
- **Developed** – Tax lots with this designation are assumed to be fully developed and unavailable for additional uses. Any tax lot that was not previously identified as vacant, partially vacant, constrained, or committed was assumed to be developed.

Table 3 summarizes the number of tax lots within each development status category by the respective zoning or comprehensive plan designation. As shown in the table, there is an estimated 1,305 vacant or partially vacant tax lots within the UGB (approximately 22% of residentially zoned or designated tax lots). Slightly less than half of that is located within city limits with an estimated 530 vacant or partially vacant lots. Only a small portion of land outside the city limits, but within the UGB, is either committed, constrained or developed; approximately 12.7% of all residentially designated lots fall under one of these categories. The remaining areas outside of city limits, but inside the UGB, are considered vacant or partially vacant.

[2] This analysis used property class codes provided in County tax assessor GIS data to assist with identifying and categorizing partially vacant properties. Property class codes are the basis of the classification system used by the County to categorize current uses. Each lot or parcel is classified in accordance with ORS 308.215 and is based upon the highest and best use of the property. Lots or parcels that are coded as residential (100's), tract (400's), and farmland (500's) that met the definition of partially vacant properties are categorized as such.

TABLE 3. TAX LOT DEVELOPMENT STATUS BY ZONE AND COMPREHENSIVE PLAN[3]

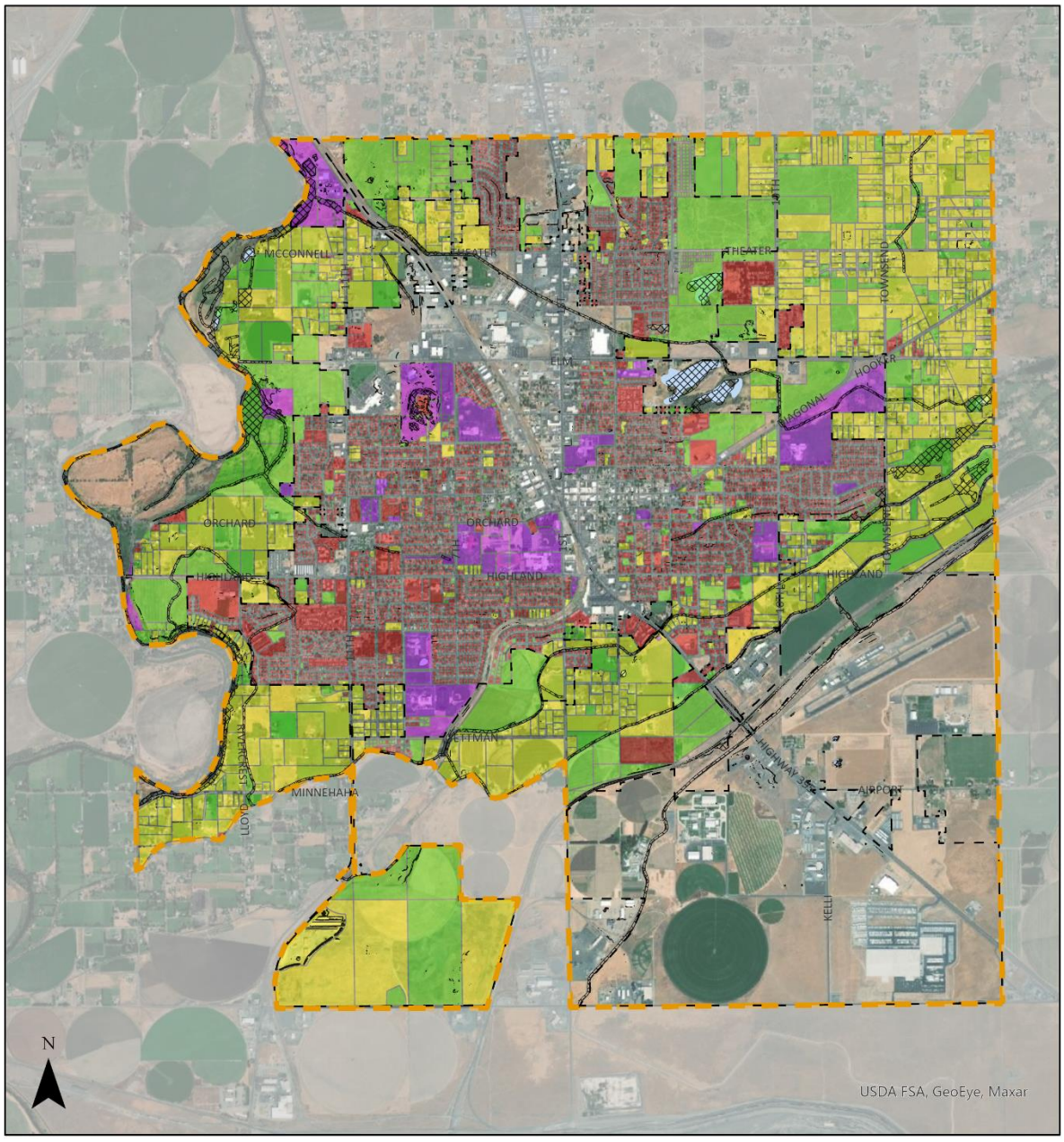
Zoning/ Comp Plan	Vacant	Partially Vacant	Committed	Constrained	Developed	Grand Total
Zoning	*402*	*128*	*73*	*78*	*4,190*	*4,871*
R-1	79	84	27	14	1,433	1,637
R-2	80	20	26	23	1,411	1,560
R-3	125	15	16	32	711	899
R-4	113	6	4	8	633	764
R-R	5	3	0	1	2	11
Comp Plan	*163*	*612*	*11*	*22*	*80*	*888*
L	13	71	3	3	5	95
M	9	27	0	4	5	43
MH	22	32	0	2	19	74
F-R	118	481	8	11	48	666
R-R	1	1	0	2	3	7
Grand Total	**565**	**740**	**84**	**100**	**4,270**	**5,759**

Figure 5 illustrates the location and development status of tax lots within the City's UGB. As shown, most of the central area of the City is developed. New residential development opportunities in the central area are generally limited to partially vacant tax lots; lots that are considered large enough to accommodate additional housing on them.

Most of the vacant or partially vacant tax lots are found around the inside perimeter of the UGB. This includes the northwestern and northeastern quadrants of the study area that have a variety of lot sizes ranging from less than one acre up to 44 acres. A significant portion of the City's partially vacant lots are in the northeast, mostly on larger rural farm or tract properties. The southwestern quadrant includes a variety of lot sizes as well, but also contains some of the largest vacant or partially vacant land within the UGB (up to nearly 80 acres in size).

[3] Some tax lots are split between two residential zones. Because density assumptions and housing capacity figures differ between zones, differently zoned portions of the same lot are treated separately for the purposes of this analysis. As a result, some of the split-zoned lots are effectively counted as two lots, and therefore the count of lots may be slightly inflated compared to the actual number of lots in the study area.

FIGURE 5. DEVELOPMENT STATUS



Hermiston BLI: Development Status

0 0.25 0.5 1 Miles

City Limits
UGB
Constraints
Waterbody

Development Status
Committed
Constrained

Developed
Partially Vacant
Vacant

Date: 11/06/2020
Source: Angelo Planning Group
For Planning Purposes Only

STEP 4 - DETERMINE DEVELOPMENT CAPACITY

The capacity of developable residential land is estimated based on the City's Comprehensive Plan designations and zoning provisions of the Hermiston Development Code. Buildable land is the unconstrained acreage minus the assumed future right-of-way (ROW) dedication to accommodate dwelling units (e.g. streets). ROW dedication removal from unconstrained acreage was determined from the following sliding scale:

- Tax lots under 3/8 acre, assume 0% set aside for future streets.
- Tax lots between 3/8 acre and 1 acre, assume a 10% set aside for future streets.
- Tax lots greater than an acre, assume an 18.5% set aside for future streets.

Assumed densities for each zone were determined by the minimum lot sizes shown in Table 4:

TABLE 4: RESIDENTIAL AREAS, MINIMUM LOT SIZE, AND DENSITY ASSUMPTION

Zone/Comp Plan Designation	Minimum Lot Size(s) (square feet)	Density Assumption (Dwelling Units/Acre)
Zone		
Single-Family (R-1)	SFR – 8,000	5 DU/acre
Duplex (R-2)	SFR – 6,500; Duplex – 8,000	6 DU/acre
Multi-Family (R-3)	SFR – 5,000; Duplex – 6,500; MF – 7,500	8 DU/acre
Multi-Structure (R-4)	Same as R-3 and allows manufactured housing[4]	10 DU/acre
Rural Recreation (R-R)	Same as R-3 and allows attached SFR – 1,800	12 DU/acre
Comprehensive Plan		
Low-Density (L)	SFR – 9,000 (corresponds with R-1 & R-2 for housing types)	5 DU/acre
Medium Density (M)	SFR – 6,000 (corresponds with R-3 for housing types)	7 DU/acre
Medium Density/ Mobile Home (MH)	SRR – 6,000 (corresponds with R-4 for housing types)	9 DU/acre
Future Residential (FR)	Not yet designated for density, therefore average	7 DU/acre
Rural Recreation (R-R)	Same as R-3 and allows attached SFR – 1,800	12 DU/acre

The housing capacity was estimated by multiplying the assumed density by the estimated buildable acreage for each zone. Additionally, housing capacity for each parcel was rounded to the nearest whole number. Specifically, all parcels with a calculated capacity greater than one unit were rounded down, while those calculated to be less than one unit were rounded up. This approach assumes that every vacant or partially vacant parcel can accommodate at least one unit. The

[4] This zone allows mobile-home parks. Detached manufactured homes are allowed outright in all residential zones.

buildable acreage is shown in Table 5, and the estimated housing capacity and density assumptions are shown in Table 6. Housing capacity estimates are mapped in Figure 6.

TABLE 5: ESTIMATED BUILDABLE ACRES BY DEVELOPMENT STATUS AND ZONE

Residential Area	Vacant	Partially Vacant	Grand Total
Zoning	*465.2*	*277.8*	*743.0*
R-1	97.6	69.1	166.7
R-2	27.2	8.9	36.1
R-3	185.7	6.1	191.8
R-4	33.2	10.1	43.4
R-R	121.5	183.6	305.1
Comp Plan	*607.3*	*1,212.6*	*1,819.9*
L	94.4	64.2	158.6
M	8.9	59.6	68.5
MH	43.1	41.6	84..7
F-R	460.7	1,047.1	1,507.9
R-R	0.1		0.1
Grand Total	**1,072.4**	**1,490.5**	**2,562.9**

TABLE 6: HOUSING UNIT CAPACITY ESTIMATE AND DENSITY ASSUMPTIONS[5]

Residential Area	Assumed Density	Vacant	Partially Vacant	Grand Total
Zoning		*3,241*	*2,657*	*5,898*
R-1	5 du/acre	442	306	748
R-2	6 du/acre	152	43	195
R-3	8 du/acre	1,614	42	1,656
R-4	10 du/acre	261	66	327
R-R	12 du/acre	772	2,200	2,972
Comp Plan		*4,024*	*8,1535*	*12,177*
L	5 du/acre	422	289	711
M	7 du/acre	58	402	460
MH	9 du/acre	376	359	735
F-R	7 du/acre	3,167	7,103	10,270
R-R	12 du/acre	1	0	1
Grand Total		**7,265**	**10,810**	**18,075**

[5] There are minor discrepancies between some of these figures and the product of multiplying the buildable acreage (Table 5) for some zones with their corresponding assumed density. This is because multiplying each zone's total buildable acreage with its assumed density does not account each parcel's rounding to the nearest whole number, which was discussed in the Step 4 methodology.

While the estimated housing densities for each zone are allowed based on the City's development code standards (i.e. minimum lot size), staff and Advisory Committee members indicated these densities do not reflect historic and current residential development patterns. Staff provided information on recent housing developments and subdivisions as evidence that the City is experiencing development densities slightly below the projected capacity assumptions. Consequently, staff suggested exploring how a 10-15% reduction in projected densities would affect housing capacity results. **A reduction of 10% results in an estimated capacity of 15,942 units, and a 15% reduction translates to capacity for 15,048 units.**[6] This range of density reductions translates to a decrease of 2,133 units (10%) to 3,027 units (15%) from the original capacity assumption of 18,075. In sum, these housing capacity estimations may be interpreted as possible density and capacity (18,075 units) versus observed density and capacity trends (15,048 - 15,942 units).

[6] This range of density and capacity reduction scenarios is applied on a per-tax lot basis, rather than calculating a 10%-15% reduction to the sum of the estimated capacity for the entire City. This provides a more refined analysis that is reflective of how density calculations are actually applied for residential development.

FIGURE 6: ESTIMATED HOUSING UNIT CAPACITY