City of Millersburg

2021—2041 Housing Capacity Analysis

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Prepared for: City of Millersburg

DRAFT REPORT

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1. Introduction

This report presents Millersburg's Housing Capacity Analysis for the 2021 to 2041 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The city has changed considerably over the last 20 years. Millersburg grew from 651 people in 2000 to 2,850 people in 2020. This is an addition of 2,199 people or 338% growth. In recent years, median housing prices in Millersburg increased from about $312,000 in 2016 to $414,000 in 2020 a 33% increase.

This report provides Millersburg with a factual basis to update the Housing Element of the City's Comprehensive Plan and zoning code, and to support future planning efforts related to housing and options for addressing unmet housing needs in Millersburg. This report provides information that informs future planning efforts, including development and redevelopment. This report provides the city with information about the housing market in Millersburg and describes the factors that will affect future housing demand in Millersburg, such as changing demographics. This analysis will help decision makers understand whether Millersburg has enough land to accommodate growth over the next 20 years.

Framework for a Housing Capacity Analysis

Economists view housing as a bundle of services for which people are willing to pay, shelter certainly, but also proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors like income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors and the housing market in Linn County and Millersburg are the result of the individual decisions of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in Millersburg between 2021 and 2041.

The complex nature of the housing market, demonstrated by the unprecedented boom and bust during the past decade, does not eliminate the need for some type of forecast of future housing demand and need. This includes resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more

from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need. Thus, we start our housing analysis with a framework for thinking about housing and residential markets, and how public policy affects those markets.

Statewide Planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).[1] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low-incomes, very low-incomes and extremely low-incomes." ORS 197.303 defines needed housing types:

(a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy.

(b) Government assisted housing.[2]

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

(e) Housing for farmworkers.

DLCD provides guidance on conducting a Housing Capacity Analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the Workbook.

[1] ORS 197.296 only applies to cities with populations over 25,000. Millersburg's population, based on PSU's estimate, was 2,850 in 2020.

[2] Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

Millersburg must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This Housing Capacity Analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

Organization of this Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Millersburg's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Millersburg's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Millersburg** presents factors that affect housing need in Millersburg, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Millersburg relative to the larger region.
- **Chapter 5. Housing Need in Millersburg** presents the forecast for housing growth in Millersburg, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency in Millersburg** estimates Millersburg's residential land sufficiency needed to accommodate expected growth over the planning period.

2. Residential Buildable Lands Inventory

The general structure of the standard method BLI analysis is based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. The steps and sub-steps in the supply inventory are:

1. Calculate the gross vacant acres by plan designation, including fully vacant and partially vacant parcels.

2. Calculate gross buildable vacant acres by plan designation by subtracting unbuildable acres from total acres.

3. Calculate net buildable acres by plan designation, subtracting land for future public facilities from gross buildable vacant acres.

4. Calculate total net buildable acres by plan designation by adding redevelopable acres to net buildable acres.

The methods used for this study are consistent with many others completed by ECONorthwest that have been acknowledged by DLCD and LCDC. A detailed discussion of the methodology used in this study is provided in Appendix A. The BLI for Millersburg includes all residential land designated in the comprehensive plan within the Millersburg UGB. From a practical perspective, this means that all lands within tax lots identified by the Linn County Assessor's Office that fall within the UGB were inventoried. ECO used the most recent tax lot shapefile from the Linn County for the analysis. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

Residential Buildable Land Inventory Results

Land Base

As defined above, the land base for the Millersburg residential BLI includes all tax lots in the urban growth boundary (UGB) in residential plan designations. Exhibit 1 shows the land base by generalized plan designation in the UGB. There are 1,198 tax lots in the land base, accounting for 773 acres.

Exhibit 1. Land Base by Plan Designation, Millersburg UGB, 2021
Source: Linn County, ECONorthwest analysis.

Plan Designation and Zoning	Number of Taxlots	Percent	Total Taxlot Acreage	Percent
Residential				
Residential Low	1,128	94%	541	70%
Residential Mixed Density	27	2%	9	1%
Rural	34	3%	172	22%
Commercial				
Mixed Use	9	1%	51	7%
Total	**1,198**	**100%**	**773**	**100%**

Development Status

We used a rule-based classification (defined in the methods and definitions above) to define an initial development status. Then, we used a rapid visual assessment method to confirm this development status using aerial imagery. The buildable lands inventory identifies floodplain, waterways, BPA right of way, and slopes greater than 25% as constraints that prohibit development. Vacant or partially vacant land with these constraints is considered unavailable for development and removed from the inventory of buildable land.

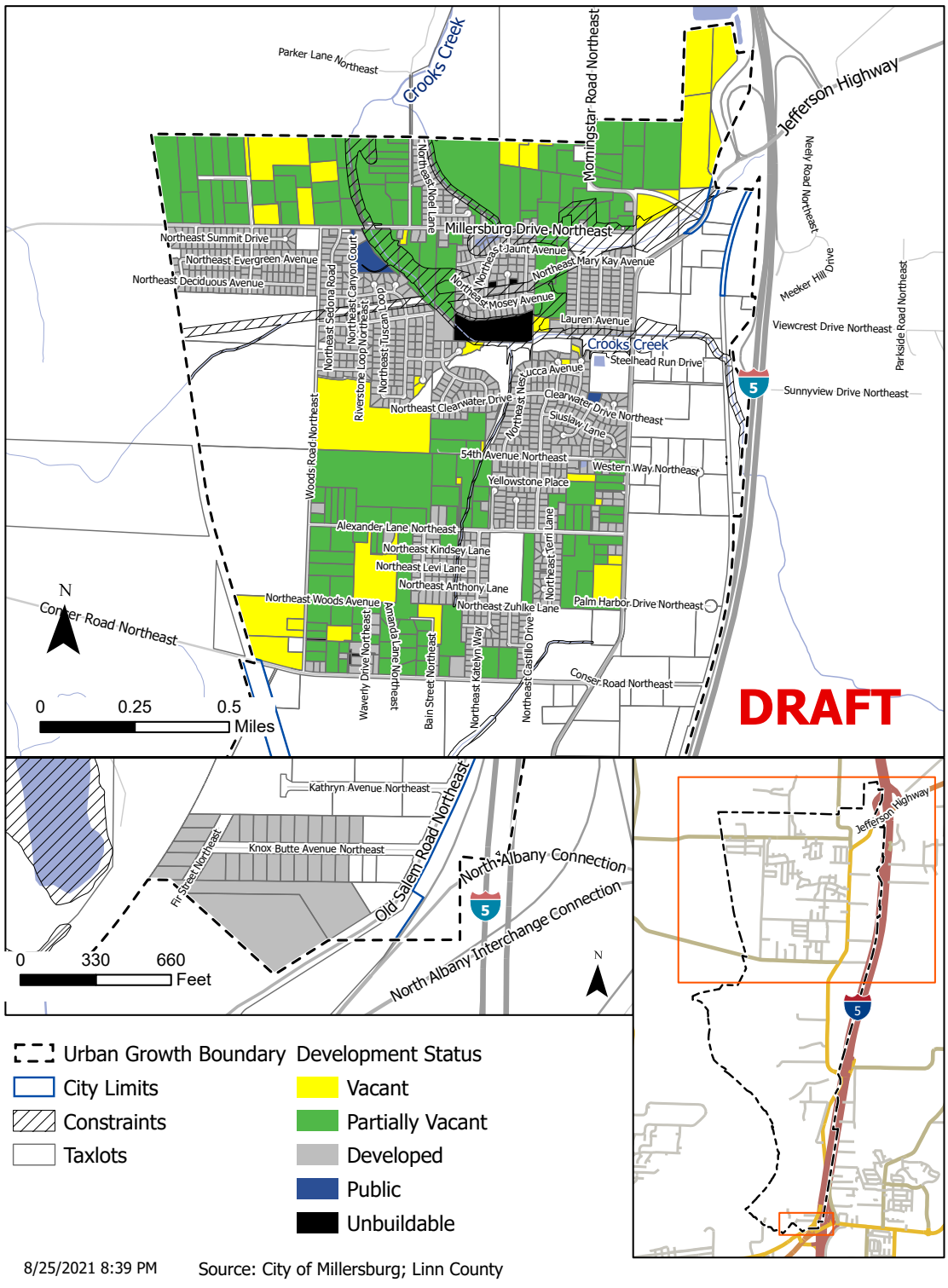
Exhibit 2 shows development status with constraints applied and resulting in buildable acres. Of the 773 total acres in the land base, 301 are committed acres, 56 are constrained acres, and 416 are buildable acres.

Exhibit 2. Development Status with Constraints, by Plan Designation, Millersburg UGB, 2021
Source: Linn County, ECONorthwest analysis.

Plan Designation and Zoning	Committed Acres	Constrained Acres	Buildable Acres	Total Acres
Residential				
Residential Low	285	48	208	541
Residential Mixed Density	9	-	-	9
Rural	6	7	159	172
Commercial				
Mixed Use	1	1	49	51
Total	**301**	**56**	**416**	**773**

Exhibit 3 shows residential land by development status with constraints overlaid.

Exhibit 3. Residential Land by Development Status, Millersburg UGB, 2021



8/25/2021 8:39 PM Source: City of Millersburg; Linn County

Vacant Buildable Land

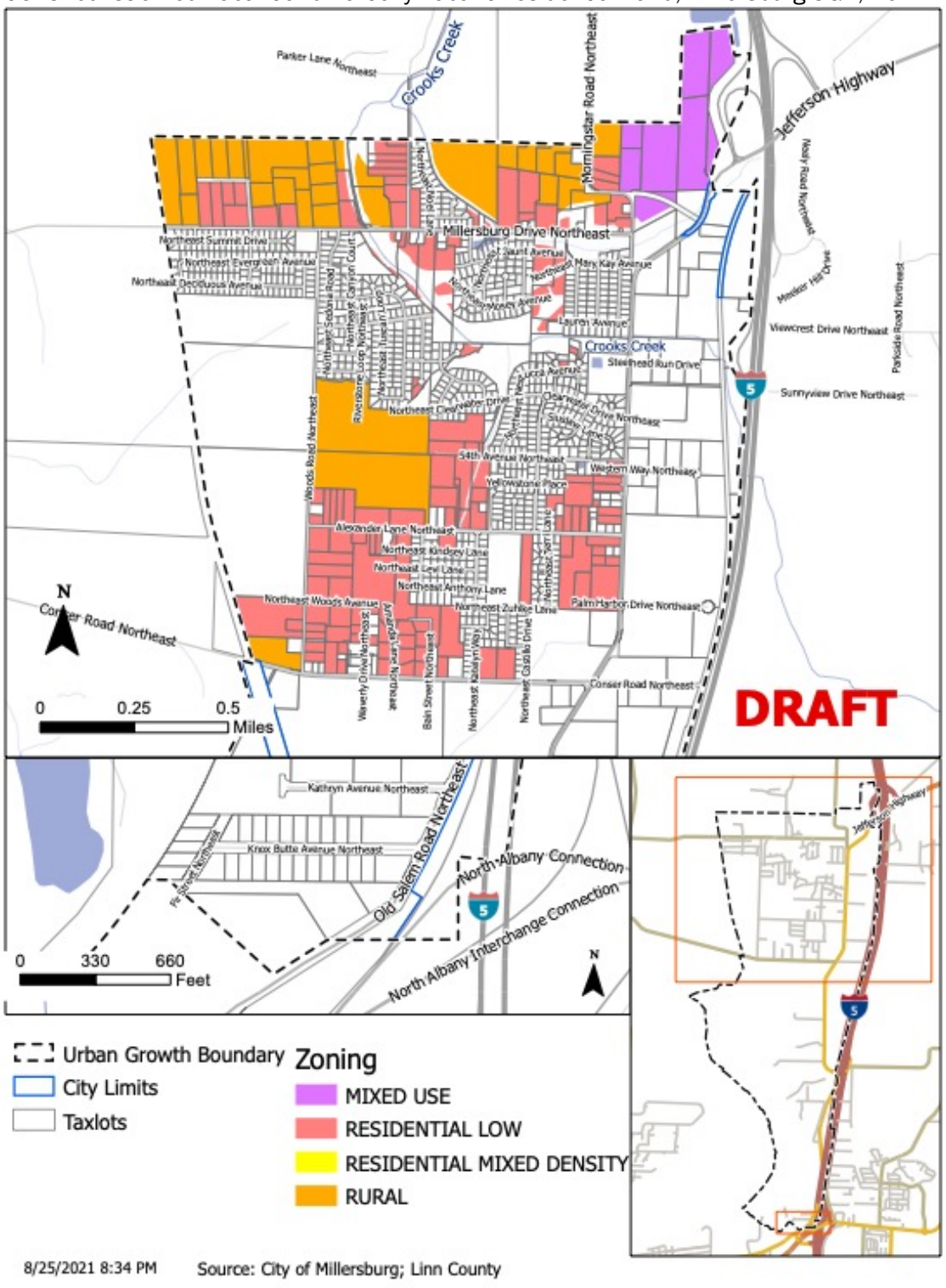
Exhibit 4 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant and partially vacant land by plan designation. Of Millersburg's 416 unconstrained buildable residential acres, about 30% are in tax lots classified as vacant, and 70% are in tax lots classified as partially vacant. Millersburg has about 49 buildable acres in the mixed-use zone.

Exhibit 4. Buildable Acres in Vacant and Partially Vacant Tax Lots by Plan Designation, Millersburg UGB, 2021
Source: Linn County, ECONorthwest analysis.

Plan Designation and Zoning	Vacant Acres	Partially Vacant Acres	Total Buildable Acres
Residential			
Residential Low	39	169	208
Rural	55	104	159
Commercial			
Mixed Use	32	17	49
Total	**126**	**290**	**416**

Exhibit 5 shows Millersburg's buildable vacant and partially vacant residential land.

Exhibit 5. Unconstrained Vacant and Partially Vacant Residential Land, Millersburg UGB, 2021



3. Historical and Recent Development Trends

Analysis of historical development trends in Millersburg provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

This Housing Capacity Analysis examines changes in Millersburg's housing market from 2000 to 2021. We selected this time period because the period provides information about Millersburg's housing market before and after the national housing market bubble's growth, deflation, and the more recent increase in housing costs and data about Millersburg's housing market during this period is readily available from sources such as the Census (through the 2015-2019 ACS 5-year estimate period).[3]

The Housing Capacity Analysis presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, apartments, etc.).
2. Tenure (e.g., distinguishing unit type by owner or renter units).
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels).
4. Some combination of these categories.

For the purposes of this study, we grouped housing types based on: (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:[4]

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.

[3] ORS 197.296(5)(a) requires cities to determine housing capacity based on "…data relating to land within the urban growth boundary that has been collected since the last periodic review or five years, whichever is greater."

[4] ORS 197.303 defines needed housing as "…all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes."

- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Multifamily** is all attached structures (e.g., duplexes, tri-plexes, quad-plexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In Millersburg, government assisted housing (ORS 197.303(b)) and housing for farmworkers (ORS 197.303(e)) can be any of the housing types listed above. Analysis within this report discusses housing affordability at a variety of incomes, as required in ORS 197.303.

Data Used in this Analysis

Throughout this analysis (including the subsequent Chapter 4), we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from three Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. From 2015 to 2019, the ACS sampled an average of 3.5 million households per year, or 2.9% of the households in the nation. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.
- **Comprehensive Housing Affordability Strategy (CHAS**), which is custom tabulations of American Community Survey (ACS) data from the U.S. Census Bureau for the U.S. Department of Housing and Urban Development (HUD). CHAS data show the extent of housing problems and housing needs, particularly for low-income households. CHAS data are typically used by local governments as part of their consolidated planning work to plan how to spend HUD funds and for HUD to distribute grant funds. The most up-to-date CHAS data covers the 2013-2017 period, which is two years older than the most recent ACS data for the 2015-2019 period.

This report uses data from the 2015-2019 ACS for Millersburg. Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points, this report includes population, income, and housing price data from Redfin and the United States Department of Housing and Urban Development. It also uses the Oregon Department of Housing and Community Services affordable housing inventory.

The foundation of the Housing Capacity Analysis is the population forecast for Millersburg from the Oregon Population Forecast Program. The forecast is prepared by the Portland State University Population Research Center.

It is worth commenting on the methods used for the American Community Survey.[5] The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

[5] A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." https://www.census.gov/library/publications/2009/acs/state-and-local.html

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Millersburg and compares Millersburg to Linn County and to Oregon. These trends demonstrate the types of housing developed in Millersburg historically. Unless otherwise noted, this chapter uses data from the 2000 and 2010 Decennial Census and the 2015-2019 American Community Survey 5-Year Estimates.

This section shows the following trends in housing mix in Millersburg:

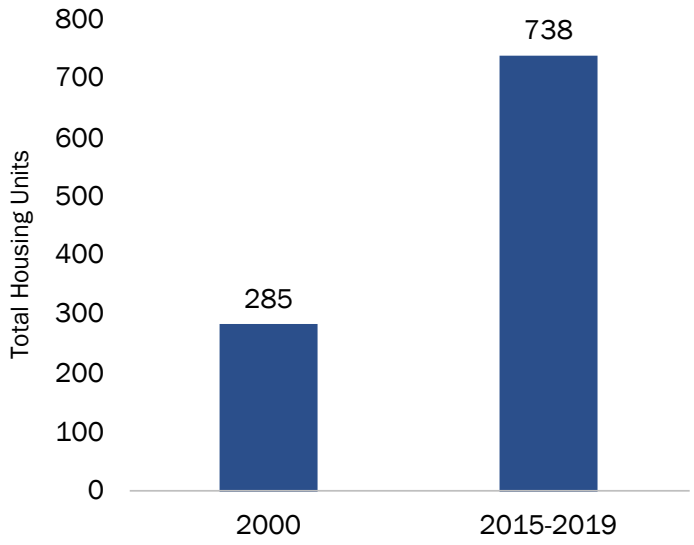
- **Millersburg's housing stock is predominantly single-family detached housing units.** Ninety-seven percent of Millersburg's housing stock is single-family detached, 1% is multifamily, and 2% is single-family attached (e.g., townhouses).
- **Since 2000, Millersburg's housing stock has more than doubled.** Millersburg's housing stock grew by about 159% (about 453 new units) between 2000 and the 2015-2019 period.

Housing Mix

The total number of dwelling units in Millersburg increased by 159% from 2000 to 2015-2019.

Millersburg has added 453 units since 2000.

Exhibit 6. Total Dwelling Units, Millersburg, 2000 and 2015-2019
Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.

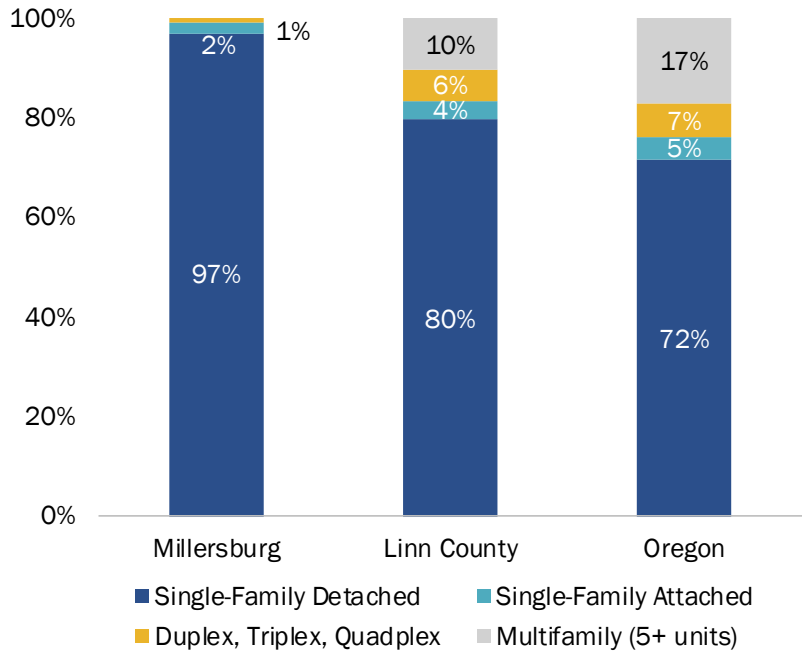


Ninety-seven percent of Millersburg's housing stock is single-family detached.

Millersburg has a smaller share of multifamily housing than both Linn County and the state.

Exhibit 7. Housing Mix, Millersburg, Linn County, and Oregon, 2015-2019

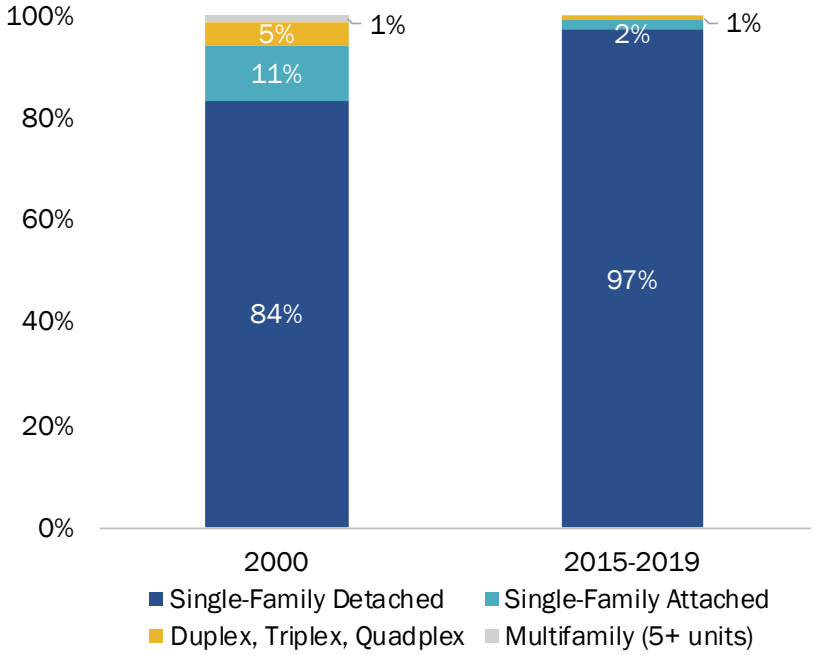
Source: U.S. Census Bureau, 2015-2019 ACS Table B25024.



From 2000 to 2015-2019, the share of multifamily housing in Millersburg decreased.

Exhibit 8. Change in Housing Mix, Millersburg, 2000 and 2015-2019

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.



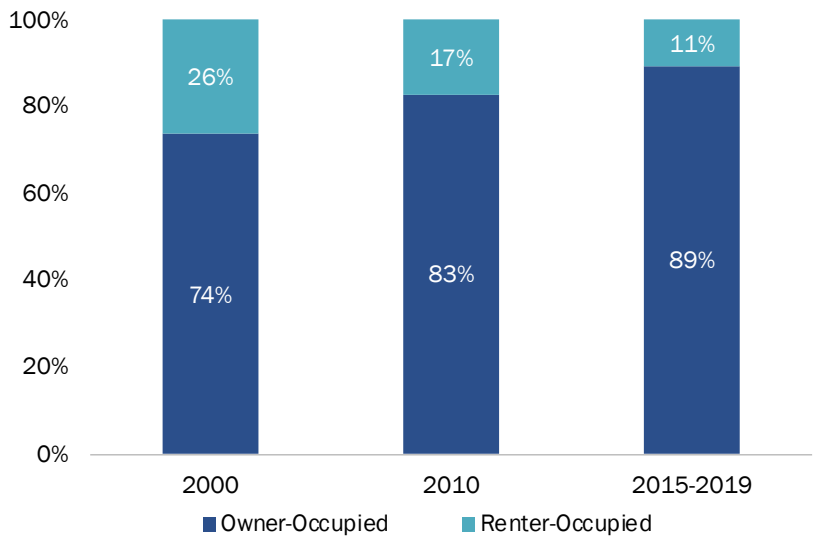
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. This section shows:

- **Homeownership rates in Millersburg are higher than Linn County's and Oregon's rate.** About 89% of Millersburg's households own their home. In comparison, 59% of Linn County households and 62% of Oregon households are homeowners.
- **Homeownership rates in Millersburg increased between 2000 and 2015-2019.** In 2000, 74% of Millersburg households were homeowners. This grew to 83% in 2010 and 89% in 2015-2019.
- **All Millersburg homeowners live in single-family detached housing, while just over a quarter of renters (27%) live in single-family attached housing or duplexes, triplexes, or quadplexes.**

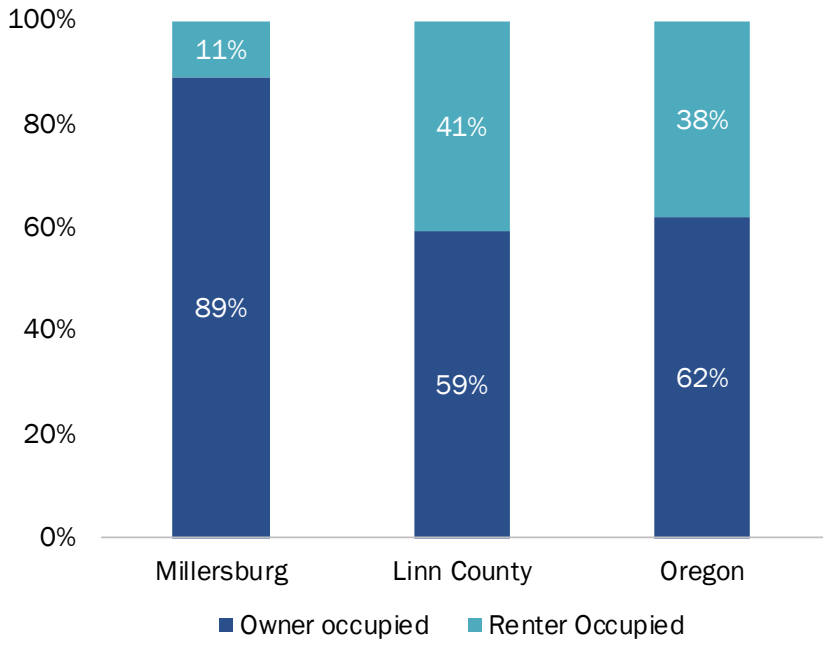
The homeownership rate in Millersburg had increased by 15 percentage points since 2000.

Exhibit 9. Tenure, Occupied Units, Millersburg, 2000 - 2015-2019
Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2015-2019 ACS Table B24003.



Millersburg has a higher homeownership rate than Linn County and Oregon.

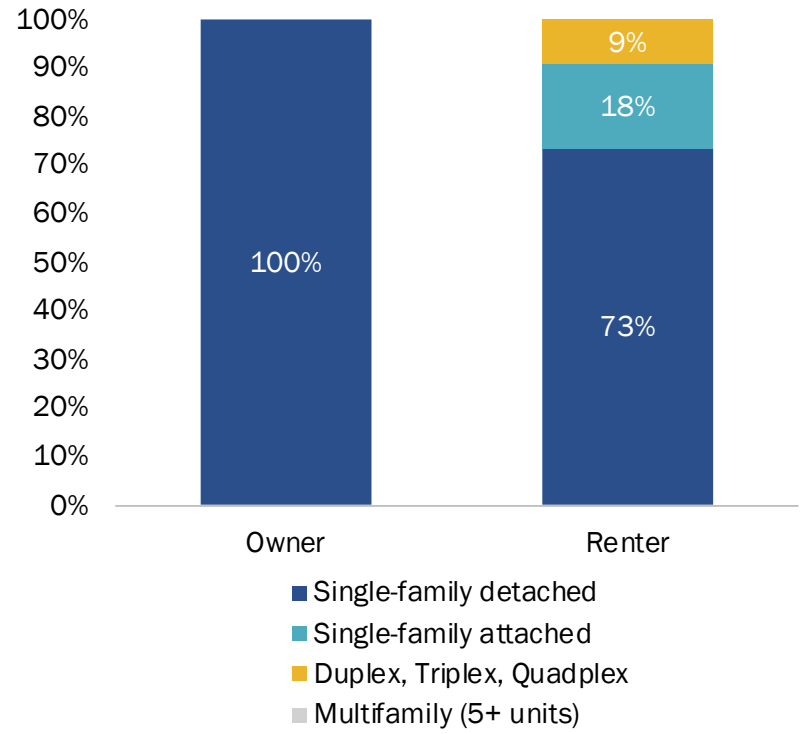
Exhibit 10. Tenure, Occupied Units, Millersburg, 2015-2019
Source: U.S. Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B24003.



All homeowners live in single-family detached housing.

In comparison, just over a quarter of Millersburg's households that rent live in single family attached housing (e.g., townhomes) or duplexes, triplexes or quadplexes.

Exhibit 11. Housing Units by Type and Tenure, Millersburg, 2015-2019
Source: U.S. Census Bureau, 2015-2019 ACS Table B25032.



Vacancy Rates

Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as: "Unoccupied housing units… determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. Enumerators are obtained using information from property owners and managers, neighbors, rental agents, and others.

According to the 2015-2019 ACS 5-year estimates, the vacancy rate in Millersburg was 0.3%, compared to 5.3% for Linn County and 8.9% for Oregon.

4. Demographic and Other Factors Affecting Residential Development in Millersburg

Demographic trends are important for a thorough understanding of the dynamics of the Millersburg housing market. Millersburg exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Millersburg at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare Millersburg to Linn County and Oregon. We also compare Millersburg to nearby cities where appropriate. Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a Housing Capacity Analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the Housing Capacity Analysis are:

1. Project the number of new housing units needed in the next 20 years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4 in this list. Chapter 5 presents data to address steps 1, 5, and 6 in this list.

Demographic and Socioeconomic Factors Affecting Housing Choice[6]

Analysts typically describe housing demand as the preferences for different types of housing (e.g., single-family detached or apartment) and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of Baby Boomers, people born from about 1946 to 1964, Millennials, people born from about 1980 to 2000, and Generation Z, people born after 1997.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Household income** is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached, duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Millersburg over the next 20 years.

[6] The research in this chapter is based on numerous articles and sources of information about housing, including:

D. Myers and S. Ryu, *Aging Baby Boomers and the Generational Housing Bubble*, Journal of the American Planning Association, Winter 2008.

Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

George Galster. People Versus Place, People and Place, or More? New Directions for Housing Policy, Housing Policy Debate, 2017.

Herbert, Christopher and Hrabchak Molinsky. "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

Schuetz, Jenny. Who is the new face of American homeownership? Brookings, 2017.

The American Planning Association, "Investing in Place; Two generations' view on the future of communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Trends[7]

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports and conclusions from *The State of the Nation's Housing* report from the Joint Center for Housing Studies of Harvard University. The Harvard report (2020) summarizes the national housing outlook as follows:

> Given the profound impact of the pandemic on how US households live and work, there is plenty of reason to believe that it could bring meaningful changes to housing markets. With millions of people forced to work remotely, employers and employees alike may find this an attractive option even after the pandemic ends. If so, demand would likely increase for homes large enough to provide office space, as well as easy access to outdoor spaces to exercise and socialize. And if long commutes are no longer everyday requirements, many households may move to lower-density areas where housing is less expensive. However, a major shift in residential development patterns is far from certain. What is certain is that the need for more housing of all types, locations, and price points will persist. In the near term, the outlook for housing markets is bright, fueled by very low interest rates as well as unabated demand from more affluent households. If the pandemic persists, however, it will remain a serious drag on the labor market and wage growth, and ultimately on household formations. Still, the pandemic's negative impact on markets should be relatively muted given historically tight conditions on the supply side.

However, challenges to a strong domestic housing market remain. Rising mortgage rates, the tight credit market, and limited inventory of entry-level homes make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. *The State of the Nation's Housing* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the housing market are summarized below:

- **Bounce back in residential construction led by single-family starts.** New construction made a sharp comeback in summer 2020 led by single-family construction. Single-family starts in 2020 began at about a 900,000-unit annual rate (the fastest pace since the Great Recession), before dipping to a below 700,000-unit annual rate in April due to the COVID-19 pandemic. Then, single-family starts hit a 1.1-million-unit annual rate in September 2020—marking it as the strongest month for single-family homebuilding in over 13 years. Multifamily unit starts also continued to climb, increasing by 7.5% from about 374,000 units in 2018 to about 402,000 units in 2019. Notably, 2019 marked the first

[7] These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2020," (2) Urban Land Institute, "2021 Emerging Trends in Real Estate," and (3) the U.S. Census.

year since 1988 that multifamily starts topped 400,000. In 2019, home sales averaged 3.9 months which is below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. *The State of the Nation's Housing* report cited lack of skilled labor, rising construction costs, land use regulations (particularly density restrictions), and development fees as constraints on new construction.

- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 64.6% in 2019. Trends suggest the recent homeownership increases are among householders of all age groups; however, new growth in homeownership since the post-Great Recession low of 2013 resulted from households with higher incomes. About 88% of net new growth (2013 to 2019) was among households with incomes of $150,000 or more.
- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing in 2019 which is 5.6 million more households than in 2001. Renter households experienced cost-burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges continued to move up the income ladder, with the share of cost-burdened middle-income households increasing slightly from 2018 to 2019 even as the share of low-income households experiencing cost-burden declined slightly over the same period. Households under the age of 25 and over the age of 85 had the highest rates of housing cost-burden.
- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 12 million units between 2018 and 2028[8]. Much of the demand will come from Baby Boomers, Millennials, Generation Z,[9] and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.
- **Growth in rehabilitation market.**[10] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (and 40% at least 50 years old), Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the

[8] The Joint Center for Housing Studies of Harvard University. The State of the Nation's Housing 2020.

[9] According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 to 2012 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

[10] These findings are copied from: Joint Center for Housing Studies. (2019). Improving America's Housing, Harvard University. Retrieved from: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).

Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed incomes may defer maintenance for years due to limited financial means, thereby escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Declining residential mobility.**[11] Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While reasons for decline in residential mobility are uncertain, contributing factors include demographic, housing affordability, and labor-related changes. For instance, as Baby Boomers and Millennials age, mobility rates are expected to fall as people typically move less as they age. Harvard University's Research Brief (2020) also suggests that increasing housing costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include: the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.
- **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably: the aging of Baby Boomers, housing demand from Millennials and Generation Z, and growth of immigrants.
  - *Baby Boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the Baby Boomer generation will affect the housing market. In particular, Baby Boomers will influence housing preference and homeownership trends. Preferences (and needs) will vary for Boomers moving through their 60s, 70s, and 80s (and beyond). They will require a range of housing opportunities. For example, "aging Baby Boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities."[12] Many seniors are also moving to planned retirement destinations earlier than expected as they experience the benefits of work-from-home trends (accelerated by COVID-19). Additionally, the supply of caregivers is decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their

[11] Frost, R. (2020). "Are Americans stuck in place? Declining residential mobility in the US." Joint Center for Housing Studies of Harvard University's Research Brief.

[12] Urban Land Institute. Emerging Trends in Real Estate, United States and Canada. 2020.

years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[13] A broader definition exists, which explains that aging in place means "remaining in the current community and living in the residence of one's choice."[14] Some Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multifamily housing or age-restricted housing developments, before they move into to a dependent living facility or into a familial home. Moreover, "the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[15]

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.[16] However, as Millennials move into their early to mid-thirties, postponement of family formation is ending, and millennials are likely to prefer detached, single-family homes in suburban areas.

  At the beginning of the 2007–2009 recession, Millennials only started forming their own households. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. As this generation continues to progress into their homebuying years, they will seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level, single-family homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, they only represented 24% of single-family units.

  Millennials' average wealth may remain far below Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2020, Millennials comprised 38% of home buyers, while Gen Xers comprised 23% and Boomers 33%.[17] "By the year 2061, it is estimated that $59 trillion

[13] Vanleerberghe, Patricia, et al. (2017). The quality of life of older people aging in place: a literature review.

[14] *Ibid.*

[15] American Planning Association. Making Space for Tiny Houses, Quick Notes.

[16] According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household, and by 2008, 20% did (18% change).

[17] National Association of Realtors. (2020). 2020 Home Buyers and Sellers Generational Trends Report, March 2020. Retrieved from: https://www.nar.realtor/research-and-statistics/research-reports/home-buyer-and-seller-generational-trends

will be passed down from Boomers to their beneficiaries," presenting new opportunities for Millennials (as well as Gen Xers).[18]

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early 20s and the youngest in their early childhood years. By 2040, Generation Z will be between 20 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues, they look very much like Millennials. Generation Z was set to inherit a strong economy and record-low unemployment.[19] However, because the long-term impacts of COVID-19 are unknown, Generation Z may now be looking at an uncertain future.

  While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations. A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close proximity). However, this cohort is smaller than Millennials (67 million vs. 72 million) which may lead to slowing real estate demand in city centers.

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite decline in immigration rates in 2019. The Census Bureau's estimates of net immigration in 2019 indicate that 595,000 immigrants moved to the United States from abroad, down from 1.2 million immigrants in 2017–2018. However, as noted in *The State of the Nation's Housing* (2020) report, "because the majority of immigrants do not immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time."

- *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between Whites and Blacks, as well as the larger share of minority households that are cost burdened warrants consideration. White households had a 73%

[18] PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer. Retrieved from: https://www.pnc.com/en/about-pnc/topics/pnc-pov/economy/wealth-transfer.html

[19] Parker, K. & Igielnik, R. (2020). On the cusp if adulthood and facing an uncertain future: what we know about gen Z so far. Pew Research Center. Retrieved from: https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/

homeownership rate in 2019 compared to a 43% rate for Black households. This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Hispanic households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to White households, leads to higher rates of cost burden for minorities —43% for Blacks, 40% for Latino, 32% for Asians and 25% for Whites in 2019. As noted in *The State of the Nation's Housing (2020)* report, "the impacts of the pandemic have shed light on the growing racial and income disparities in the nation; between the nation's haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy."

- **Changes in housing characteristics.** The U.S. Census Bureau's Characteristics of New Housing Report (2019) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:[20]
  - *Larger single-family units on smaller lots.* Between 1999 and 2019, the median size of new single-family dwellings increased by 13% nationally, from 2,028 sq. ft. to 2,301 sq. ft., and 14% in the western region from 2,001 sq. ft. in 1999 to 2,279 sq. ft in 2019. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by more than half, from 16% in 1999 to 7% in 2019. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 25% of new one-family homes completed in 2019. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2009 and 2019, the percentage of lots less than 7,000 sq. ft. increased from 25% to 33% of lots.

    Based on national study about homebuying preferences that differ by race/ethnicity, African American home buyers wanted a median unit size of 2,664 square feet, compared to 2,347 sq. ft. for Hispanic buyers, 2,280 sq. ft. for Asian buyers, and 2,197 sq. ft. for White buyers.[21] This same study found that minorities were less likely to want large lots.
  - *Larger multifamily units.* Between 1999 and 2019, the median size of new multifamily dwelling units increased by 3.4% nationally. In the western region, the median size decreased by 1.9%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 35% in 2019 and increased from 25% to 27% in the western region.
  - *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new

[20] U.S. Census Bureau, Highlights of Annual 2019 Characteristics of New Housing. Retrieved from: https://www.census.gov/construction/chars/highlights.html

[21] Quint, Rose. (April 2014). *What Home Buyers Really Want: Ethnic Preferences.* National Association of Home Builders.

single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 96% in 2019. The share of new multifamily units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2019, 92% of new single-family houses in the United States had garages for one or more vehicles (from 89% in 2000). Additionally, if work from home dynamics become a more permanent option, then there may be rising demand for different housing amenities such as more space for home offices or larger yards for recreation.

- *Shared amenities*. Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs),[22] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.[23]

State Trends

In August 2019, the State of Oregon passed statewide legislation -- Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required many Oregon communities to accommodate middle housing within single-family neighborhoods. "Medium Cities"—those with 10,000 to 25,000 residents outside the Portland metro area—are required to allow duplexes on each lot or parcel where a single-family home is allowed. "Large Cities"—those with over 25,000 residents and nearly all jurisdictions in the Portland metro urban growth boundary (UGB)—must meet the same duplex requirement as well as allow triplexes, fourplexes, townhomes, and cottage clusters in all areas that are zoned for residential use and allow single-family homes. Note that the middle housing types (other than duplexes) do not have to be allowed on *every* lot or parcel that allows single-family homes, which means that larger cities maintain some discretion.

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. It provides a range of housing choices at different price points within a community.

House Bill 2003 (HB2003) envisions Oregon's housing planning system is reformed from a singular focus (on ensuring adequate available land) to a more comprehensive approach that also achieves these critical goals: (1) support and enable the construction of sufficient units to

[22] Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: U.S. Department of Housing and Urban Development. (2001). *Understanding SRO*. Retrieved from: https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf

[23] Urbsworks. (n.d.). Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon. Retrieved from: https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

Saiz, Albert and Salazar, Arianna. (n.d.). Real Trends: The Future of Real Estate in the United States. Center for Real Estate, Urban Economics Lab.

accommodate current populations and projected household growth and (2) reduce geographic disparities in access to housing (especially affordable and publicly supported housing). In that, HB 2003 required the development of a methodology for projecting *regional* housing need and allocate that need to local jurisdictions. It also expanded local government responsibilities for planning to meet housing need by requiring cities to develop and adopt Housing Production Strategies.

Prior to the passage of these bills, Oregon developed its *2016–2020 Consolidated Plan* which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that "a growing gap between the number of Oregonians who need affordable housing, and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon." It identified the following issues that describe housing need statewide:[24]

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, one in two Oregon households pays more than one-third of their income toward rent, and one in three pays more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latino, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of 20, many of whom have earned a college degree, or some level of higher education.

[24] These conclusions are copied directly from the report: Oregon's 2016–2020 Consolidated Plan. Retrieved from: http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf.

- In 2019, minimum wage in Oregon[25] was $11.25, compared to $12.50 in the Portland Metro, and $11.00 for nonurban counties.

Oregon developed its *Statewide Housing Plan* in 2018. The Plan identified six housing priorities to address in communities across the State over the 2019 to 2023 period (summarized below). In August 2020, Oregon Housing and Community Services (OHCS) released a summary of their progress.[26] The following section includes summaries and excerpts from their status report:

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*

  OHCS built internal organizational capacity through staff trainings on Equity and Racial Justice (ERJ) and hired an Equity, Diversity and Inclusion Manager. OHCS established a workgroup to support equity in their data system and approved an internal organizational structure to advance and support ERJ within all areas of OHCS. Now, OHCS is developing funding mechanisms to encourage culturally specific organizations to increase services to underserved communities and to increase the number and dollar amounts of contracts awarded to minority, women, and emerging small businesses (MWESBs).

- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*

  The Homeless Services Section (HSS) made progress in building a foundation for planning and engagement across intersecting economic, social, and health systems. The OHCS Veteran Leadership team established recurring information-sharing sessions with federal, state, and local partners. HSS convened Oregon Homeless Management Information System (HMIS) stakeholders to build recommendations and co-construct a path toward a new HMIS implementation and data warehouse. HSS established successful workflows to analyze demographic data of people entering/exiting the homeless service system.

- **Permanent Supportive Housing.** *Invest in permanent supportive housing (PSH), a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*

  OHCS funded 405 of their 1,000 PSH-unit targets. Almost half of these units were the result of the NOFA tied to the first PSH Institute cohort.

[25] The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. Retrieved from: https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx

[26] This section uses many direct excerpts from the OHCS Statewide Housing Plan Year One Summary August 2020 Report to HSC. Oregon Statewide Housing Plan, Status Reports. https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf

- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*

  OHCS implemented a new electronic application and widespread adoption of system work modules. They also established a capacity building team to assess and recommend opportunities for growth in their development priorities and began training and technical assistance to potential PSH and rural developers. OHCS increased their units by 8,408 representing 22.8% of their 25,000 unit 5-year target.

- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*

  OHCS pursued a strategy to align programs with the needs of communities of color, improved their Homeownership Center framework and Down Payment Assistance product, began developing their TBA program, and focused on low-cost homeownership through manufactured housing. Additionally, they began developing the Restore Health and Safety program and re-opening the Oregon Homeownership Stabilization Initiative (OHSI) program. OHCS also supported the Joint Task Force on Racial Equity in Homeownership and advocated for additional funds to support communities of color. OHCS provided 678 mortgage lending products of their 6,500 5-Year goal with 170 going to households of color.

- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

  OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a full-time capacity building analyst who has conducted outreach to key stakeholders across the state representing rural communities and developed a strategy to address those needs. OHCS has funded 532 units in rural communities, out of a total of 2,543 units in the 5-year goal (21% of target).

Regional and Local Demographic Trends May Affect Housing Need in Millersburg

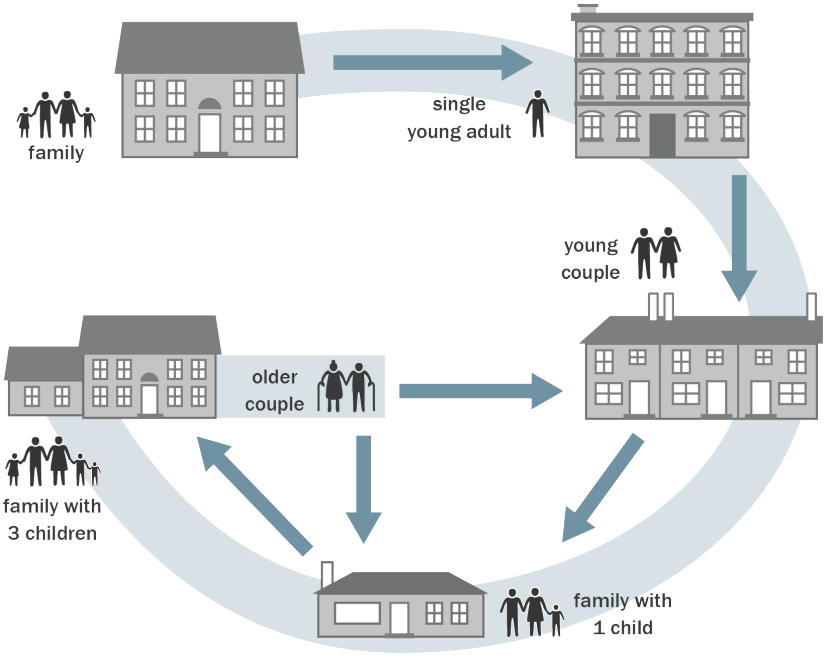
Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Millersburg's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Millersburg.

Housing needs and preferences change in predictable ways over time, such as with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 12. Effect of Demographic Changes on Housing Need
Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

Millersburg's population growth will drive future demand for housing in the city over the planning period. The population (within the city limits) forecast in Exhibit 14 is Millersburg's official population forecast, from the Oregon Population Forecast Program. Millersburg must use this forecast as the basis for forecasting housing growth over the 2021 to 2041 period.

Exhibit 13 shows that Millersburg's population grew by 338% between 2000 and 2020. Millersburg added 2,199 new residents, at an average annual growth rate of 7.7%.

Exhibit 13. Population, Millersburg (city limits), Linn County, Oregon, and the U.S., 2000-2020
Source: U.S. Decennial Census 2000 and 2010; Portland State University, Population Research Center, 2020.

				Change 2000 to 2020		
	2000	2010	2020	Number	Percent	AAGR
U.S.	281,421,906	308,745,538	329,484,123	48,062,217	17%	0.8%
Oregon	3,421,399	3,831,074	4,268,055	846,656	25%	1.1%
Linn County	103,069	116,672	127,320	24,251	24%	1.1%
Millersburg	651	1,329	2,850	2,199	338%	7.7%

Millersburg's population within its urban growth boundary is projected to grow by over 1,900 people between 2021 and 2041, at an average annual growth rate of 2.6%.[27]

Exhibit 14. Forecast of Population Growth, Millersburg UGB, 2021 to 2041
Source: Oregon Population Forecast Program, Portland State University, Population Research Center, June 2021.

2,937	4,883	1,946	66% increase
Residents in 2021	Residents in 2041	New residents 2021 to 2041	2.6% AAGR

[27] This forecast of population growth is based on the Millersburg UGB official population forecast from the Oregon Population Forecast Program. ECONorthwest extrapolated the population forecast for 2020 (to 2021) and 2041 (to 2041) based on the methodology specified in the following file (from the Oregon Population Forecast Program website): https://www.pdx.edu/population-research/population-forecasts

Aging Population

This section shows two key characteristics of Millersburg's population, with implications for future housing demand in Millersburg:

- **Seniors.** Millersburg currently has a smaller share of people over 60 years old than Linn County. As Millersburg's senior population grows, it will have increasing demand for housing that is suitable for elderly residents.

  Demand for housing for seniors will grow over the planning period, as the Baby Boomers continue to age and retire. The Linn County forecast share of residents aged 60 years and older will account for 29% of its population (2041), compared to around 27% in 2021.

  The impact of growth in seniors in Millersburg will depend, in part, on whether older people already living in Millersburg continue to reside there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.[28] Millersburg may be attractive to newly retiring seniors because of its location within the Central Willamette Valley and its recreational amenities, combined with lower-cost housing than Bend.

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted living facilities or nursing homes), as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[29]

- **Millersburg currently has a larger proportion of younger people than Linn County and Oregon.** About 29% of Millersburg's population is under 20 years old, compared to 25% of Linn County's population and Oregon's average of 23%. The forecast for population growth in Linn County shows the percent of people under 20 years old decreasing from 24% of the population in 2021 to 21% of the population by 2041.

  People currently aged 25 to 40 are referred to as the Millennial generation and account for the largest share of population in Oregon. By 2041, they will be about 45 to 60 years of age. The forecast for Linn County shows a slight shift in Millennials from about 20% of the population in 2021 to about 21% of the population in 2041.

[28] A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[29] "Aging in Place: A toolkit for Local Governments" by M. Scott Ball.

Millersburg's ability to attract people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to and is affordable to Millennials, as well as jobs that allow younger people to live and work in Millersburg.

In the near-term, Millennials may increase demand for rental units. The long-term housing preference of Millennials is uncertain. Research suggests that Millennials' housing preferences may be similar to the Baby Boomers, with a preference for smaller, less costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[30]

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[31] The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland region, it shows similar results to national surveys and studies about housing preference for Millennials.

Growth in Millennials in Millersburg will result in increased demand for both affordable single-family detached housing (such as small single-family detached units like cottages), as well as increased demand for affordable townhouses and multifamily housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. There is potential for attracting new residents to housing in Millersburg's commercial areas, especially if the housing is relatively affordable and located in proximity to services.

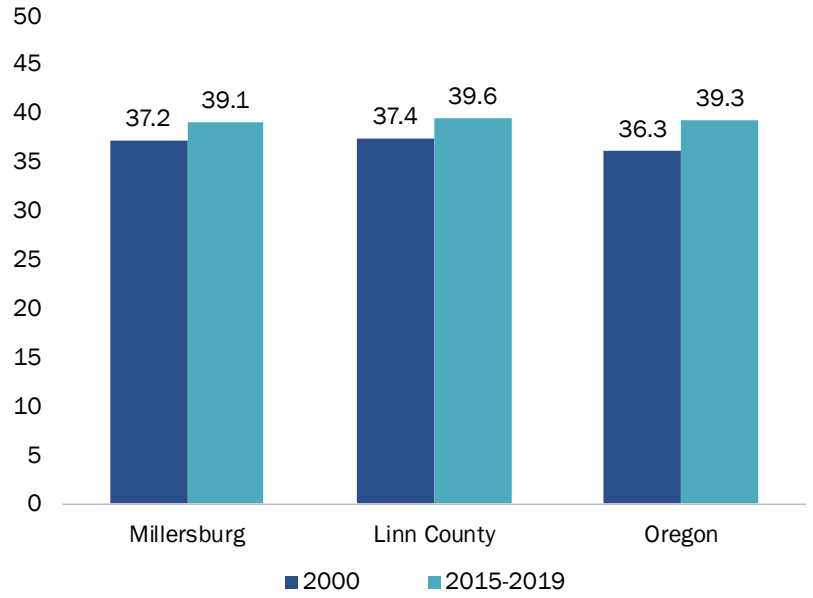
[30] The American Planning Association, "Investing in Place; Two generations' view on the future of communities." 2014.
"Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," Transportation for America.
"Survey Says: Home Trends and Buyer Preferences," National Association of Home Builders International Builders

[31] Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

From 2000 to 2015-2019, Millersburg's median age increased from 37.2 to 39.1 years.

Exhibit 15. Median Age, Millersburg, Linn County, and Oregon, 2000 to 2015-2019

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2015-2019 ACS, Table B01002.



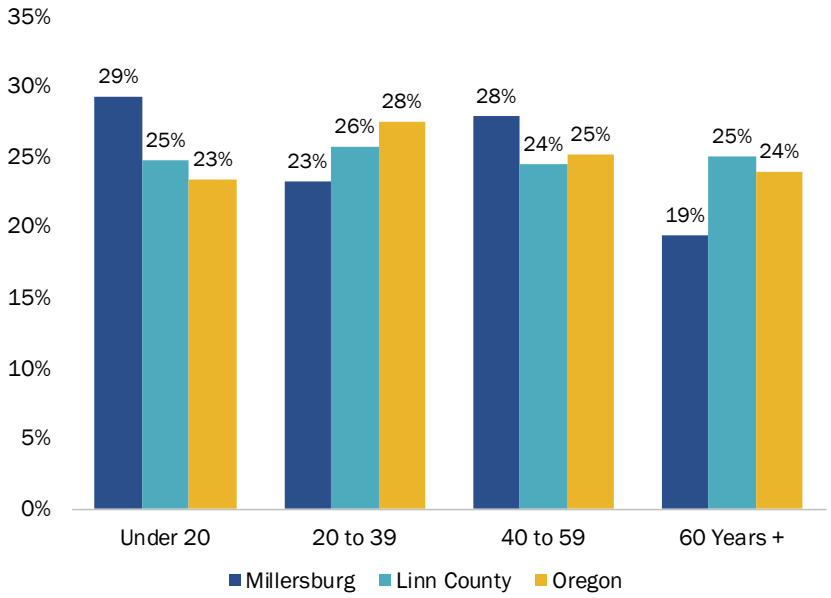
In the 2015-2019 period, about 51% of Millersburg's residents were between the ages of 20 and 59 years.

Millersburg has a smaller share of people over the age of 60 than the county and state.

29% of Millersburg's population is under 20 years old, compared to 25% of Linn County's population and 23% of Oregon's.

Exhibit 16. Population Distribution by Age, Millersburg, Linn County, and Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS, Table B01001.

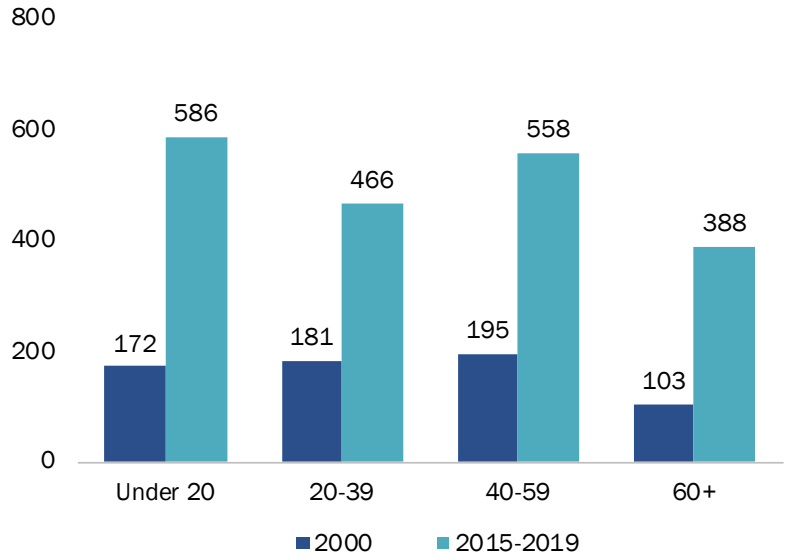


Between 2000 and 2015-2019, all age groups in Millersburg grew in size.

The largest percent increase in residents were those aged 60 and older at about 285 people (277%), followed by those 20 and younger at about 414 people (241%).

Exhibit 17. Population Growth by Age, Millersburg, 2000 to 2015-2019

Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2015-2019 ACS, Table B01001.



By 2041, Linn County's population between the ages of 40 and 59 years is forecast to grow 30%.

There is an expected population increase of 23% for people 60 years and older between 2021 and 2041.

Exhibit 18. Fastest-growing Age Groups, Linn County, 2021 to 2041

Source: PSU Population Research Center, Linn County Forecast, June 2021.

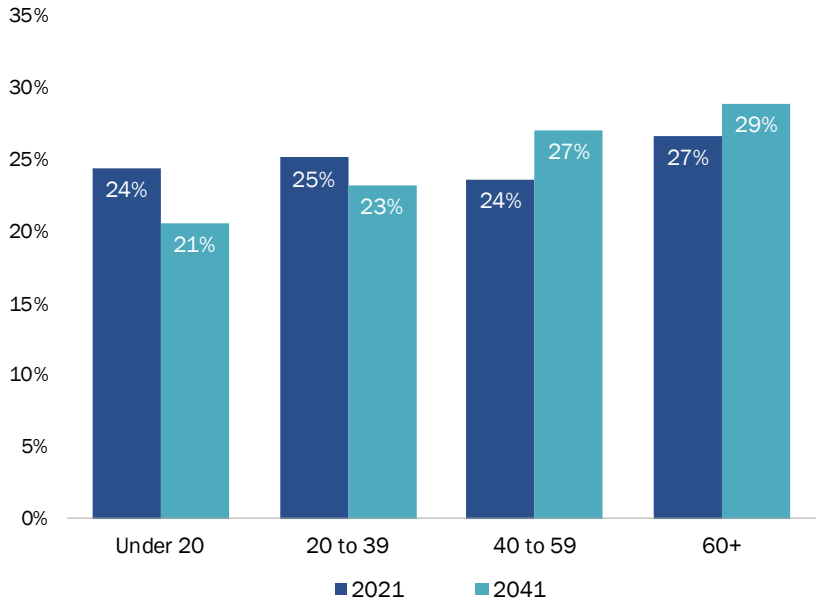
Under 20	20-39 Yrs	40-59 Yrs	60+ Yrs
-4%	5%	30%	23%
-1,273 People	1,546 People	9,227 People	7,999 People

By 2041, it is forecasted that Linn County residents over the age of 40 will make up 56% of the county's total population.

This accounts for a 6-percentage point increase from the county's 2021 age group estimate.

Exhibit 19. Population Growth by Age Group, Linn County, 2021 and 2041

Source: PSU Population Research Center, Linn County Forecast, June 2021.



Increased Ethnic Diversity

The number of Hispanic or Latino residents increased in Millersburg, by 160 people, from 2000 to the 2015-2019 period. The U.S. Census Bureau forecasts that at the national level, the Hispanic or Latino population will continue growing faster than most other non-Hispanic or Latino populations between 2020 and 2040. The Census forecasts that the Hispanic or Latino population will increase 93%, from 2016 to 2060, and foreign-born Hispanic or Latino populations will increase by about 40% in that same time.[32]

Continued growth in the Hispanic or Latino population will affect Millersburg's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third generation Hispanic or Latino immigrants, will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that, Hispanic or Latino households are twice likely to include multiple generations households than the general populace.[33] In third and later generations of Hispanic or Latino immigrant households, size typically decreases, and housing needs become similar to overall housing needs for households within the community, as well as a need for affordable rental units.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals:[34] the Hispanic or Latino population accounted for 35.9% of the nation's new households between 2010 to 2020. The rate of homeownership for Hispanic or Latino households increased from 45.4% in 2014 to 48-49% in 2020.[35] In that time, Hispanic or Latino households were the only demographic that increased their rate of homeownership for each of the past six years.

[32] U.S. Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060.*

[33] Pew Research Center. (2013). *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*.

[34] National Association of Hispanic Real Estate Professionals (2020). *2019 State of Hispanic Homeownership Report*.

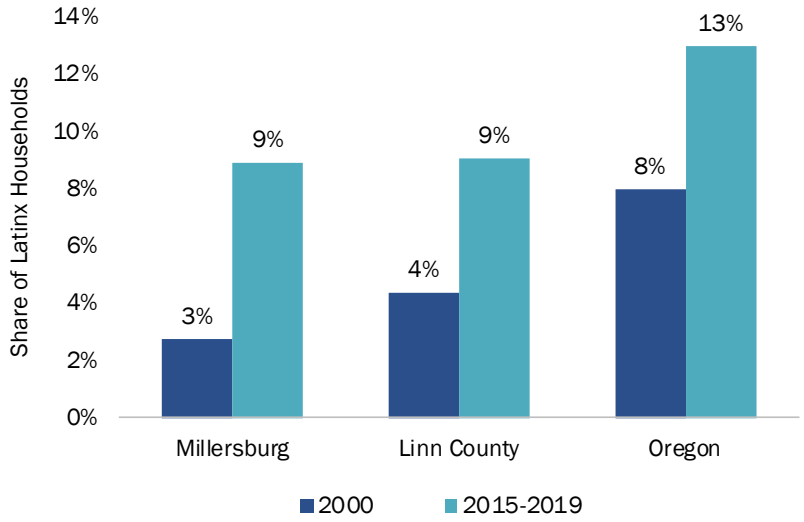
[35] As noted in the *State of Hispanic Homeownership Report*, in 2020 Census homeownership rate data was compromised as changes in methodology and a significantly lower number of responses resulted in unusually higher homeownership rates across all demographics as renters were less likely to answer the survey than homeowners. The range predicted by NAHREP is consistent with the trend line of the past decade, and within the range predicted by the Urban Institute.

The share of Millersburg's households that identified as Hispanic or Latino increased between 2000 and 2015-2019.

Millersburg was as ethnically diverse as Linn County and less ethnically diverse than the state in the 2015-2019 period.

Exhibit 20. Hispanic or Latino Population as a Percent of the Total Population, Millersburg, Linn County, Oregon, 2000 and 2015-2019

Source: U.S. Census Bureau, 2000 Decennial Census Table P008; 2015–2019 ACS Table B03002.



Racial Diversity

In the 2015-2019 period, Millersburg was less racially diverse than Linn County and Oregon.

Exhibit 21. Population by Race as a Percent of Total Population, Millersburg, Linn County, Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS Table B02001.

*Note: Categories of race comprising less than one percent of the population are included in "Some other race alone."

Race	Millersburg	Linn County	Oregon
White Alone	91%	90%	84%
Two or More Races	3%	5%	5%
* Some Other Race Alone	2%	3%	3%
Asian Alone	4%	1%	4%
Black or African American Alone	*	*	2%
American Indian and Alaska Native Alone	*	1%	1%
Native Hawaiian and Other Pacific Islander Alone	*	*	*

Household Size and Composition

Millersburg's household composition shows that households in the city tend to have more occupants than Linn County and statewide averages. On average, Millersburg's households are larger than Linn County and Oregon households.

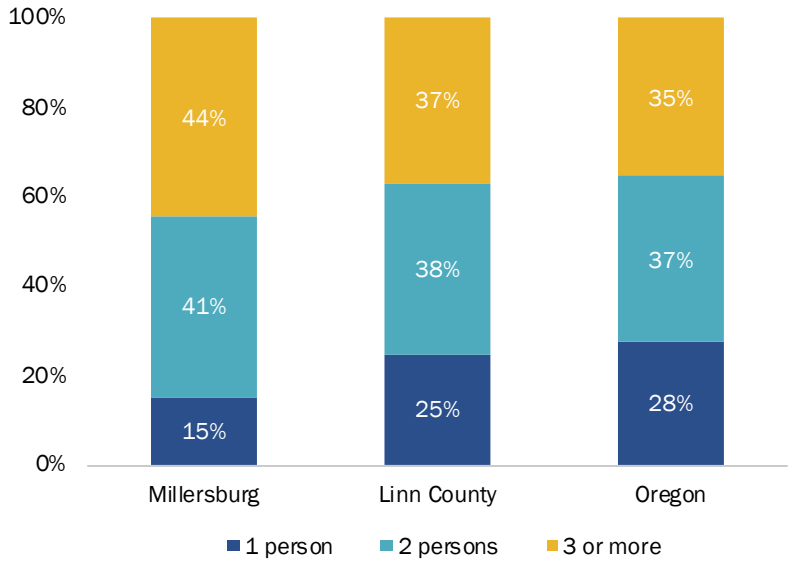
The average household size in Millersburg is larger than Linn County and the state.

Exhibit 22. Average Household Size, Millersburg, Linn County, Oregon, 2015-2019
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25010.

2.71 Persons	2.59 Persons	2.51 Persons
Millersburg	Linn County	Oregon

Millersburg has a smaller share of one-person households compared to the county and state, but a larger share of both 2- and 3-or-more person households.

Exhibit 23. Household Size, Millersburg, Linn County, Oregon, 2015-2019
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25010.

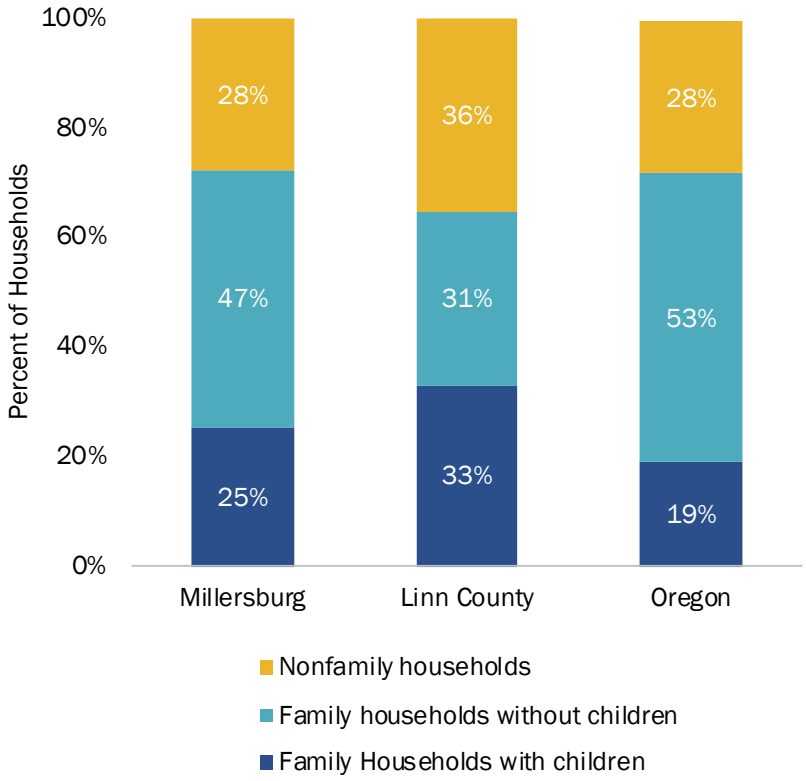


Millersburg has a slightly smaller share of households with children than Linn County but a slightly larger share than the state.

About 25% of Millersburg households have children, compared with 33% of Linn County households and 19% of Oregon households.

Exhibit 24. Household Composition, Millersburg, Linn County, Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table DP02.



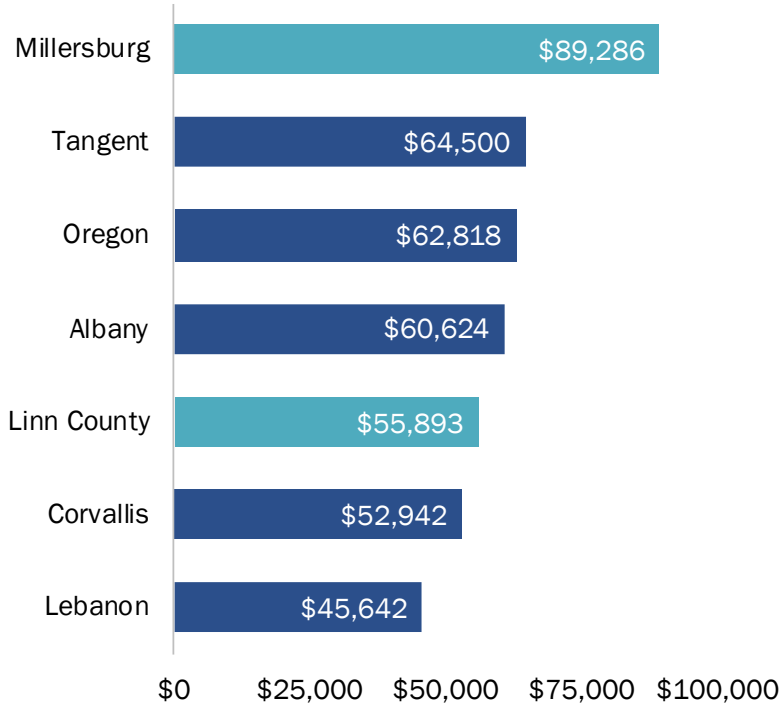
Income of Millersburg Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Income for residents living in Millersburg is higher than the Linn County and Oregon median household income.

Over the 2015-2019 period, Millersburg's median household income (MHI) was above that of the county, state, and comparison cities.

Over this period, Millersburg's MHI was $89,286, about 60% above Linn County's MHI of $55,893, and about 42% above Oregon's MHI of $62,818.

Exhibit 25. Median Household Income, Millersburg, Linn County, Oregon, and Comparison Cities, 2015-2019
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B25119.



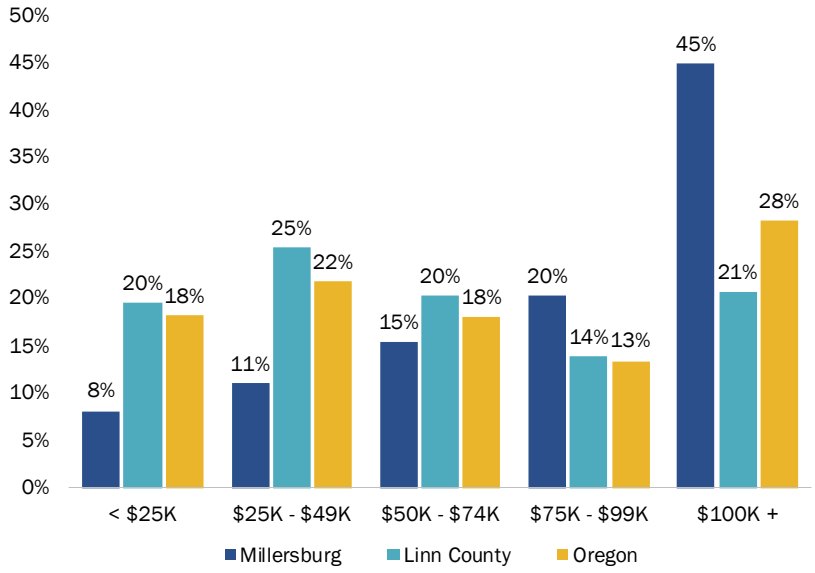
Millersburg has a lower percent share of households earning less than $50,000 compared to the county or state.

For the 2015-2019 period, about 19% of Millersburg households made less than $50,000 per year, compared to 45% of Linn County households, and 40% of Oregon households.

About 65% of Millersburg households brought in more than $75,000 annually, compared to 35% for Linn County and 42% for Oregon.

Exhibit 26. Household Income, Millersburg, Linn County, Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimates, Table B19001.

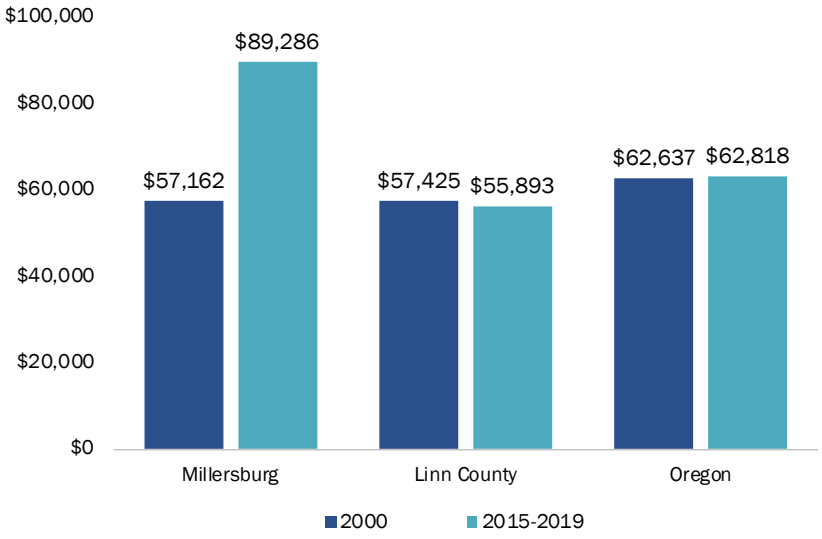


After adjusting for inflation, Millersburg's median household income (MHI) increased by 56% from 2000 to 2015-2019, from $57,162 to $89,286 per year.

Over the same period, Linn County's median household income decreased by 3%, and Oregon's increased by 0.3%.

Exhibit 27. Change in Median Household Income, Millersburg, Linn County, Oregon, 2000 to 2015-2019, 2019 Inflation-adjusted Dollars

Source: U.S. Census Bureau, 2000 Decennial Census, Table HCT012; 2015-2019 ACS 5-year estimate, Table B25119.



Commuting Trends

Millersburg is part of the complex, interconnected economy of the Mid-Willamette Valley region. Of the more than 2,050 people who worked in Millersburg in 2018, 99% of workers commuted into the city from other surrounding areas, most notably Albany, Lebanon, Salem, and Corvallis. More than 650 residents of Millersburg commuted out of the city for work, many of them to Albany, Salem, and Corvallis.

Millersburg is centrally located within the interconnected, regional economy of the Mid-Willamette Valley.

Millersburg is within a 30-minute drive of Albany, Salem, Corvallis, and Lebanon. More than 2,000 people commute into Millersburg for work, and more than 650 people living in Millersburg commute out of the city for work.

Exhibit 28. Commuting Flows, Millersburg, 2018
Source: U.S. Census Bureau, Census On the Map.

About 1% of people who work at businesses located in Millersburg also live in Millersburg.

The remainder commute from Albany and other parts of the Mid-Willamette Valley region.

Exhibit 29. Places Where Workers at Businesses in Millersburg Lived, 2018
Source: U.S. Census Bureau, Census On the Map.

27%	7%	4%	4%	1%	61%
Albany	Lebanon	Salem	Corvallis	Millersburg	All Other Cities

About 53% of Millersburg residents work in either Albany, Salem, or Corvallis.

About 3% of residents live and work within city limits.

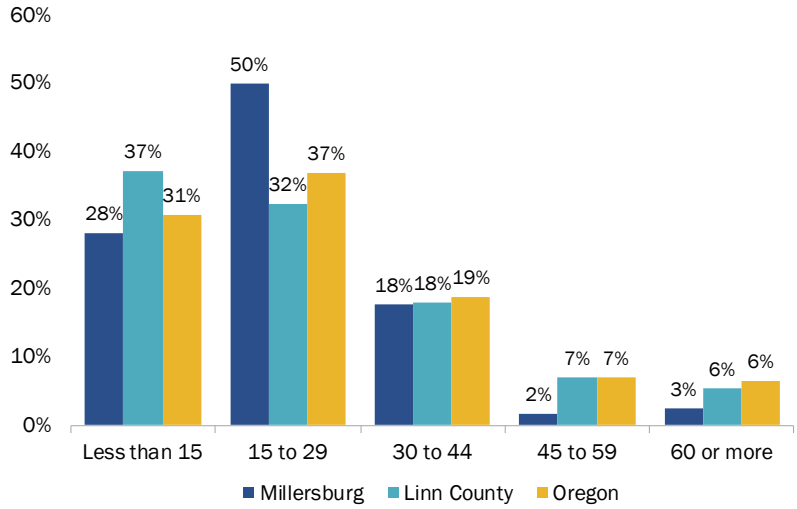
Exhibit 30. Places Where Millersburg Residents were Employed, 2018
Source: U.S. Census Bureau, Census On the Map.

26%	15%	12%	3%	3%	41%
Albany	Salem	Corvallis	Millersburg	Lebanon	All Other Cities

About half of Millersburg residents have a commute time that takes between 15 to 29 minutes.

Exhibit 31. Commute Time by Place of Residence, Millersburg, Linn County, Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimate, Table B08303.



Populations with Special Needs

The following section presents information about people with special housing needs, including people experiencing homelessness and people with disabilities.

People Experiencing Homelessness

Gathering reliable data from individuals experiencing homelessness is difficult precisely because they are unstably housed. People can cycle in an out of homelessness and move around communities and shelters. Moreover, the definition of homelessness can vary between communities. Individuals and families temporarily living with relatives or friends are insecurely housed, but they are often neglected from homelessness data. Even if an individual is identified as lacking sufficient housing, they may be reluctant to share information. As a result, information about people experiencing homelessness in Millersburg is not readily available.

This section presents information about people experiencing homelessness in Linn County based on the following sources of information:

- **Point-in-Time (PIT) count:** The PIT count is a snapshot of individuals experiencing homelessness on a single night in a community. It records the number and characteristics (e.g., race, age, veteran status) of people who live in emergency shelters, transitional housing, rapid re-housing, Safe Havens, or PSH; as well as recording those who are unsheltered. HUD requires that communities and Continuums of Care (CoC) perform the PIT count during the last ten days of January on an annual basis for sheltered people and on a biennial basis for unsheltered people. Though the PIT count is not a comprehensive survey, it serves as a measure of homelessness at a given point of time and is used for policy and funding decisions.
- **McKinney Vento data:** The McKinney Vento Homeless Assistance Act authorized, among other programs, the Education for Homeless Children and Youth (EHCY) Program to support the academic progress of children and youths experiencing homelessness. The U.S. Department of Education works with state coordinators and local liaisons to collect performance data on students experiencing homelessness. The data records the number of school-aged children who live in shelters or hotels/motels and those who are doubled up, unsheltered, or unaccompanied. This is a broader definition of homelessness than that used in the PIT.

Although these sources of information are known to undercount people experiencing homeless, they are consistently available for counties in Oregon.

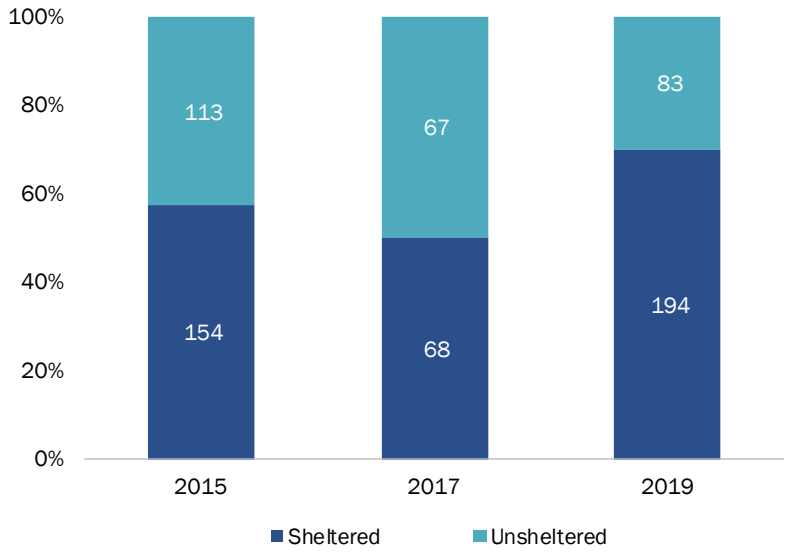
Linn County's Point-in-Time Homeless count increased by 105% from 2017 to 2019.

Exhibit 32. Number of Persons Experiencing Homelessness, Linn County, Point-in-Time Count, 2017 and 2019
Source: Oregon Housing and Community Services.

Between 2015 and 2019, the population of individuals who experienced sheltered homelessness increased by 26%, or about 40 people.

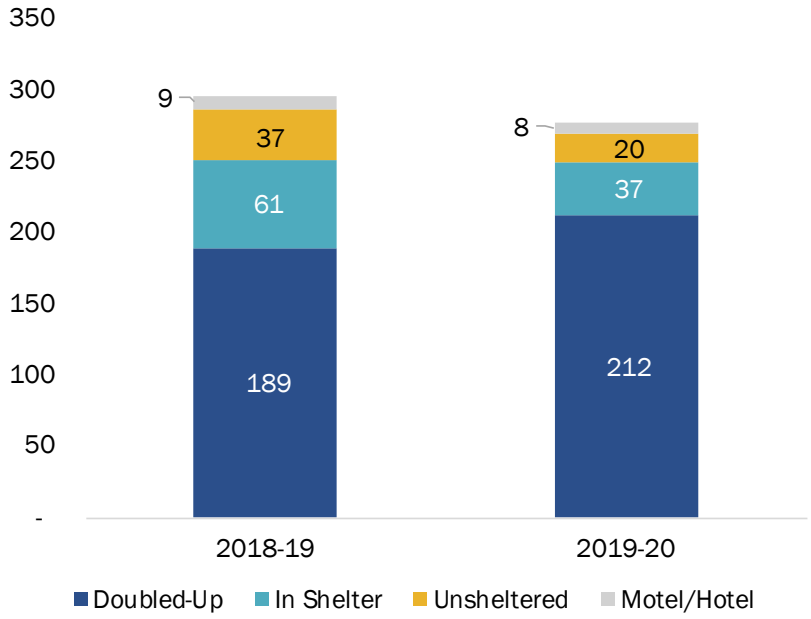
In the same time period, the number of people experiencing unsheltered homelessness in Linn County decreased by 27%, or about 30 people.

Exhibit 33. Number of Persons Homeless by Living Situation, Linn County, Point-in-Time Count, 2015, 2017, and 2019
Source: Oregon Housing and Community Services.



The number of homeless students in the Greater Albany Public School District decreased by 6% (19 students) between the 2018-19 and 2019-20 school years.

Exhibit 34. Number of Students Homeless by Living Situation, Greater Albany Public School District, 2018-2019 and 2019-2020
Source: McKinney Vento, 2018-19 and 2019-20 Homeless Student Data.



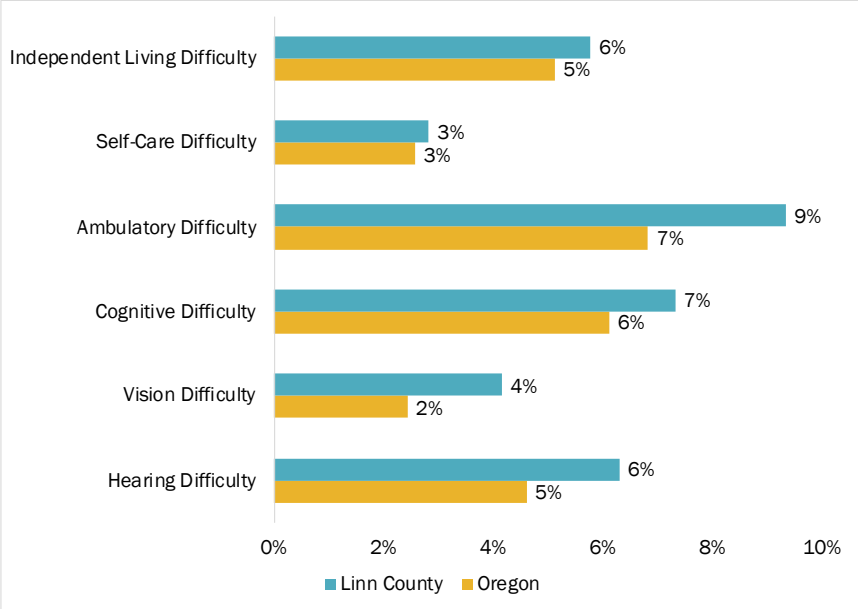
People with Disabilities

Exhibit 35 presents data on the share of individuals living with disabilities in Linn County and Oregon. Persons with disabilities often require special housing accommodations such as single-story homes or ground floor dwelling units, unit entrances with no steps, wheel in showers, widened doorways, and other accessibility features. Limited supply of these housing options poses additional barriers to housing access for these groups.

Linn County has a higher share of persons living with a disability than the state.

Linn County had a total of 24,936 residents with one or more disabilities, accounting for 19% of the county's total population in 2019. The most common disabilities were ambulatory and cognitive difficulties.

Exhibit 35. Persons Living with a Disability by Type and as a Percentage of Total Population, Linn County and Oregon, 2019
Source: US Census Bureau 2019 ACS 1-year supplemental estimates, Table K201803.



Regional and Local Trends Affecting Affordability in Millersburg

This section describes changes in sales prices, rents, and housing affordability in Millersburg since 2000. It uses cities and submarkets in the Mid-Willamette Valley region, as well as Linn County and Oregon, as comparisons.

Changes in Housing Costs

With a median sales price of $414,375 Millersburg's housing sales were generally higher than other Mid-Willamette Valley submarkets. Millersburg's housing prices were below prices in Tangent and above Corvallis, Albany, Lebanon, and Linn County (2016-2020). Over that period, Millersburg's housing prices grew by 33% or $101,919.

Millersburg's median home sales price was lower than Tangent but greater than Corvallis, Albany, and Lebanon.

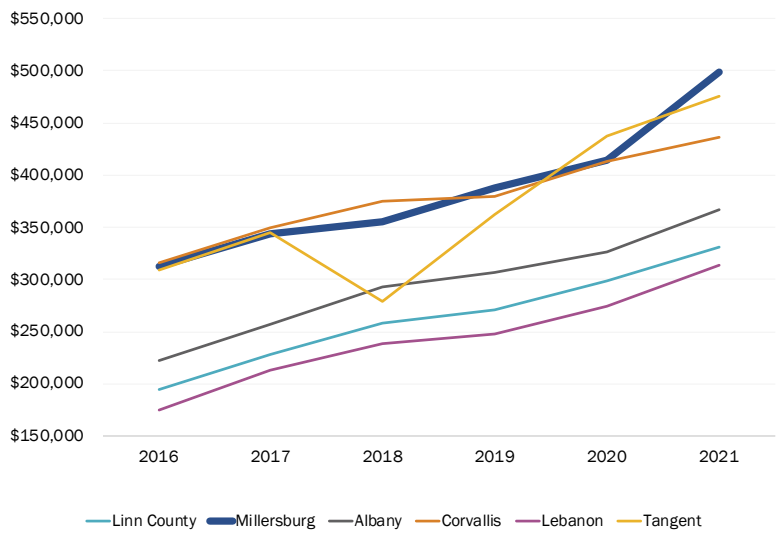
Exhibit 36. Median Home Sale Price, Millersburg Area and Comparison Cities, 2020
Source: Redfin.

$438K	$414K	$413K	$326K	$274K
Tangent	Millersburg	Corvallis	Albany	Lebanon

Although sale prices were generally higher, between 2016 and 2020, home sales prices in Millersburg followed similar trends to the Corvallis and Tangent submarkets.

Over the 2016 to 2020 period, Millersburg's median housing price increased by 33% or $101,919.

Exhibit 37. Median Sales Price, Millersburg Area and Submarket, 2016 to April 2021
Source: Redfin.



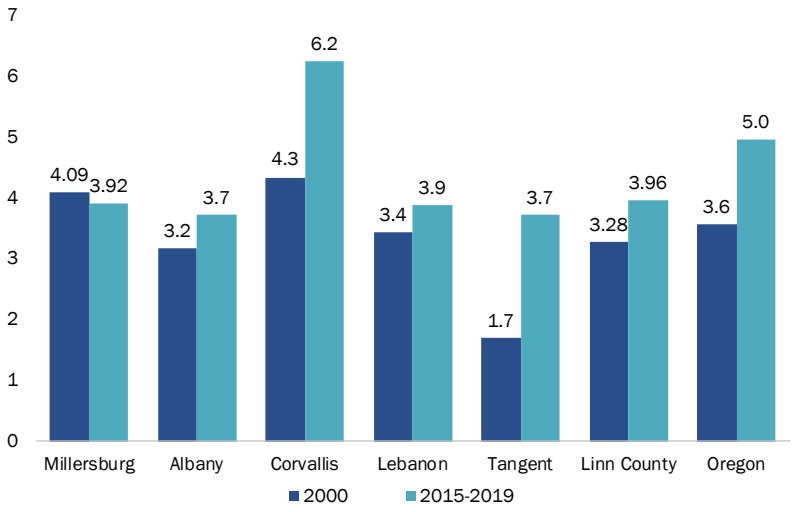
Since 2000, housing costs in Millersburg have increased on pace with incomes; however, for Linn County and Oregon, housing costs have outpaced income.

The household reported median value of a house in Millersburg was 4.1 times the median household income (MHI) in 2000, and 3.9 times MHI in the 2015-2019 period, indicating income growth has stayed on pace with rising home values.

In both Linn County and Oregon, however, housing affordability has declined. This is also observed in all comparison cities, with the largest increase in median home value-to-MHI ratio occurring in Corvallis.

Exhibit 38. Ratio of Median Housing Value to Median Household Income, Millersburg, Linn County, Oregon, and Comparison Cities, 2000 to 2015-2019[36]

Source: U.S. Census Bureau, 2000 Decennial Census, Tables HCT012 and H085; 2015-2019 ACS 5-year estimates, Tables B19013 and B25077.



[36] This ratio compares the median value of housing in Millersburg (and other places) to the median household income. Inflation-adjusted median owner values in Millersburg increased from $233,866 in 2000 to $350,000 in 2015-2019. Over the same period, inflation-adjusted median income increased from $57,162 to $89,286.

Rental Costs

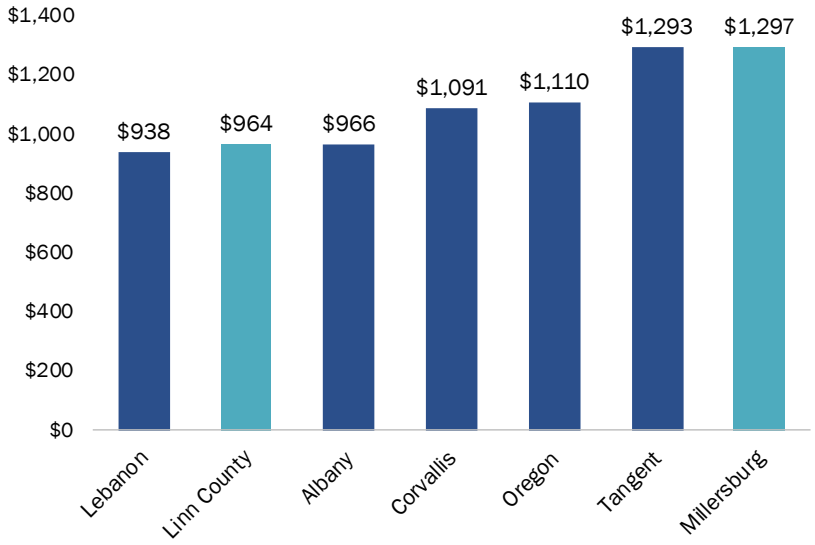
Rent costs in Millersburg are higher than average for both Linn County and the state. The following charts show gross rent (which includes the cost of rent plus utilities) for Millersburg in comparison to Linn County, Oregon, and comparison cities.

The median gross rent in Millersburg was $1,297 in the 2015-2019 period.

Rent in Millersburg is higher than Linn County, the state, and all comparison areas.

Exhibit 39. Median Gross Rent, Millersburg, Linn County, Oregon, and Comparison Cities, 2015-2019

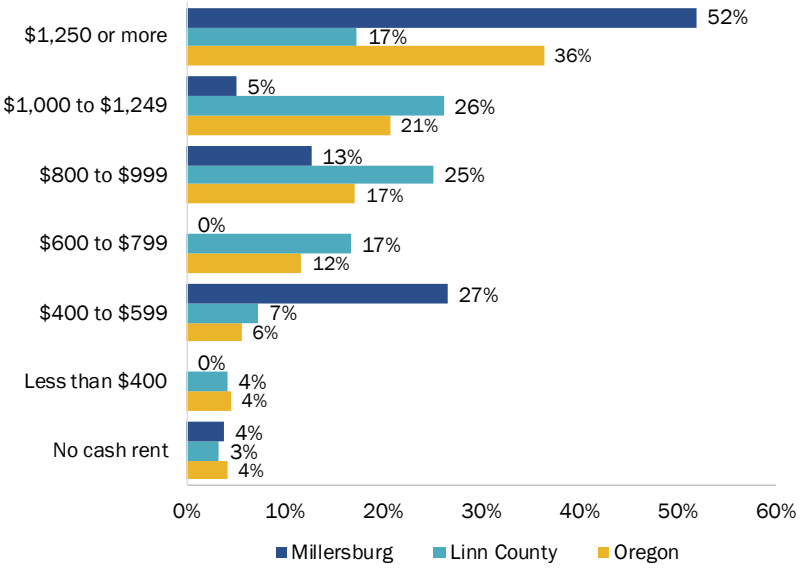
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimates, Table B25064.



About 52% of renters in Millersburg pay $1,250 or more per month in rent, a larger share than both Linn County and the state.

Exhibit 40. Gross Rent, Millersburg, Linn County, Oregon, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimates, Table B25063.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

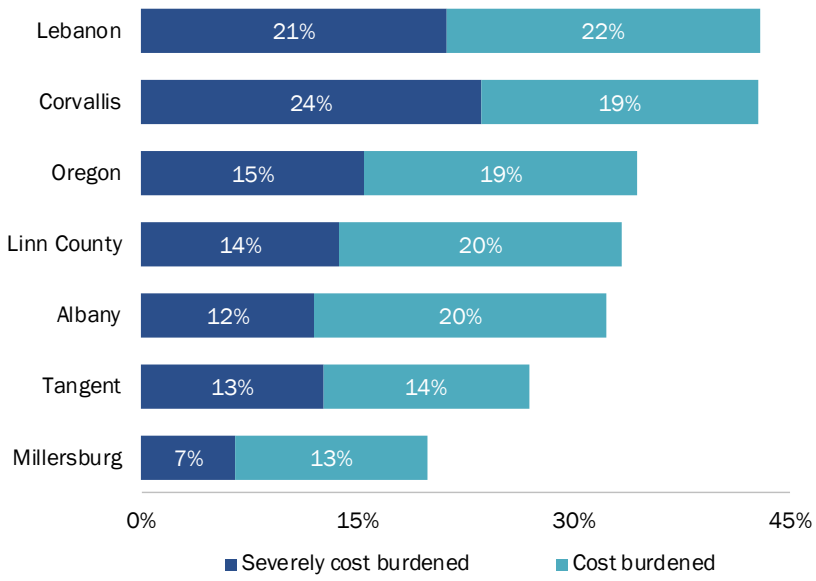
About 13% of Millersburg's households are cost burdened and 7% are severely cost burdened. About 33% of renter households are cost burdened, compared with 18% of homeowners. Overall, Millersburg has the lowest share of cost-burdened households when compared to Linn County, the state, and comparison areas.

For example, about 14% of Millersburg's households have an income of less than $32,250 per year. These households can afford rent of less than $806 per month, or a home with a value of less than $67,725. Most, but not all, of these households are cost burdened.

Overall, about 20% of all households in Millersburg are cost burdened.

Relative to all comparison areas, Millersburg has the lowest share of cost burdened households.

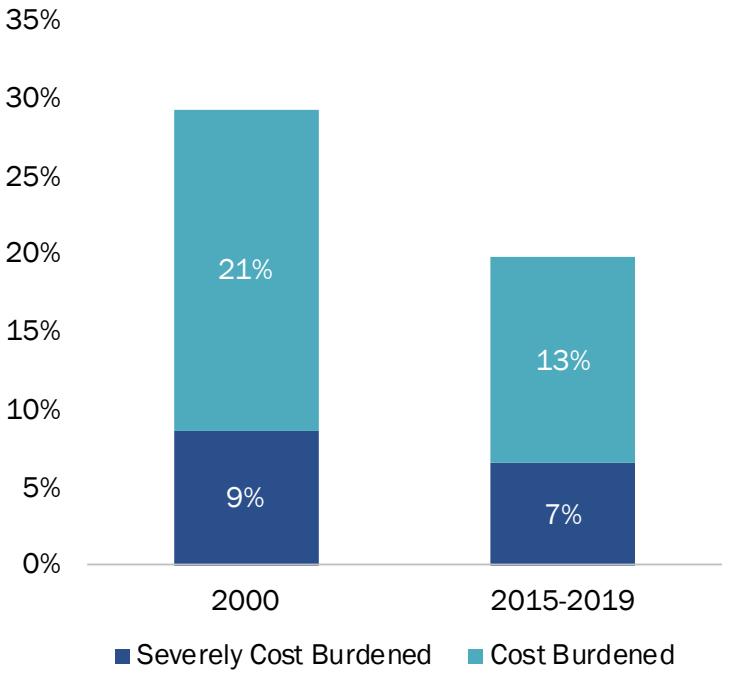
Exhibit 41. Housing Cost Burden, Millersburg, Linn County, Oregon, Other Comparison Cities, 2015-2019
Source: U.S. Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households declined by 10 percentage points in Millersburg.

Exhibit 42. Change in Housing Cost Burden, Millersburg, 2000 to 2015-2019

Source: U.S. Census Bureau, 2000 Decennial Census, Tables H069 and H094; and 2015-2019 ACS 5-year estimates, Tables B25091 and B25070.



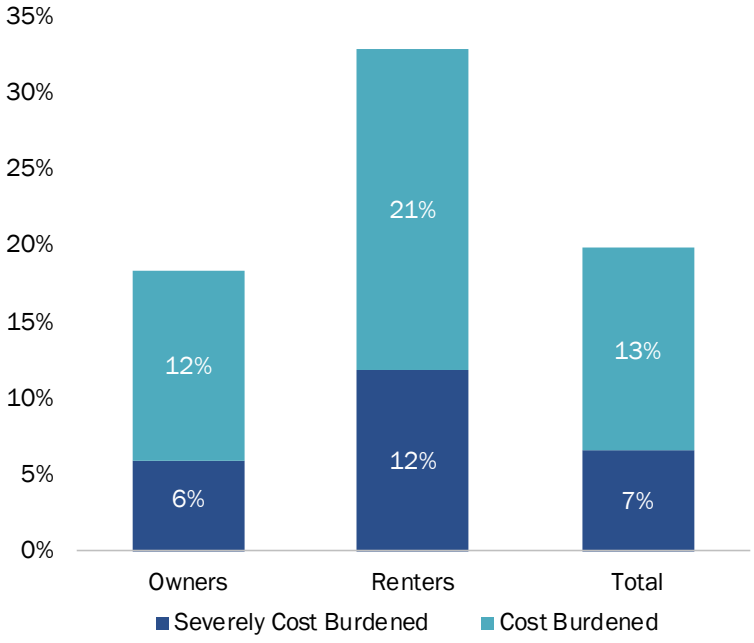
Renters are much more likely to be cost burdened than homeowners.

In the 2015-2019 period, about 33% of Millersburg's renters were cost burdened or severely cost burdened, compared to 18% of homeowners.

About 12% of Millersburg's renters were severely cost burdened.

Exhibit 43. Housing Cost Burden by Tenure, Millersburg, 2015-2019

Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimates, Tables B25091 and B25070.



As of the 2015-2019 period, 3% of all households in Millersburg were cost burdened renters.

Exhibit 44. Renter Cost Burden, Millersburg, 2015-2019
Source: U.S. Census Bureau, 2015-2019 ACS 5-year estimates, Tables B25091 and B25070.

733	25	3%
Total Households	Cost Burdened Renter Households	Share of Cost Burdened Renters (% of total households)

While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on non-discretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary non-discretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost burden indicator.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair Market Rent for a 2-bedroom apartment in Linn County is $1,133.

Exhibit 45. HUD Fair Market Rent (FMR) by Unit Type, Linn County, 2021
Source: U.S. Department of Housing and Urban Development.

$794	$860	$1,133	$1,591	$1,888
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least $21.79 per hour to afford a two-bedroom unit at Fair Market Rent ($1,133) in Linn County.

Exhibit 46. Affordable Housing Wage, Linn County, 2021
Source: U.S. Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

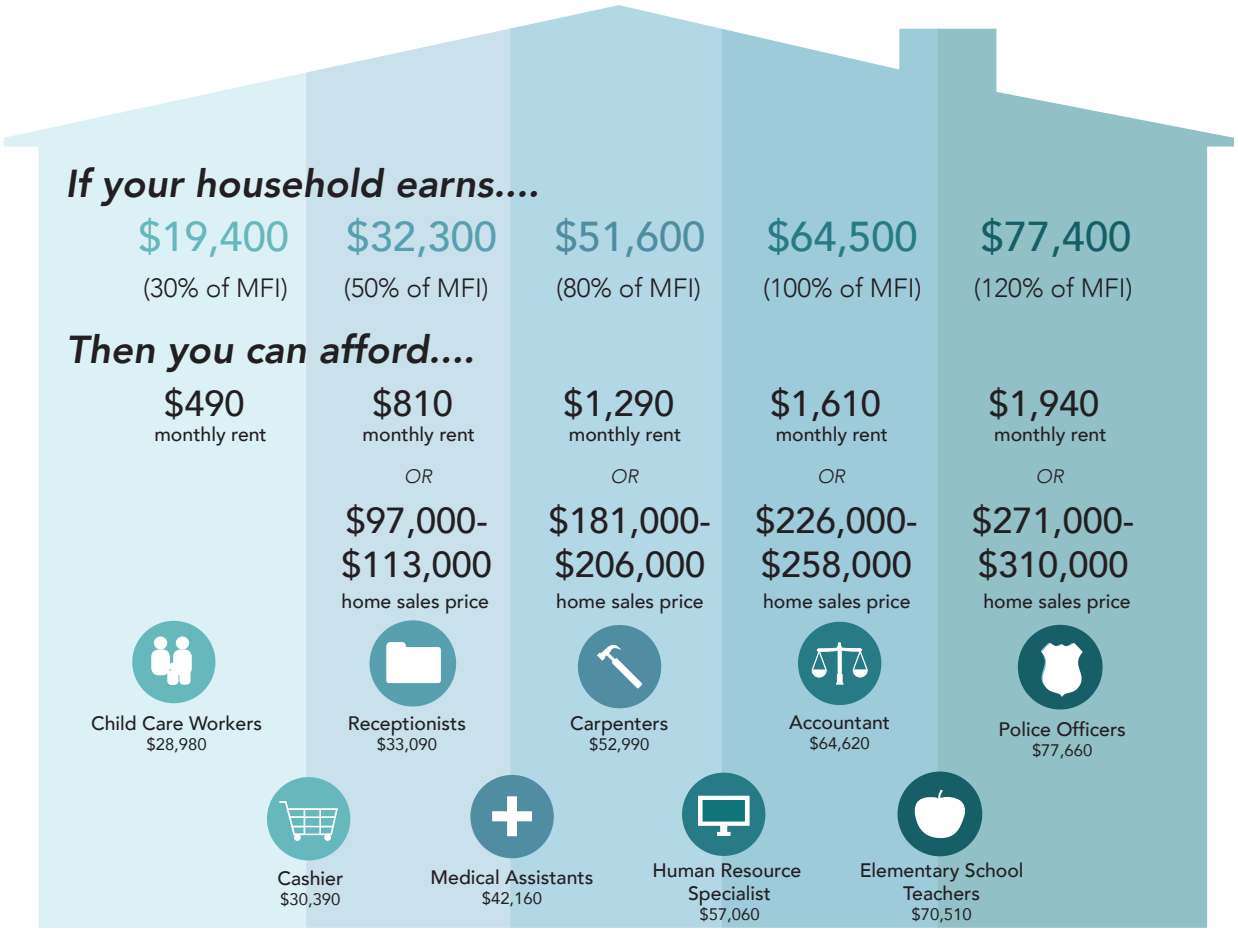
$21.79 per hour
Affordable Housing Wage for two-bedroom Unit in Linn County

Exhibit 47 shows housing affordability based on incomes for Linn County. The regional Median Family Income (MFI) is used by HUD as a way to understand the differences in housing affordability in different places across the nation. In Linn County, the MFI for a family of four is $64,500. A household earning the median family income ($64,500) can afford a monthly rent of about $1,610 or a home roughly valued between $226,000 and $258,000.

A household would need to have income of about $118,000, or 183% of MFI for Linn County to afford a house at the Millersburg 2020 median home sale price of $414,000. About 28% of households in Millersburg can afford housing at this cost.

A household would need to have income of about $52,000 (about 80% of MFI) to afford the median gross rent for multifamily housing of nearly $1,297. About 80% of households in Millersburg can afford housing at this cost.

Exhibit 47. Financially Attainable Housing, by Median Family Income (MFI) for Linn County ($64,500), Millersburg, 2020
Source: U.S. Department of Housing and Urban Development, Linn County, 2020. Oregon Employment Department.



About 20% of Millersburg's households have income less than $35,000 and cannot afford a two-bedroom apartment at Linn County's Fair Market Rent (FMR) of $1,133.

Exhibit 48. Share of Households, by Median Family Income (MFI) for Linn County ($64,500), Millersburg, 2020

Source: U.S. Department of Housing and Urban Development, Linn County, 2020. U.S. Census Bureau, 2015-2019 ACS Table 19001.

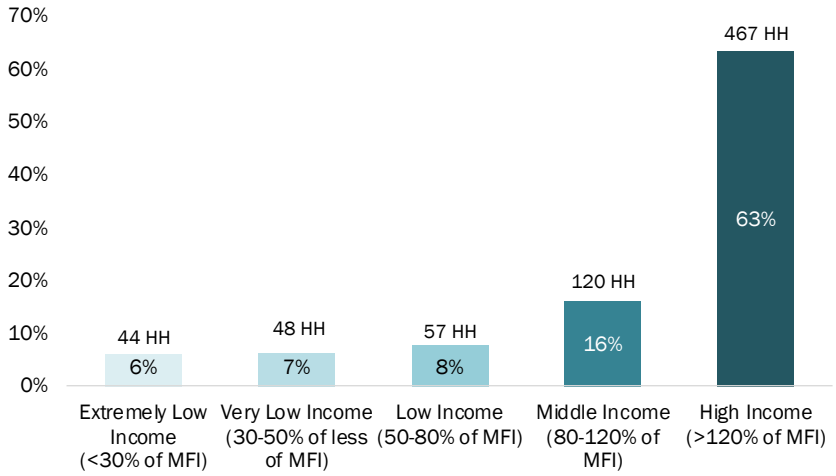


Exhibit 49 illustrates the types of financially attainable housing by income level in Linn County. Generally speaking, however lower-income households will be renters occupying existing housing. Newly built housing will be a combination of renters (most likely in multifamily housing) and homeowners. The types of housing affordable for the lowest income households is limited to government subsidized housing, manufactured housing, lower-cost single-family housing, and multifamily housing. The range of financially attainable housing increases with increased income.

Exhibit 49. Types of Financially Attainable Housing by Median Family Income (MFI) for Linn County ($64,500), Millersburg, 2020
Source: U.S. Department of Housing and Urban Development, Linn County, 2020. Oregon Employment Department.

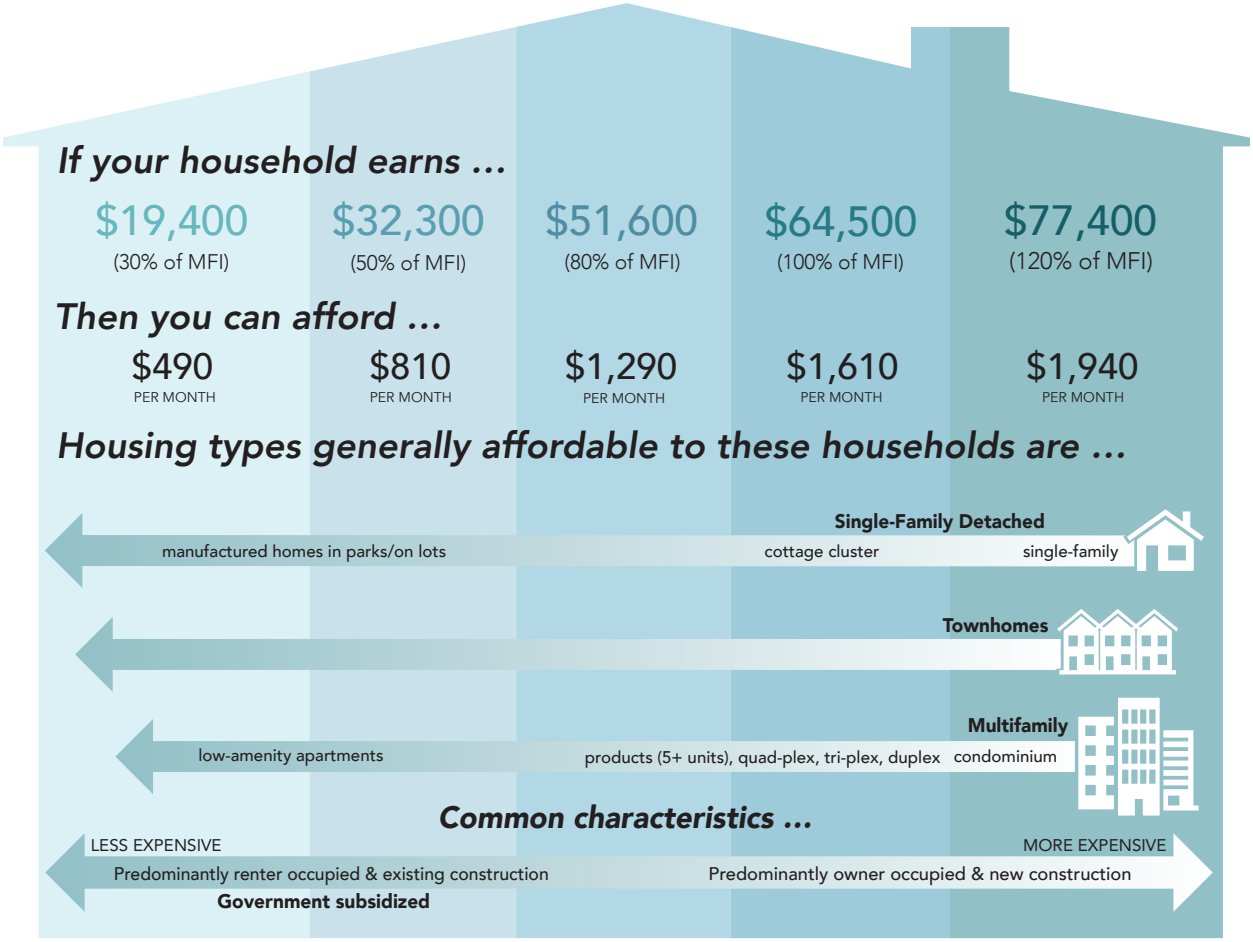


Exhibit 50 illustrates housing unit affordability based on information from HUD and the U.S. Census about unit affordability and household income. It shows household income by percentage of MFI and units affordable by MFI grouping.

- Cells highlighted in green show the number of households who live in housing that is affordable to them at their income level. Exhibit 50 shows that 26 of Millersburg's households have income below 50% of MFI and live in a unit affordable to that income grouping.
- Cells highlighted in red show the number of households who are cost burdened because they live in housing that is not affordable to them. Cost burden is most common among households with income below 50% of MFI, with about 19 households living in housing affordable at 50-80% of MFI.
- Cells highlighted in blue show the number of households who are renting or buying down and could afford to live in housing that costs more. Renting or buying down is most common among households with income above 80% of MFI, with about 72 households living housing affordable at 50-80% of MFI. These households may own their units and choose to continue to live in them by preference.

Exhibit 50. Unit Affordability by Household Income, Millersburg, 2013-2017
Source: HUD, CHAS Data, 2013-2017, Table 18A-C.

		Household Income			
Unit Affordability		0-50% HAMFI	50-80% HAMFI	+80% HAMFI	
0-50%		26	8	42	*Renting/
50-80%	Cost	19	8	72	Buying Down*
+80%	Burdened	32	27	405	

Millersburg can have a role in supporting development of housing affordable to lower and middle-income households, as the private market generally does not build housing affordable to those households. Housing affordable to households in this income category is generally built by nonprofit affordable housing developers or public agencies.

Summary of the Factors Affecting Millersburg's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice. While the number and interrelationships among these factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies, it is a crucial step to informing the types of housing that will be needed in the future.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have, on average, less income than people who are older and they are less likely to have children. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing.

The data illustrate what more detailed research has shown: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand. However, certain trends, including differences in housing characteristics by race or ethnicity, are more likely to reflect availability of affordable housing, rather than different preferences for by race or ethnicity.

Still, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in Millersburg over the next 20 years:

- **Growth in housing will be driven by growth in population.** Between 2000 and 2020, Millersburg's population grew by 2,199 people (338%). The population in Millersburg's UGB is forecasted to grow from 2,937 to 4,883, an increase of 1,946 people (66%) between 2021 and 2041.[37]
- **Housing affordability is a growing challenge in Millersburg.** Housing affordability is a challenge in most of the Mid-Willamette Valley region in general, and Millersburg is affected by these regional trends. Housing prices are increasing faster than incomes in Linn County, which is consistent with state and national challenges. Millersburg has a minimal supply of multifamily housing (about 1% of the city's housing stock), and a small share of renter households (11%). Millersburg's key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types, such as lower-cost single-family housing, townhouses and duplexes, market-rate multifamily housing, and government-subsidized affordable housing.

[37] This forecast is based on Linn County's certified population estimate and official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period, shown in Exhibit 14.

- **Without substantial changes in housing policy, on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that is important when trying to address demand for new housing.

  The City's residential policies can impact the amount of change in Millersburg's housing market, to some degree. If the City adopts policies to increase opportunities to build smaller-scale single-family and multifamily housing types (particularly multifamily that is affordable to low- and moderate-income households), a larger percentage of new housing developed over the next 20 years in Millersburg may begin to provide more opportunities for renter housing and better meet the needs of cost burdened renters (which account for 33% of Millersburg's renters). Examples of policies that the City could adopt to achieve this outcome include: allowing a wider range of housing types (e.g., duplex or townhouses) in single-family zones, ensuring that there is sufficient land zoned to allow single-family attached multifamily housing development, supporting development of government-subsidized affordable housing, and encouraging multifamily residential development in downtown. The degree of change in Millersburg's housing market, however, will depend on market demand for these types of housing in Linn County.

  If the future differs from the past, it is likely to move in the direction, on average, of smaller units and more diverse housing types. Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, townhomes, and multifamily housing.

  Key demographic and economic trends that will affect Millersburg's future housing needs are: (1) the aging of the Baby Boomers, (2) the aging of the Millennials and Generation Z, (3) the continued growth in the Hispanic or Latino population, and (4) access to a range of housing types for people of color.

  - *The Baby Boomer's population is continuing to age.* The changes that affect Millersburg's housing demand as the population ages are that household sizes and homeownership rates decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a Continuum of Care from independent living to nursing home care, may grow in Millersburg.
  - *Millennials* and Generation Z *will continue to form households and make a variety of housing choices.* As Millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2020 and 2040, Millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract these younger households will depend on the City's availability of affordable renter and ownership housing. It will also depend on the location of new housing in Millersburg as many

Millennials prefer to live in more walkable neighborhoods.[38] The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[39] Housing preferences for Generation Z are not yet known but it is reasonable that they will also need affordable housing, both for rental and later in life for ownership.

- *Hispanic or Latino population will continue to grow.* Hispanic or Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Hispanic or Latino population will drive demand for housing for families with children. Hispanic or Latino households are disproportionately cost burdened when compared to the statewide average, in part because of lower household incomes. Growth in Hispanic or Latino households will also drive demand for affordable housing, both for ownership and renting, both for smaller units for one- and two-person households but also for larger family households, including multigenerational households.

In summary, an aging population, increasing housing costs, housing affordability concerns for Millennials and the Hispanic or Latino populations, and other variables are factors that support the conclusion of need for smaller and less expensive units and a broader array of housing choices.

[38] Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Strochak, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

[39] Ibid.

5. Housing Need in Millersburg

Project New Housing Units Needed in the Next 20 Years

The results of the Housing Capacity Analysis are based on: (1) the official population forecast for growth in Millersburg over the 20-year planning period, (2) information about Millersburg's housing market relative to Linn County, Oregon, and nearby cities, and (3) the demographic composition of Millersburg's existing population and expected long-term changes in the demographics of Linn County.

Forecast for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in Millersburg between 2021 and 2041. The key assumptions are based on the best available data and may rely on safe harbor provisions, when available.[40]

- **Population.** A 20-year population forecast (in this instance, 2021 to 2041) is the foundation for estimating needed new dwelling units. Millersburg's UGB will grow from 2,937 persons in 2021 to 4,883 persons in 2041, an increase of 1,946 people.[41]
- **Persons in Group Quarters[42].** Persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges, government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multifamily dwellings.

[40] A safe harbor is an assumption that a city can use in a Housing Capacity Analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as "… an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division."

[41] This forecast is based on Millersburg UGB's official forecast from the Oregon Population Forecast Program for the 2021 to 2041 period.

[42] The Census Bureau's definition of group quarters is as follows: A group quarters is a place where people live or stay, in a group living arrangement, that is owned or managed by an entity or organization providing housing and/or services for the residents. The Census Bureau classifies all people not living in housing units (house, apartment, mobile home, rented rooms) as living in group quarters. There are two types of group quarters: (1) Institutional, such as correctional facilities, nursing homes, or mental hospitals and (2) Non-Institutional, such as college dormitories, military barracks, group homes, missions, or shelters.

The 2015-2019 American Community Survey shows that 0.2% of Millersburg's population was in group quarters. For the 2021 to 2041 period, we assume that 0.2% of Millersburg's new population, approximately 3 people, will be in group quarters.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the most-recent decennial Census at the time of the analysis. According to the 2015-2019 American Community Survey, the average household size in Millersburg was 2.71 people. **Thus, for the 2021 to 2041 period, we assume an average household size of 2.71 persons.**

- **Vacancy Rate.** The Census defines vacancy as: "unoccupied housing units are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent the lag between demand and the market's response to demand for additional dwelling units. Vacancy rates for rental and multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

  OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the most-recent decennial Census. According to the 2015-2019 American Community Survey, Millersburg's vacancy rate was 0.3%. **For the 2021 to 2041 period, we assume a vacancy rate of 0.3%.**

Millersburg will have demand for 719 new dwelling units over the 20-year period, with an annual average of 36 dwelling units.

Exhibit 51. Forecast of Demand for New Dwelling Units, Millersburg UGB, 2021 to 2041
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
Change in persons	1,946
minus Change in persons in group quarters	3
equals Persons in households	1,943
Average household size	2.71
New occupied DU	717
times Vacancy rate	0.3%
equals Vacant dwelling units	2
Total new dwelling units (2021-2041)	**719**
Annual average of new dwelling units	**36**

Housing Units Needed Over the Next 20 Years

Exhibit 51 presents a forecast of new housing in Millersburg's UGB for the 2021 to 2041 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in Millersburg.

Over the next 20-years, the need for new housing developed in Millersburg will generally include a wider range of housing types and housing that is more affordable. This conclusion is based on the following information, found in Chapter 3 and 4:

- Millersburg's housing mix is predominately single-family detached. In the 2015-2019 period, 97% of Millersburg's housing was single-family detached, 2% was single-family attached, and 1% was multifamily (with 2 or more units), which presents limited options for rental housing.
- Demographic changes across Millersburg suggest increases in demand for single-family attached housing and multifamily housing. The key demographic trends that will affect Millersburg's future housing needs are the aging of the Baby Boomers, the household formation of the Millennials, and growth in Hispanic or Latino populations. The implications of the trends are increased demand from small, older (often single person) households and increased demand for affordable housing for families, both for ownership and rent.
- Millersburg's median household income was $89,286, about $33,000 higher than Linn County's median. Approximately 19% of Millersburg's households earn less than $50,000 per year, compared to 45% in Linn County and 40% in Oregon.
- About 20% of Millersburg's households are cost burdened (paying 30% or more of their household income on housing costs).[43] About 33% of Millersburg's **renters (11% of all households)** are cost burdened and about 18% of Millersburg's **homeowners** are cost burdened. Cost burden rates in Millersburg are lower than those in Linn County. Millersburg has limited opportunity for rental housing affordable to renters at the lower- and moderate-income levels. There are comparatively few jobs in Millersburg with lower and moderate pay, which is one reason that Millersburg's median household income is substantially higher than Linn County's household income. Adding a substantial number of new units affordable to households with low- and moderate-incomes, may increase out-commuting from Millersburg because such jobs are less common in Millersburg.
- Millersburg needs more affordable housing types for homeowners. Housing sales prices increased in Millersburg over the last three years. From 2016 to 2020, the median housing sale price increased by about $102,000 (33%), from about $312,000 to $414,000.

[43] The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden."

A household would need to have income of about $118,000, or 183% of median family income for Linn County ($64,500) to afford a house at the Millersburg 2020 median home sale price of $414,000. About 28% of households in Millersburg can afford housing at this cost.

- Millersburg needs more affordable housing types for renters. A household would need to have income of about $52,000 (about 80% of MFI) to afford the median gross rent for multifamily housing of nearly $1,297. About 80% of households in Millersburg can afford housing at this cost.

These factors suggest that Millersburg needs a broader range of housing types with a wider range of price points than are currently available in Millersburg's housing stock. This includes providing opportunity for development of housing types across the affordability spectrum such as: single-family detached housing (e.g., small-lot single-family detached units, cottages, and "traditional" single-family), townhouses, duplexes, tri- and quad-plexes, and apartments, as stated in ORS 197.303:

> *"As used in ORS 197.286 to 197.314, "needed housing" means all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes, as those terms are defined by the United States Department of Housing and Urban Development under 42 U.S.C. 1437a. "Needed housing" includes the following housing types:*
>
> > *(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;*
> >
> > *(b) Government assisted housing;*
> >
> > *(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490;*
> >
> > *(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions; and*
> >
> > *(e) Housing for farmworkers."*

Exhibit 52 shows a preliminary forecast of needed housing in the Millersburg UGB during the 2021 to 2041 period. The projection is based on the following assumptions:

- Millersburg's official forecast for population growth shows that the city will add 1,946 people over the 20-year period. Exhibit 51 shows that the new population will result in need for 719 new dwelling units over the 20-year period.
- The assumptions about the mix of housing in Exhibit 52 are:

- **About 75% of new housing should be single-family detached**, a category which includes manufactured housing. About 97% of Millersburg's housing was single-family detached in the 2015-2019 period.
- **Nearly 15% of new housing should be single-family attached.** About 2% of Millersburg's housing was single-family attached in the 2015-2019 period.
- **About 10% of new housing should be multifamily**. About 1% of Millersburg's housing was multifamily in the 2015-2019 period.

Millersburg will have demand for 719 new dwelling units over the 20-year period, 75% of which will be single-family detached housing.

Exhibit 52. Forecast of Demand for New Dwelling Units, Millersburg UGB, 2021 to 2041
Source: Calculations by ECONorthwest. Note: DU = Dwelling Units

Variable	Housing Forecast
Needed new dwelling units (2021-2041)	**719**
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	75%
Total new single-family detached DU	539
Single-family attached	
Percent single-family attached DU	15%
Total new single-family attached DU	108
Multifamily	
Percent multifamily DU	10%
Total new multifamily Du	72
Total new dwelling units (2021-2041)	**719**

Exhibit 53 allocates needed housing to plan designations in Millersburg. The allocation is based, in part, on the types of housing allowed in the zoning designations in each plan designation by zone. Exhibit 53 shows:

- **Residential Low** land will accommodate new single-family detached housing, including manufactured houses.
- **Mixed Use** land will accommodate new single-family attached (townhouses) and multifamily housing with two or more units.
- **Residential Mixed Density** land will not accommodate new housing, as the buildable lands inventory indicates there is no buildable land in this zone in Millersburg at the time of this analysis.
- **Rural** land may accommodate new housing, but the residential low zone has enough capacity to accommodate the need for single-family detached housing over the 20-year period.

Exhibit 53. Allocation of Needed Housing by Housing Type and Plan Designation, Millersburg UGB, 2021 to 2041
Source: ECONorthwest.

Housing Type	Zone		TOTAL
	Residential Low	Mixed Use	
Dwelling Units			
Single-family detached	539	-	539
Single-family attached	-	108	108
Multifamily	-	72	72
Total	**539**	**180**	**719**
Percent of Units			
Single-family detached	75%	0%	75%
Single-family attached	0%	15%	15%
Multifamily	0%	10%	10%
Total	**75%**	**25%**	**100%**

Exhibit 54 shows the following densities, in gross acres.[44] Exhibit 54 shows the densities derived from Millersburg's development code, which reports maximum density in gross acres by zone. These densities were used as the basis for calculating capacity of buildable land in the housing capacity analysis, assuming development will occur at 80% of maximum gross densities.

Exhibit 54. Future Density for Housing Built in the Millersburg UGB, 2021 to 2041
Source: ECONorthwest. Note: DU is dwelling unit.

Plan Designation/Zone	Avg. Gross Density (DU/net acre)
Residential	
Residential Low	3.4
Rural	3.4
Commercial	
Mixed Use	25.6

Needed Housing by Income Level

The next step in the Housing Capacity Analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of

[44] OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" "…consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.0000

current and future households in the community. Estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

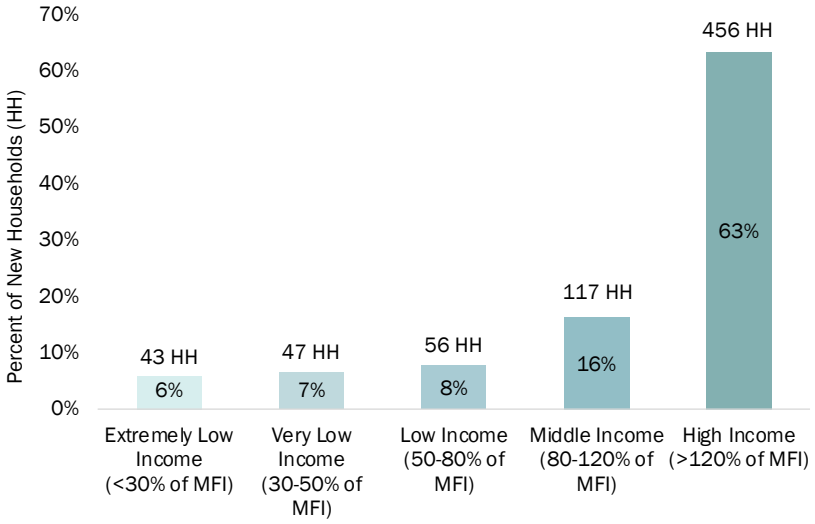
The analysis in Exhibit 55 is based on Census data about household income levels for existing households in Millersburg. Income is distributed into market segments consistent with HUD income level categories, using Linn County's 2020 Median Family Income (MFI) of $64,500. The Exhibit assumes that approximately the same percentage of households will be in each market segment in the future.

About 13% of Millersburg's future households will have income below 50% of Linn County's median family income (less than $32,250 in 2020 dollars).

About 87% will have incomes between 50% and 120% of the county's MFI (between $32,250 and $77,400).

This graph shows that, as Millersburg's population grows, Millersburg will continue to have demand for housing across the affordability spectrum.

Exhibit 55. Future (New) Households, by Median Family Income (MFI) for Linn County ($64,500), Millersburg, 2021 to 2041
Source: U.S. Department of Housing and Urban Development, Linn County, 2020. U.S. Census Bureau, 2015-2019 ACS Table 19001.



Need for Income-Restricted, Farmworker, Manufactured Housing, People with Disabilities, and People Experiencing Homelessness

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for income-restricted housing, farmworker housing, manufactured housing on lots, and manufactured housing in parks.

- **Income-restricted housing.** Government-subsidies for development of income-restricted housing can apply to all housing types (e.g., single family detached, apartments, etc.). Millersburg allows development of government-assisted housing in all residential plan zones, with the same development standards for market-rate housing. This analysis assumes that Millersburg will continue to allow government housing in all of its residential plan designations. Because government assisted housing is similar in

character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.

- **Farmworker housing.** Farmworker housing can also apply to all housing types and the city allows development of farmworker housing in all residential zones, with the same development standards as market-rate housing. This analysis assumes that Millersburg will continue to allow housing for this population in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** Millersburg allows manufactured homes on residential zones as a special use.
- **Manufactured housing in parks.** Millersburg allows manufactured homes in parks as a special use in the residential mixed (RM) zone. OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,[45] Millersburg has one manufactured home park within the urban growth boundary. Village Estates Mobile Home Park has 39 spot, with 4 vacant spots as of November 2021.

  ORS 197.480(2) requires Millersburg to project need for mobile home or manufactured dwelling parks based on: (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high density residential.

  - Exhibit 51 shows that Millersburg will grow by 719 dwelling units over the 2021 to 2041 period.
  - Analysis of housing affordability shows that about 13% of Millersburg's new households will be considered very-low or extremely-low-income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.
  - Manufactured housing (i.e., mobile homes as reported in the American Community Survey) accounts for about 7% (about 54 dwelling units) of Millersburg's current housing stock.
  - National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that

[45] Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

over the same period, few to no new manufactured home parks have opened in Oregon.

- The households most likely to live in manufactured homes in parks are those with incomes between $19,350 and $32,250 (30% to 50% of MFI), which include 7% of Millersburg's households. However, households in other income categories may live in manufactured homes in parks.

  Manufactured home park development is allowed as a special use in the residential mixed zone (RM). National and state trends of closure of manufactured home parks, and the fact that no new manufactured home parks have opened in Oregon in over the last 15 years, demonstrate that development of new manufactured home parks in Millersburg is unlikely, though manufactured homes may locate on lots in Millersburg where they are allowed. The forecast of housing assumes that no new manufactured home parks will be opened in Millersburg over the 2021-2041 period.

- While there is statewide regulation of the closure of manufactured home parks designed to lessen the financial difficulties of this closure for park residents,[46] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential development to allow for development of new, relatively affordable housing (both for households with income below 60% of MFI, who will need income-restricted housing, and for households with incomes of 60% to 120% of MFI, who can afford some market-rate housing).

- If the City does have need for a new manufactured home park, that would be for about 39 new units (5% of new units), which at about 7 dwelling units per gross acre (based on standards for manufactured home parks in Millersburg's Development Code Chapter 3.11) will need 5.5 acres of land. Millersburg does not currently have enough land in the RM zone to accommodate this in their existing vacant buildable land base.

[46] ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord must do the following for manufactured dwelling park tenants before closure of the park: give at least one year's notice of park closure, pay the tenant between $5,000 to $9,000 for each manufactured dwelling park space, and cannot charge tenants for demolition costs of abandoned manufactured homes.

6. Residential Land Sufficiency in Millersburg

This chapter presents an evaluation of the sufficiency of vacant residential land in Millersburg to accommodate expected residential growth over the 2021 to 2041 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Millersburg's ability to accommodate needed new housing units for the 2021 to 2041 period, based on the analysis in the Housing Capacity Analysis. The chapter ends with a discussion of the conclusions and recommendations for the Housing Capacity Analysis.

Capacity Analysis

The buildable lands inventory summarized in Chapter 2 (and presented in full in Appendix A) provides a *supply* analysis (buildable land by type), and Chapter 5 provided a *demand* analysis (population and growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to calculate estimates of supply and demand into common units of measurement to allow their comparison: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[47] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

Millersburg Capacity Analysis Results

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities by the housing type categories shown in Exhibit 54. Exhibit 56 shows that **Millersburg has 350 acres of vacant or partially vacant land to accommodate dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates in Exhibit 56 start with the number of buildable acres in residential plan designations and commercial plan designation that allows residential uses outright, as shown in Chapter 2.

[47] There is ambiguity in the term *capacity analysis*. It would not be unreasonable for one to say that the "capacity" of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as "capacity analysis," so we use that shorthand occasionally in this memorandum.

- **Future densities.** The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the densities shown in Exhibit 54. These densities assume that future development will occur at 80% of maximum densities allowed in the Millersburg Development Code by zone.
- **Capacity on commercial land.** The estimate of capacity includes land in the commercial plan designation that allow residential uses, which includes the mixed-use zone in Millersburg. We did not assume that all mixed use-zoned land would develop as residential. Exhibit 56 shows the capacity assumed for residential uses on mixed use land as 15% of the overall buildable land in the mixed-use zone.

Exhibit 56. Estimate of Residential Capacity on Unconstrained Vacant and Partially Vacant Buildable Land, Millersburg UGB, 2021
Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: DU is dwelling unit.*

Plan Designation/Zone	Total Unconstrained Buildable Acres	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
Residential			
Residential Low	186	3.4	639
Rural	159	3.4	546
Commercial			
Mixed Use	7	25.6	188
Total	**352**	**3.9**	**1,373**

Exhibit 57 shows additional dwelling unit capacity on residential lots that will not develop at the densities assumed in Exhibit 56. These lots are included in the total buildable land in Chapter 2 but are excluded from the overall total of unconstrained buildable acres in Exhibit 56. Instead, the capacity for dwelling units on these lots is accounted for in Exhibit 57 and is based on information about the individual lots from city staff.

Exhibit 57. Additional Dwelling Unit Capacity on Residential Lots, Millersburg UGB, 2021
Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Zone	Additional Unit Capacity
Residential Low	28

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Millersburg is to compare the demand for housing by zone with the capacity of land by zone. Exhibit 58 shows that Millersburg has sufficient land to accommodate housing development in the all zones, with no surplus remaining in the mixed-use zone.

Exhibit 58. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Millersburg UGB, 2021 to 2041
Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: DU is dwelling unit.*

Plan Designation/Zone	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)	Land Sufficiency (Acres)
Residential				
Residential Low	667	539	128	37
Rural	546	-	546	159
Commercial				
Mixed Use	188	180	8	0

Conclusions

The key findings of the Millersburg Housing Capacity Analysis are that:

- **Millersburg's population is forecast to grow.** The Millersburg UGB is forecast to grow from 2,937 people in 2021 to 4,883 people in 2041, an increase of 1,946 people. This population growth will occur at an average annual growth rate of 2.6%.
- **Millersburg needs to plan for 719 new dwelling units.** The growth of 1,946 people will result in demand for 719 new dwelling units over the 20-year planning period, averaging 36 new dwelling units annually.

  Millersburg should plan for more single-family attached and multifamily dwelling units in the future to meet the city's housing needs. Historically, about 97% of Millersburg's housing was single-family detached. While 75% of new housing in Millersburg is forecast to be single-family detached, the city will need to provide opportunities for development of new single-family attached (15% of new housing) and multifamily units (10% of new housing).

  - The factors driving the shift in types of housing needed in Millersburg include changes in demographics and decreases in housing affordability. The aging of the Baby Boomers and the household formation of the Millennials will drive demand for renter- and owner-occupied housing, such as single-family detached housing, townhouses, duplexes, tri- and quad-plexes, and apartments. Both groups may prefer housing in walkable neighborhoods, with access to services.

- Millersburg's existing deficit of housing affordable for low- and high-income households indicates a need for a wider range of housing types, for renters and homeowners. About 20% of Millersburg's households are cost burdened (paying more than 30% of their income on housing), including a cost burden rate of 33% for renter households.

- **Millersburg may have a need for additional housing affordable to extremely low and very-low-income households.** About 13% of existing households have incomes of $32,250 (in 2020 dollars) or less. Assuming a similar share of households, 90 of the 719 new households in the planning period will have incomes of $32,250 (in 2020 dollars) or less. These households often cannot afford market-rate housing, and for newly built housing to be affordable, it will need to be income-restricted government-subsidized housing. These households will all need access to housing that is affordable to them, which will predominantly be existing housing or newly built smaller units, such as cottage housing, duplexes, or multifamily housing.

- **Millersburg has a need for additional housing affordable to lower and middle-income households.** Millersburg has a need for additional housing affordable to households with low and middle incomes. These needs include existing unmet housing needs and likely housing needs for new households over the 20-year planning period.

  - About 24% of Millersburg's new households will have low or middle incomes, with household incomes between $32,250 and $77,400. These households can currently afford between $1,290 to $1,940 in monthly housing costs. Households at the lower end of this income category may struggle to find affordable rental housing, especially with growing costs of rental housing across the Mid-Willamette Valley. Some of the households in this group are likely part of the 20% of all households that are cost burdened. Development of rental housing affordable to households in this income category (especially those with middle incomes) can occur without government subsidy, but the City's zoning code will need to provide opportunities for the development of a wider range of housing types in more places to accommodate more of this type of housing.

    Based on trends in Linn County, Middle-income households are likely not able to purchase owner-occupied housing at Millersburg's median home sales price of $414,000. Homeownership opportunities for households in this income category may be limited to existing housing unless there are opportunities to build new housing at lower costs.

Appendix A: Residential Buildable Land Inventory

The general structure of the buildable land (supply) analysis is based on the DLCD HB 2709 workbook "*Planning for Residential Growth – A Workbook for Oregon's Urban Areas*," which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008. This appendix describes the methodology that ECONorthwest used for this report, based on 2021 data. The results of the BLI are discussed in Chapter 2.

Overview of the Methodology

Following are the statutes and administrative rules that provide guidance on residential BLIs:

> ***OAR 660-008-0005(2):***
>
> *"Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. 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, 15, 16, 17 or 18;*
>
> *(c) Has slopes of 25 percent or greater;*
>
> *(d) Is within the 100-year flood plain; or*
>
> *(e) Cannot be provided with public facilities.*

Inventory Steps

The BLI consists of several steps:

1. Generating UGB "land base"
2. Classifying land by development status
3. Identify constraints
4. Verify inventory results

5. Tabulate and map results

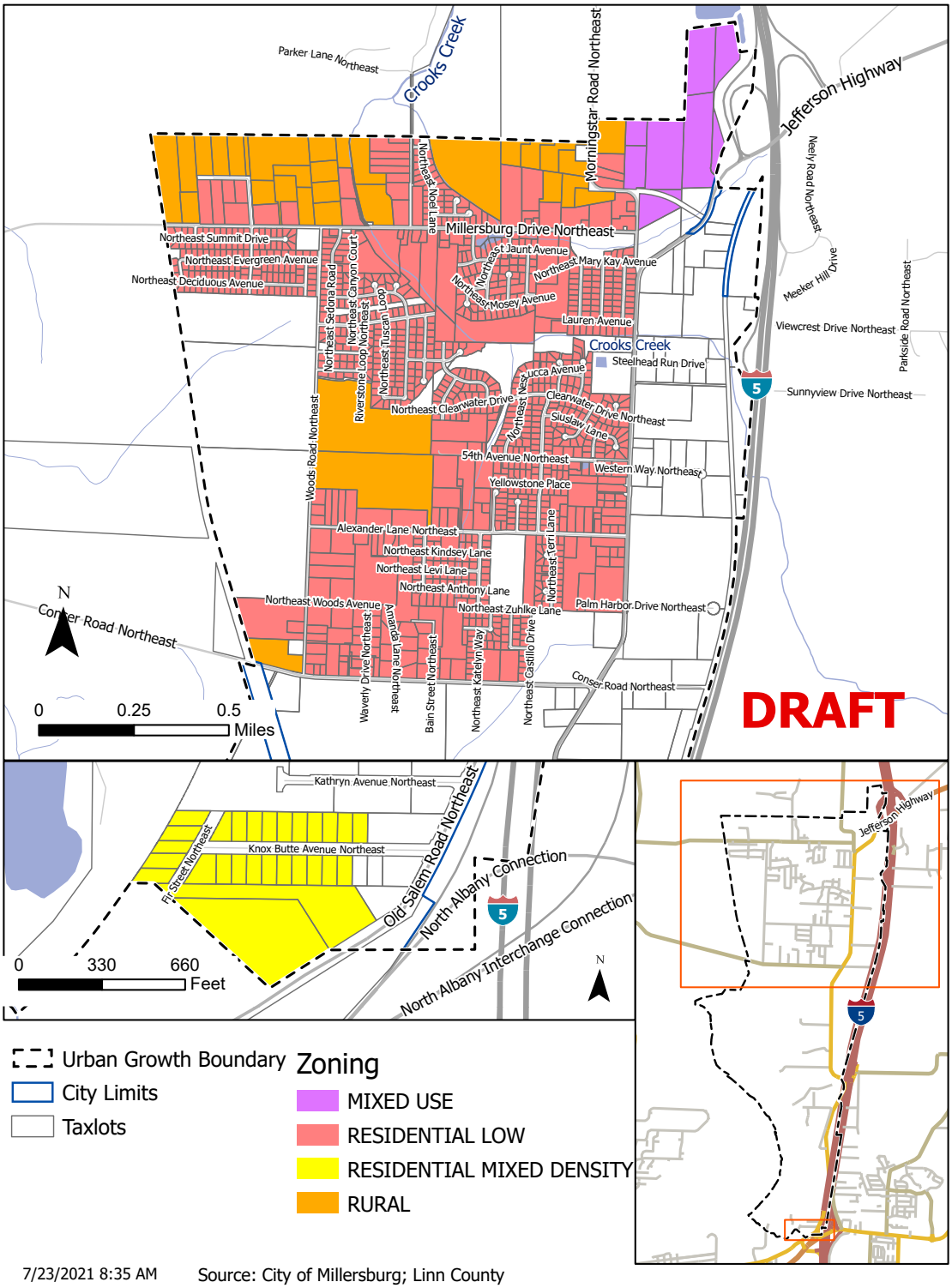
Step 1: Generate "land base"

Per Goal 10 this involves selecting all of the tax lots in the Millersburg UGB in zones that allow residential uses. Plan designations and zones included in the residential inventory include:

- Residential plan designation
  - Residential low
  - Residential mixed density
  - Rural
- Commercial plan designation
  - Mixed use

Exhibit 59 shows the residential plan designations included in the BLI.

Exhibit 59. Residential Land Base by Zone, Millersburg UGB, 2021



Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation that allows residential uses into one of five mutually exclusive categories based on development status:

- Developed land
- Vacant land
- Partially vacant land
- Unbuildable land
- Public land

ECONorthwest initially identified buildable land and classified development status using a rule-based methodology consistent with the DLCD Residential Lands Workbook and applicable administrative rules. The rules are described below in Exhibit 60.

Exhibit 60. Rules for Development Status Classification

Development Status	Definition	Statutory Authority
Vacant Land	Tax lots that have no structures or have buildings with very little improvement value. For the purpose of this inventory, lands with improvement values of less $10,000 were considered vacant (not including lands that are identified as having mobile homes).	OAR 660-008-0006(2) (2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses.
Partially Vacant Land	Partially vacant tax lots can use safe harbor established in State statute: *The infill potential of developed residential lots or parcels of one-half acre or more may be determined by subtracting one-quarter acre (10,890 square feet) for the existing dwelling and assuming that the remainder is buildable land.*	OAR 660-024-0050 (2)(a)
Unbuildable Land	Vacant tax lots less than 3,000 square feet in size were considered unbuildable.	No statutory definition
Public Land	Lands in public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership. Public lands were identified using the Assessor's property tax exemption codes.	OAR 660-008-0005(2) - Publicly owned land is generally not considered available for residential uses.

Development Status	Definition	Statutory Authority
Developed Land	Land that is developed at densities consistent with zoning and improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant, partially vacant, unbuildable or public are considered developed.	No statutory definition

Step 3: Identify constraints

Consistent with OAR 660-008-0005(2) guidance on residential buildable lands inventories, ECO deducted certain lands with development constraints from the BLI. We used the following constraints, as listed in Exhibit 61.

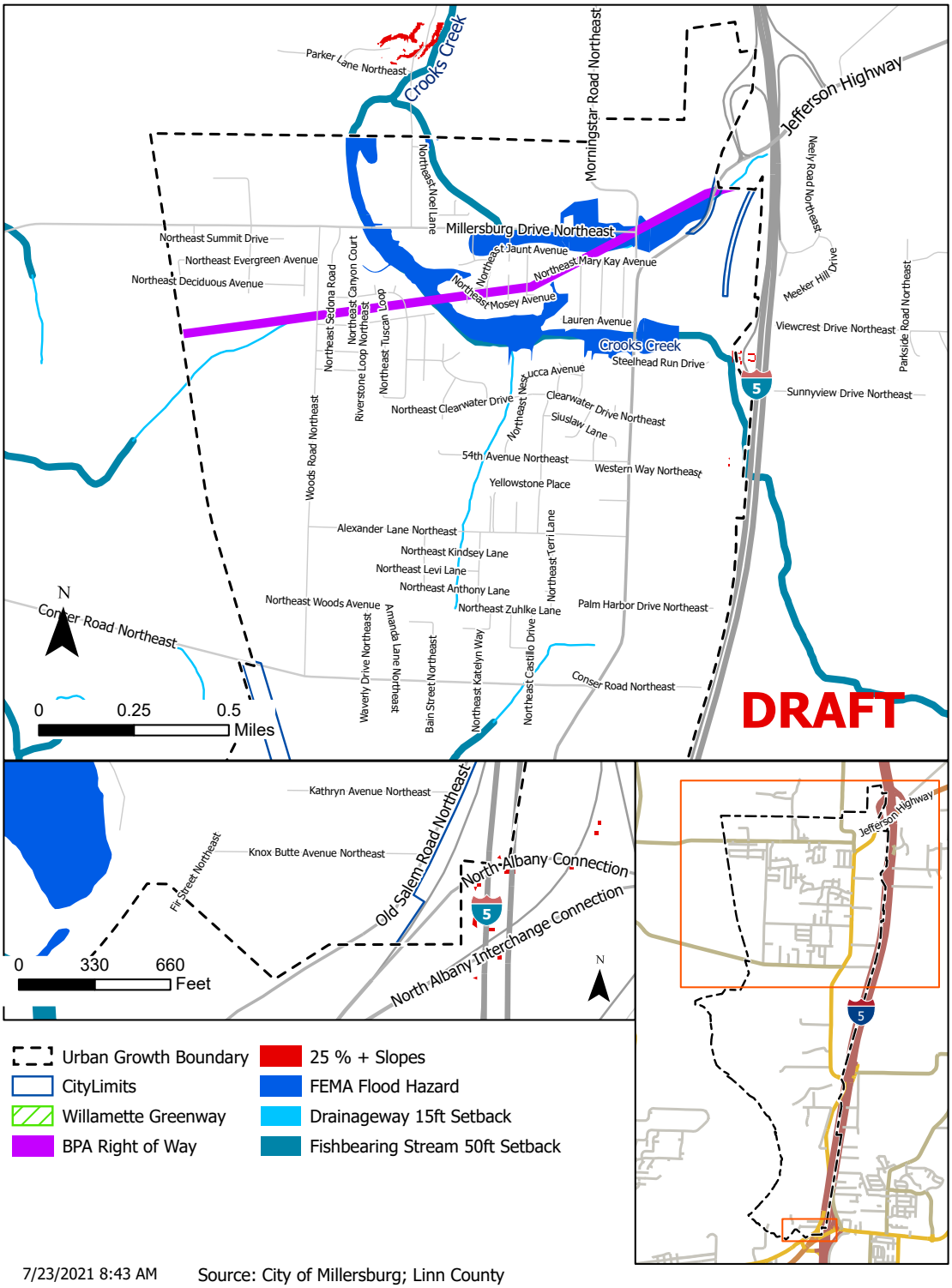
Exhibit 61. Constraints to be included in BLI

Constraint	Statutory Authority	Threshold
Floodways	OAR 660-008-0005(2)	Lands within FEMA FIRM identified floodway
100 Year Floodplain	OAR 660-008-0005(2)	Lands within FEMA FIRM 100-year floodplain
Steep Slopes	OAR 660-008-0005(2)	Slopes greater than 25%
BPA Right of Way	OAR 660-008-0005(2)	Lands within the BPA Right of Way
Drainageways and Fishbearing Streams	OAR 660-008-0005(2)	Lands within 15-foot setback of drainageways and 50-foot setback of fishbearing streams
Willamette River Greenway	OAR 660-008-0005(2)	Lands within the Willamette River Greenway

We treated these areas as prohibitive constraints (unbuildable) as shown in Exhibit 62. All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that are identified as vacant or partially vacant.

Lack of access to water, sewer, power, road, or other key infrastructure cannot be considered a prohibitive constraint unless it is an extreme condition. This is because tax lots that are currently unserviced could potentially become serviced over the 20-year planning period.

Exhibit 62. Residential development constraints, Millersburg UGB, 2021



Step 4: Verification

ECO used a multi-step verification process. The first verification step involved a "rapid visual assessment" of land classifications using GIS and recent aerial photos. The rapid visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECO reviewed all tax lots included in the inventory using the rapid visual assessment methodology. The second round of verification involved City staff verifying the rapid visual assessment output. ECO amended the BLI based on City staff review and a discussion of the City's comments.

Step 5: Tabulation and mapping

The results are presented in tabular and map format. We included a comprehensive plan map, the land base by classification, vacant and partially vacant lands by plan designation, and vacant and partially vacant lands by plan designation with constraints showing.