MEMORANDUM

12/05/2016

To: Dawn Hert, City of The Dalles, and Brendan Buckley, Johnson Economics
From: Matt Hastie AICP, and Andrew Parish AICP, Angelo Planning Group
RE: **The Dalles Buildable Lands Inventory (BLI) – Methodology and Results**

Introduction

This memorandum describes the approach and initial results of The Dalles Buildable Lands Inventory (BLI), conducted in support of the Housing Needs Analysis performed by Johnson Economics. The inventory includes land within the entire urban growth boundary, both within and outside the city limits.

The memo and results of the analysis have been updated to reflect comments from City staff regarding specific parcels in the inventory. These comments generally resulted in removing properties that are not suitable for development because they are currently used or planned for future public facilities such as water storage reservoirs and public and private schools. The results of the inventory will be compared to the estimated need for residential to meet projected future housing needs in The Dalles.

Methodology

The methodology of this BLI is based upon the process laid out in OAR 660-038-0060: Simplified Urban Growth Boundary (UGB) Method – Buildable Lands Inventory for Residential Land Within the UGB. The process is as follows:

- Step 1: Classify residential land within the UGB
    - Classify lands with a residential comprehensive plan designation as either "Low Density", "Medium Density", or "High Density." Zoning designations of The Dalles fall neatly into these categories.
    - Classify lands as either Developed, Partially Developed, or Vacant.
        - Vacant:
            - Residential parcels at least 3,000 square feet with a real market improvement value of less than $10,000 are considered vacant.
            - Taxlots with a property code of "Residential Vacant" based on assessor's data were also classified as vacant.
        - Partially Vacant:
            - For lots and parcels at least ½ acre in size that contain a single-family residence (based on assessor's property classification), subtract ¼ acre for the residence and count the remainder of the parcel as vacant land.
            - For lots and parcels at least ½ acre in size that contain more than one single-family residence, multifamily residences, non-residential uses, or ancillary uses such as parking and recreational facilities, identify vacant

areas using aerial imagery or other similar method. Publicly owned park land shall be considered developed. If vacant area is at least ¼ acre, consider that portion of the lot or parcel to be vacant.

        - Developed:
            - All land not considered vacant or partially vacant is considered developed.
    - Determine the amount and mapped location of low density, medium density, and high density vacant and partially vacant land within the city. (See the following maps and tables for the amount and location of vacant/partially vacant land within the city).
    - Determine the total amount of developed land within the City Limits, and calculate the total number of existing dwelling units located on that land. Calculate net density of residential development on this land.
- Step 2: Adjust residential lands inventory to account for constrained lands
    - Identify the following physical constraints on land inventoried as vacant or partially vacant:
        - Floodways and water bodies
        - Special Flood Hazard Area
        - Contiguous lands of at least one acre with slopes greater than 25 percent.
        - Lands subject to development restrictions as a result of acknowledged regulations to implement Statewide Planning Goals 5, 6, or 7.
        - Lands subject to development restrictions as a result of acknowledged regulations to implement Statewide Planning Goals 15, 16, 17, or 18.
    - For lands identified above, reduce estimated development capacity by the following factors
        - Floodways and water bodies: 100%
        - Special Flood Hazard Area: 100%
        - Slopes: 100% (applied only to the portion of the parcel containing steep slopes)
        - Land subject to restrictions under goals 5, 6, or 7: reduce to maximum level of development authorized by the applicable regulations.
        - Land subject to restrictions under goals 5, 6, or 7: reduce to maximum level of development authorized by the applicable regulations.
- Step 3: Review and revision
    - Staff and advisory committee members reviewed initial BLI results and provided comments concerning recent development, Gorge Scenic Area designations, and other issues expected to limit capacity.

Inputs

The following data sources were used in this analysis:

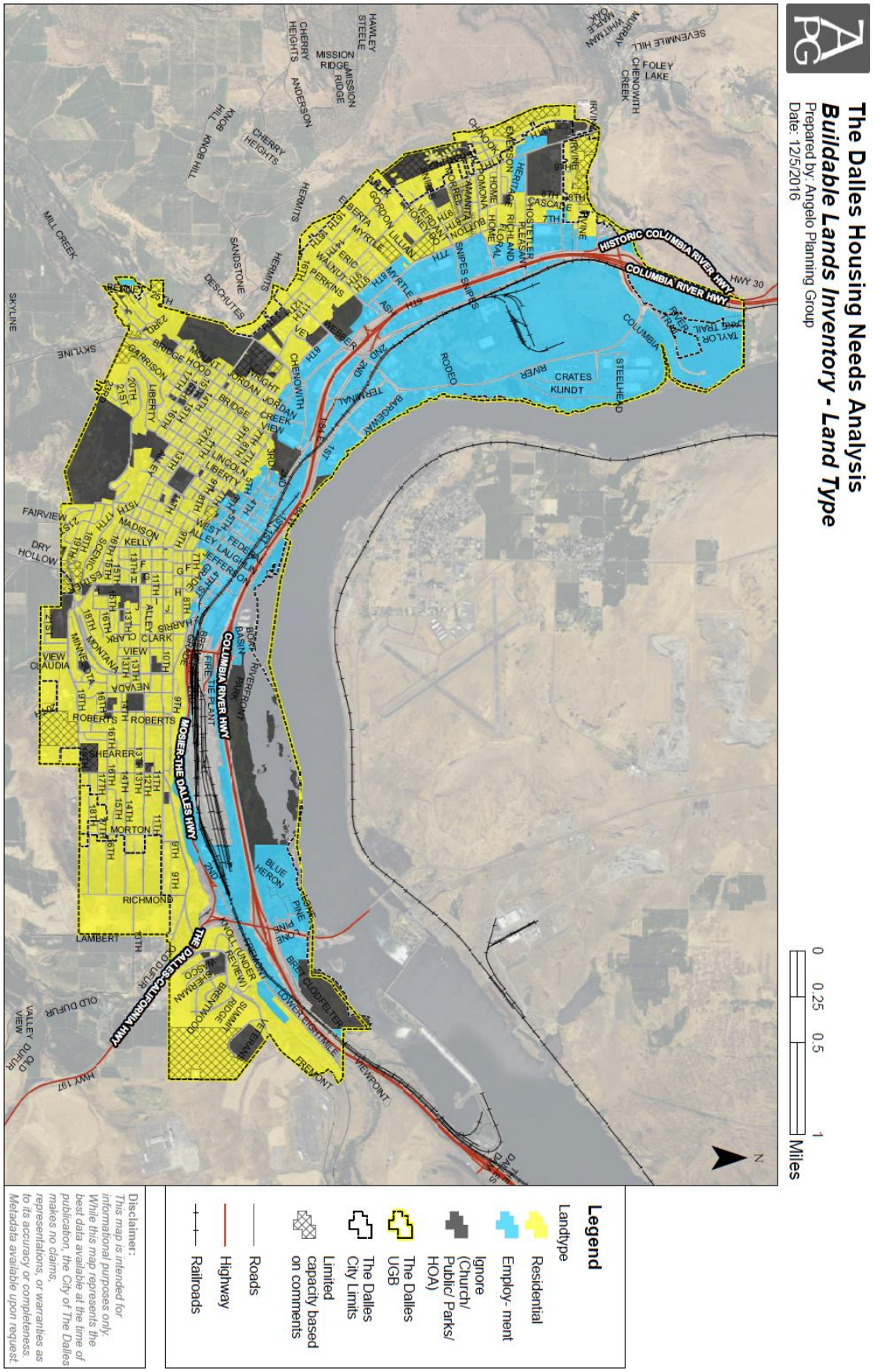
- The Dalles city limits and UGB polygons, provided by Wasco County
- The Dalles zoning and overlay zone data, provided by Wasco County

- The Dalles taxlot polygons, provided by Wasco County
- Assessor taxlot tables, provided by Wasco County
- Waterbodies and FEMA Flood Hazard Area, provided by Oregon Spatial Data Library
- LiDAR elevation data, provided by DOGAMI
- 25% Slope polygons derived from LiDAR by Angelo Planning Group
- Wasco County Address Points, provided by Wasco County
- Aerial Imagery, provided by ESRI
- Geological hazard data, provided by Wasco County
- Wetland Inventory, provided by Oregon Spatial Data Library

Preliminary Results

The initial results of the buildable lands inventory are described in the maps and tables on the following pages. They show a total inventory of 480 acres of vacant or partially vacant residential land within the UGB, with approximately two-thirds of the acres located within the city limits (316 acres) and the remainder between the city limits and UGB (164 acres). Just over half of the acreage (239 acres) is found on vacant parcels, with the remainder on partially vacant properties. As noted previously, the results of the inventory will be compared to future land needs in detail in a separate memo. However, a preliminary review of that comparison indicates that there is an adequate supply of vacant and partially vacant land to meet future needs both overall and in each individual city zoning designation.

Because the Streamlined UGB guidelines were used (see OAR Division 38), redevelopable properties were not included in the inventory. While vacant properties in the City's downtown commercial area where residential development is allowed on upper stories were included in the inventory, existing buildings in this and other commercial areas with the capacity for residential development were not included. However, there is potential additional residential capacity in these areas in the form of future mixed use development. This development could take the form of multifamily units on the second or third stories of existing or new buildings above first floor retail or commercial uses. We have not quantified the capacity for redevelopment at this time but if existing commercial buildings and/or rehabilitated buildings were used for this purpose, it could result in the development of at least several hundred additional multifamily units


The Dalles Housing Needs Analysis
Buildable Lands Inventory - Land Type
Prepared by: Angelo Planning Group
Date: 12/5/2016
0 0.25 0.5 1 Miles
N
Legend
Landtype
Residential
Employ- ment
Ignore (Church/ Public/ Parks/ HOA)
The Dalles UGB
The Dalles City Limits
Limited capacity based on comments
Roads
Highway
Railroads
Disclaimer:
This map is intended for informational purposes only. While this map represents the best data available at the time of publication, the City of The Dalles makes no claims, representations, or warranties as to its accuracy or completeness. Metadata available upon request.
HISTORIC COLUMBIA RIVER HWY
COLUMBIA RIVER HWY
MOSIER-THE DALLES HWY
THE DALLES-CALIFORNIA HWY
HWY 30
HWY 197
COLUMBIA RIVER
CRATES KLUNDT
STEELHEAD
RODEO
BLUE HERON
FOLEY LAKE
CHENOWITH CREEK
SEVENMILE HILL
MURRAY
WHITMAN
MAPLE OAK
HAWLEY STEELE
MISSION RIDGE
CHERRY HEIGHTS
ANDERSON
KNOB HILL
HERMITS
MILL CREEK
SANDSTONE
DESCHUTES
SKYLINE
FAIRVIEW
DRY HOLLOW
VIEW CLAUDIA
OLD DUFUR
VALLEY VIEW
LAMBERT
RICHMOND
MORTON
SHEARER
ROBERTS
MADISON
KELLY
CLARK
NEVADA
MONTANA
MINNESOTA
FIRE THE PLANT
RIVERFRONT PARK
BASIN
FREMONT
VIEWPOINT
LOWER CHENOWITH
CHENOWITH
BRIDGE
CREEK
VIEW
JORDAN
WRIGHT
MOUNT HOOD
GARRISON
LIBERTY
LINCOLN
JEFFERSON
FEDERAL
LAUGHLIN
GRANT
HARRIS
ALLEY
BRIDGE
TERMINAL
BANGEWAY
RIVER
CHENOWITH
MEMORIAL
SNIPES
GORDON
LILLIAN
MYRTLE
WALNUT
PERKINS
ELBERTA
ERIC
BERNEY
CHOSTELLER
PLEASANT
EMERSON
HERITAGE
HIGHLAND
HOME
POMONA
CHINOOK
IRVINE
PINE
CASCADE
7TH
8TH
9TH
10TH
11TH
12TH
13TH
14TH
15TH
16TH
17TH
18TH
19TH
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21ST
22ND
23RD
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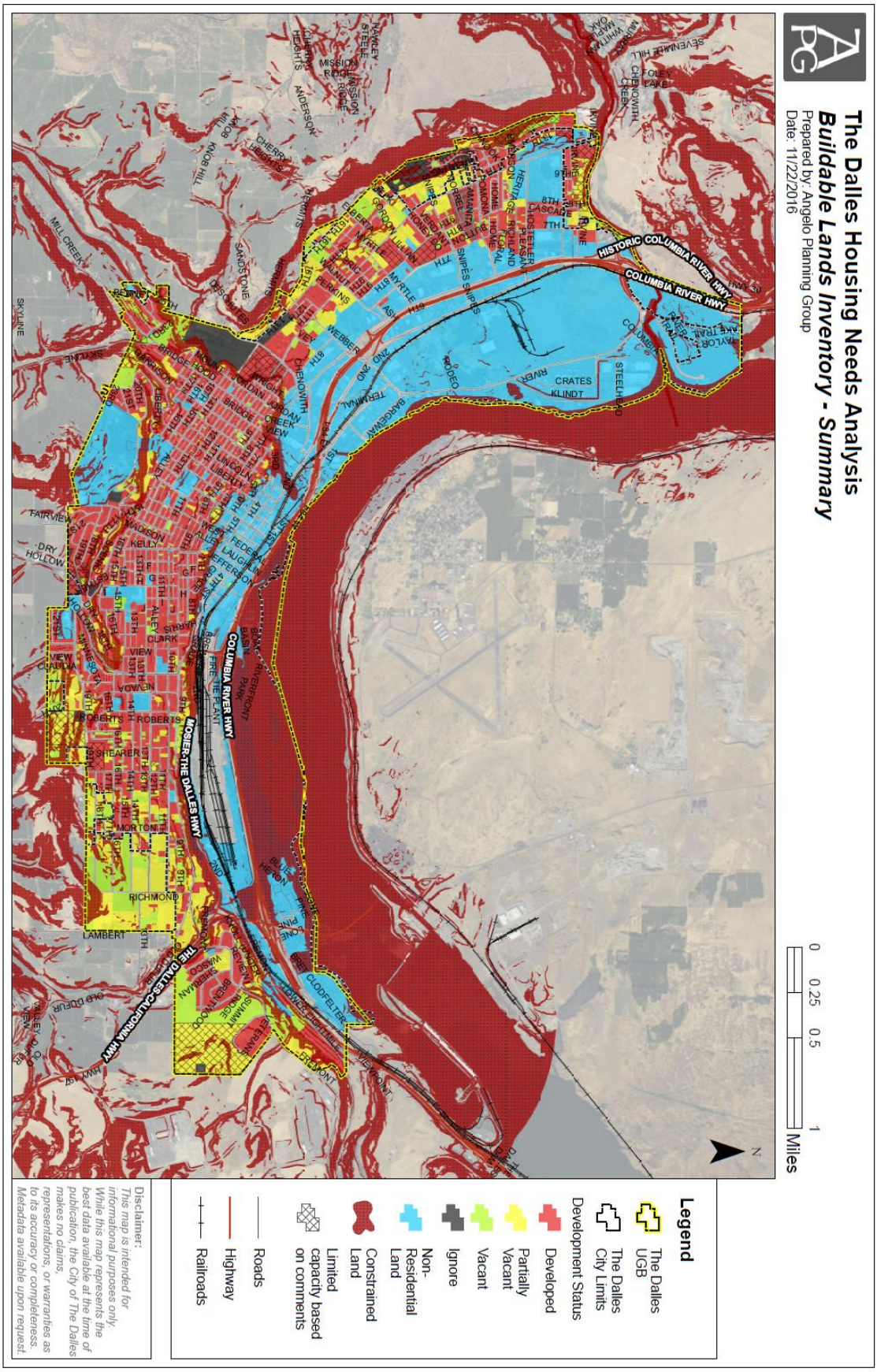
18TH
19TH
20TH
21ST
22ND
23RD
SUMMIT
RIDGE
BRENTWOOD
SHERMAN
WASCO
WOLL (UNDER REVIEW)
FREMONT
BRIDGE
CLODFELTER
LOWER CHENOWITH
PINE
HOME
VIEWPOINT
FREMONT


The Dalles Housing Needs Analysis
Buildable Lands Inventory - Summary
Prepared by: Angelo Planning Group
Date: 11/22/2016
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N
Legend
The Dalles UGB
The Dalles City Limits
Development Status
Developed
Partially Vacant
Vacant
Ignore
Non-Residential Land
Constrained Land
Limited capacity based on comments
Roads
Highway
Railroads
Disclaimer:
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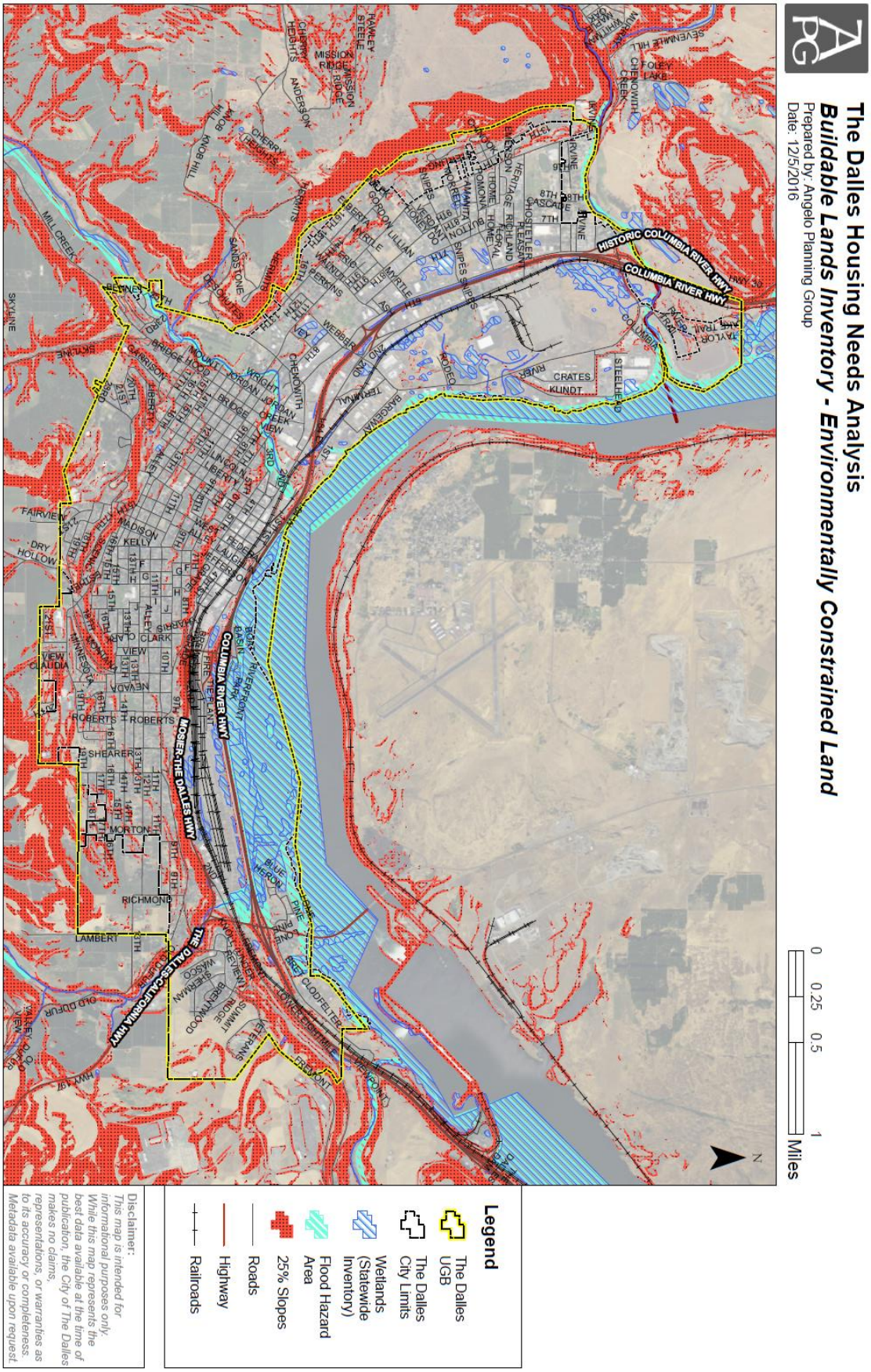
The Dalles Housing Needs Analysis
Buildable Lands Inventory - Environmentally Constrained Land
Prepared by: Angelo Planning Group
Date: 12/5/2016
0 0.25 0.5 1 Miles
N
Legend
The Dalles UGB
The Dalles City Limits
Wetlands (Statewide Inventory)
Flood Hazard Area
25% Slopes
Roads
Highway
Railroads
Disclaimer:
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Table 1. Development Status and Vacant Acreage by Zone

Zones and Development Status	Parcels		Total Acres		Environmentally Constrained Acres		Vacant Acres	
	Within City Limits	Outside City Limits	Within City Limits	Outside City Limits	Within City Limits	Outside City Limits	Within City Limits	Outside City Limits
RH	**325**	**19**	**169.7**	**31.6**	**38.3**	**0.9**	**99.5**	**26.0**
Partially Vacant	96	17	102.2	30.1	17.3	0.9	52.9	24.4
Vacant	229	2	67.5	1.5	20.9	0.0	46.6	1.5
RM	**92**	**16**	**49.8**	**22.3**	**5.3**	**6.3**	**35.6**	**13.8**
Partially Vacant	30	10	34.4	17.7	3.2	4.7	22.3	10.7
Vacant	62	6	15.4	4.7	2.1	1.6	13.3	3.1
RL	**321**	**103**	**373.8**	**182.1**	**108.3**	**42.8**	**179.3**	**120.7**
Partially Vacant	**112**	**56**	**228.5**	**93.3**	**68.8**	**18.6**	**74.5**	**56.1**
Vacant	**209**	**47**	**145.3**	**88.8**	**39.4**	**24.2**	**104.8**	**64.6**
(GMA)R-5*	**0**	**1**	**0.0**	**16.0**	**0.0**	**12.1**	**0.0**	**3.9**
Vacant	0	1	0.0	16.0	0.0	12.1	0.0	3.9
(GMA)R-1*	**1**	**0**	**1.1**	**0.0**	**0.6**	**0.0**	**0.5**	**0.0**
Vacant	1	0	1.1	0.0	0.6	0.0	0.5	0.0
CBC**	**18**	**0**	**2.7**	**0**	**1.2**	**0.0**	**.8**	**0.0**
Vacant	18	0	2.7	0	1.2	0.0	.8	0.0
Grand Total	**757**	**139**	**597.2**	**252.0**	**153.7**	**62.1**	**315.7**	**164.4**

** A small number of parcels met the definition of "Vacant" but appear to be subject to the Columbia River Gorge Scenic Area overlays for 1-acre and 5-acre residential uses. These have been included, but have only a minimal development capacity. Parcels subject to Gorge Scenic Area agricultural designations, even though they have City residential zones applied, have been removed from the inventory.*

*** Vacant land in the CBC zone was considered for residential capacity. "Vacant Acres" are 50% of the unconstrained acreage, to account for commercial development on those properties.*

Using the totals for Vacant Acreage above, we have estimated the unit capacity of the land within the City by zone. Density assumptions and results are shown in Table 2.

Table 2. Projected Capacity on Vacant Acreage

Zone	Net Density (DU/AC)	Gross Density (25% set asides)	Inside City Limits		Outside City Limits		Total	
			Vacant Acreage	Units	Vacant Acreage	Units	Vacant Acreage	Units
RH	20	15	99.5	1493	26.0	389	125.5	1882
RM	12	9	35.6	320	13.8	124	49.4	445
RL	6	4.5	179.3	807	120.7	543	300.0	1350
GMA R-5	0.2	0.15	0.0	0	3.9	1	3.9	1
GMA R-1	1	0.75	0.5	0	0.0	0	0.5	0
CBC	20	15	0.8	11	0.0	0	0.8	11
TOTAL	-		315.7	**2632**	**164.4**	**1058**	**480.0**	**3689**

Table 3. Projected Capacity of Vacant Taxlots Only (no “Partially Vacant” Taxlots included)

Zone	Net Density (DU/AC)	Gross Density (25% set asides)	Inside City Limits		Outside City Limits		Total	
			Vacant Acreage	Units	Vacant Acreage	Units	Vacant Acreage	Units
RH	20	15	46.6	699	1.5	23	48.1	721
RM	12	9	13.3	120	3.1	28	16.4	148
RL	6	4.5	104.8	472	64.6	291	169.4	762
GMA R-5	0.2	0.15	0.0	0	3.9	1	3.9	1
GMA R-1	1	0.75	0.5	0	0.0	0	0.5	0
CBC	20	15	0.8	11	0.0	0	0.8	11
TOTAL	-		166.0	**1302**	**73.1**	**342**	**239.1**	**1644**

DECEMBER 1, 2016

HOUSING STRATEGIES REPORT

THE DALLES, OREGON

Angelo planning group

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1. Introduction and Overview

Having affordable, quality housing in safe neighborhoods with access to community services is essential for all Oregonians. Like other cities in Oregon, the City of The Dalles is responsible for helping to ensure that its residents have access to a variety of housing types that meet the housing needs of households and residents of all incomes, ages and specific needs. Towards that end, the City is conducting a Housing Needs Analysis and Buildable Lands Inventory to update the Housing Element of its Comprehensive Plan; complete an updated, realistic assessment of future residential land needs and supply; and comply with Oregon Statewide Goal 10 (Housing). The overarching intent of Goal 10 is to:

> "*encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density*."

This report summarizes a variety of local housing issues and the strategies that are recommended to address them. It builds on a comprehensive study of the local housing market and future trends (the Housing Needs Assessment, or HNA) and an in-depth review of current local, regional, state and federal housing requirements, goals and initiatives. It was prepared in coordination with a technical advisory group of City of City staff, local realtors, development experts and citizens, as well as representatives of the Mid-Columbia Housing Authority, the Oregon Department of Land Conservation and Development and the Oregon Department of Housing and Community Services.

Section 2 of this Report summarizes key housing conditions and future trends to provide context for the strategies that follow. Section 3 briefly reviews issues associated with federal Fair Housing and other requirements. Section 4 recommendations for updates to the City's Comprehensive Plan, while Section 5 recommends similar changes to the City's Development Code. Sections 6 and 7 outline additional strategies related to the following types of initiatives:

- Future planning for new residential development and redevelopment
- Information sharing with housing developers and other community partners
- Intergovernmental coordination and advocacy
- Administrative and funding tools

2. Housing Conditions and Trends

The following is a summary of data and findings from the "Housing and Residential Land Needs Assessment" report.

Demographic Trends

- The Dalles is a City of over 15,500 people (City), and over 16,800 people (UGB), located in Wasco County in the Columbia River Gorge on the northern border of Oregon. Based on the UGB population, The Dalles is the 40th largest city in the state by population, and the largest city in Wasco County.
- Since 2000, The Dalles has grown by roughly 2,000 people within the UGB, or 13.4% in 16 years. In contrast, Wasco County and the state experienced population growth of 10.8% and 17.3% respectively. The population of nearby Hood River grew by over 30% during this period.
- The Dalles is home to an estimated 6,800 households in 2016, an increase of 787 households since 2000. The percentage of families fell somewhat between 2000 and 2016 from 65.9% to 62.9% of all households. Average household size has remained flat during this period. The city has a similar share of family households as Wasco County (65%) and the state (63%).
- The Dalles features a healthy jobs-to-households ratio. There are an estimated 7,200 jobs in the city of The Dalles, and an estimated 6,340 Dalles residents in the labor force. This represents 1.2 jobs per working adult, and more than one job per household.
- The Dalles' estimated median household income was $47,000 in 2016. This is roughly 7% higher than the Wasco County median of $43,500. In comparison, the median income in the City of Hood River is $49,500. Median income has grown an estimated 33% between 2000 and 2016, in real dollars. Inflation was an estimated 36% over this period, so as is the case regionally and nationwide, the local median income has not kept pace with inflation.
- According to the US Census, the official poverty rate in The Dalles has been increasing over time from 9% of individuals in 2000, to an estimated 13.8% over the most recent period reported (2014 5-year estimates). This is roughly 2,000 individuals in The Dalles. In comparison, the official poverty rate in Wasco County and at the state level is 17%.
- One measure of poverty as it relates to housing is the share of income local households are spending on their housing costs. The Census estimates that over 42% of all households spend more than 30% of their income on housing costs. Among renters, nearly 62% of households spend more than 30% of their income on housing costs, while 39% of renter households spend more than 50% of their income.

In coming decades, some of the demographic trends that are likely to affect future housing needs include:

- As demand increases, prices rise, and remaining land within the UGB is developed, denser forms of development and creative reuse of parcels through infill and redevelopment become more economically viable. Communities like The Dalles which face a future of growing within limited boundaries are likely to see increased pressure to generate denser housing than they have historically experienced in some parts of the community. This may occur through a mixture of market forces, policy choices and state planning mandates.

- Baby boomer households will have a preference towards aging in place as long as possible, particularly for homeowners, and will on average be healthier longer than previous generations. When they do transition to other housing, their stock of older existing single family homes will be attractive starter and move-up homes to younger family households. The Dalles will continue to be an attractive regional location for senior housing and assisted living due to the good local medical care.
- The Dalles can plan ahead for younger generations by continuing to support the mixed-use town center which will provide livability amenities. Opportunities to walk and bike will also be attractive. However, attractive local employment opportunities will likely be the greatest factor in keeping and attracting young households. Many of these households will seek good first-time home buying opportunities, meaning a stock of existing and new homes in low- to middle price ranges. The younger and lower income members of this generation will need a sufficient stock of multi-family rentals.
- According to the Census, The Dalles has a foreign-born population of 8%, lower than the statewide percentage. It is estimated that 80% of this population is from Latin America. The share of persons speaking a language other than English at home is 16%. As with the rest of the state and nation, immigrants will continue to make up an increasing share of households in coming decades. While not homogeneous, these household on average tend to be larger, have lower incomes and are more likely to rent their homes than the average household.
- The Dalles, like many communities, currently has a persistent shortage of housing available to the lowest-income households, particularly rental units.

Projected Housing Needs

- There is a projected need for 1,769 new housing units by 2036.
- Of the new units needed, roughly 59% are projected to be ownership units, while 41% are projected to be rental units.
- There is *not* a projected need for ownership housing at the low-end of the pricing spectrum. This is because these are the price levels where a majority of the city's housing is currently found. There will likely be support for units at higher price points.
- The greatest need for rental units is found at lowest price points. This reflects the findings that many of The Dalles renter households currently pay more than 30% of their income towards housing costs. There is still a strong need for affordable housing. At the same time, there is also support for some new, more expensive rental supply.
- In keeping with development trends, and the buildable land available to The Dalles (discussed in the next section), single family units are expected to make up less of the overall new housing development over the next 20 years, while still remaining a majority of the new *ownership* housing.
- 63% of the new units are projected to be single family detached homes, while 27% is projected to be some form of attached housing, and 10% are projected to be mobile homes.

- Single family attached units (townhomes on individual lots) are projected to meet 3% of future need. These are defined as units on separate tax lots, attached by a wall but separately metered, the most common example being townhome units.
- Duplex through four-plex units are projected to represent an additional 11% of the total need. Duplex units would include a detached single family home with an accessory dwelling unit on the same lot, or with a separate unit in the home (for instance, a rental basement unit.)
- 13% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 10% of new needed units are projected to be mobile home units, which meet the needs of some low-income households for both ownership and rental.

Comparison of Projected Need and Buildable Land Supply

- The new unit capacity was estimated for the remaining buildable lands identified in the City of The Dalles. There is a total remaining capacity for nearly 3,689 units of different types within the study area. 71% of this capacity is within the current city limits (2,632 units), and 29% of the capacity is within the UGB, but outside current city limits. (1,058 units).
- There is a total forecasted need for 1,769 units over the next 20 years. This is well below the estimated capacity of 3,689 units. After projected need is accommodated, there is an estimated remaining capacity of over 1,900 additional units, mostly in the high-density residential zone.
- There is currently sufficient buildable capacity within The Dalles to accommodate projected need. Much of this capacity is in the form of parcels with the potential for development or infill with future multi-family units. The size of the available remaining capacity assumes that some high-density and medium-density zoned lands are built out at higher average densities than these areas have traditionally achieved in the past.

For more detail on these findings please refer to the "Housing and Residential Land Needs Assessment Report" and the "The Dalles Buildable Lands Inventory (BLI) – Methodology and Results" memorandum.

3. Federal and State Compliance Analysis

Fair Housing Act

The federal Fair Housing Act, initially passed in 1968 and amended in 1988, requires that jurisdictions take affirmative actions to ensure fair treatment of "protected classes". In practical terms, this means that housing and housing finance tools cannot be denied to any person based on gender, race, color, religion, national origin, familial status, or disability. The State of Oregon extends the definition of protected class so that discrimination is not permitted based on source of income, marital status, sexual orientation, or gender identity.

In practice, federal authorities primarily focus compliance with the Fair Housing Act on ensuring that financial institutions, realtors and housing providers do not discriminate against protected classes in providing opportunities to pay for or obtain housing. Cities like The Dalles have a limited role in monitoring these activities. However, cities can ensure consistency with the Fair Housing Act by:

1. Administering fair and timely permitting and zoning practices;
2. Ensuring that zoning, permitting and housing funding decisions do not deprive people in protected classes of housing opportunities or perpetuate housing segregation; and
3. Funding subsidized housing in a way that provides residents with access to public facilities and services

The location of subsidizing housing often presents complex policy decisions. Some communities have been criticized for concentrating publicly assisted housing in lower-income neighborhoods with poorer access to high-quality schools and other community facilities in comparison to more affluent areas. This outcome is often the result of attempting to maximize the number of housing units that can be developed by selecting locations with low land values, and thus lower development costs. This situation presents a policy choice for affordable housing developers and public agencies of whether to provide more affordable housing units in total or to provide fewer units in locations with better access to services and amenities, such as schools, healthcare, transit, shopping, parks and libraries.

To address this policy tradeoff, the U.S. Department of Housing and Urban Development (HUD) adopted the Affirmatively Furthering Fair Housing (AFFH) rule in 2015. The rule identifies fair housing outcomes that program participants must assess:

1. Patterns of integration and segregation;
2. Racially or ethnically concentrated areas of poverty;
3. Disparities in access to opportunity; and
4. Disproportionate housing needs.[1]

[1] Affirmatively Furthering Fair Housing (AFFH) Final Rule Overview, HUD Exchange, US Department of Housing and Urban Development. Viewed on June 16, 2016. https://www.hudexchange.info/programs/affh/

These issues are addressed through an Assessment of Fair Housing (AFH). The AFH is to be prepared using data and an assessment tool provided by HUD, integrating responses received through public outreach. The City of The Dalles is not an entitlement agency for federal funds (i.e. a "program participant") so it does not have a direct role in preparing the Assessment of Fair Housing. However, the City may partner with the Mid-Columbia Housing Authority to help prepare the AFH. Further, the City's zoning and permitting practices impact Fair Housing opportunities, so the City must consider these impacts when making decisions about housing policy and zoning. Existing and potential new policies that are supportive of Fair Housing opportunities are discussed in the following sections.

Policies

The goals and policies expressed in Goal 10 – Housing chapter of The Dalles Comprehensive Plan are broadly consistent with Fair Housing requirements. Policies 1 and 9 generally state the need to provide a variety of housing types to meet the needs of people in all income groups. Policy 21 states that the city will support housing assistance programs administered by other public or private, non-profit organizations. The next section presents several amendments or additions that could be made to strengthen the plan's policies specific connection to Fair Housing goals.

Section 4 of this report outlines a series of potential changes to the comprehensive plan that would strengthen compliance with Fair Housing, including:

- Clarification that the need for affordable housing includes both rental and owner-occupied housing units
- Broaden policies related to provision of a range of housing types to include housing for populations with special needs, including seniors, people with disabilities, or those with other special needs such as homelessness, chemical dependency, mental illness, or recovery.
- Identify the use of incentives not only for increasing density of residential development, but also for developing affordable housing or needed housing types.

Recommendation: Adopt comprehensive plan amendments to specifically address Fair Housing regulations and requirements.

In addition to the general comprehensive plan amendments and additions proposed in Section 4, the City should consider several specific amendments or additions to strengthen the plan's consistency with Fair Housing goals:

- Add a policy that explicitly states a commitment to fair housing goals in all permitting and zoning practices.
- Consider a policy statement that calls for the City to support the siting of subsidized or affordable housing in areas with good access to public facilities and services, in alignment with the "access to opportunity" goal that must be addressed as part of the 2015 AFFH rule.

- Make a general statement about collaborating with and supporting the Mid-Columbia Housing Authority in its preparation and implementation of Assessments of Fair Housing.
- Add a policy that states the city's commitment to fair housing in city practices outside of planning and zoning, including addressing accessibility in the city's development standards and providing support for housing assistance programs.

Development Code

This analysis has found that current zoning designations, existing Zoning Code provisions, and proposed zoning code changes support housing variety throughout city, and thus address an important element of Fair Housing.

Residential Homes and Facilities

Residential Care Homes and Residential Care Facilities are housing types defined by the city to specifically address Fair Housing requirements. A Residential Care Home is defined as: "A residential treatment or training home, or an adult foster home duly licensed by the State of Oregon which provides residential care alone or in conjunction with treatment or training for 5 or fewer individuals who need not be related." Residential Care Facilities are similarly defined, but can house between 5 and 16 people. Pursuant to ORS 197.665 and 197.667, residential homes must be permitted in any residential or commercial zone where single-family dwellings are permitted and residential facilities must be permitted in any zone where multi-family dwellings are permitted.

The Dalles zoning code designates Residential Care Homes as a permitted accessory use in every zone where single-family dwellings are a permitted use. Accessory uses are defined as "a use on the same lot with and of a nature customarily incidental and subordinate to the principal use". This provision could be interpreted to mean that a conventional household living use must be in place before a Residential Care Home can be operated on a site. ORS 197.665(2) stipulates that cities may not impose zoning requirements on residential homes that are more restrictive than those imposed single-family dwellings in the same zone. Limiting Residential Care Homes to an accessory use could be interpreted as a more restrictive requirement than those applied to single-family dwellings.

Residential Care Facilities are a permitted use in every zone where multi-family dwellings are permitted. However, the provisions for these uses in the Central Business Commercial District zone may be unclear. The code lists the use as "Residential Care Facilities and Group Homes". Group Homes may be understood as synonymous with Residential Care Homes, but are not defined in the code. Residential Care Homes are permitted as an accessory use, however. The definition of group homes in this context should be clarified.

Timely and Fair Permitting

The Dalles appears to generally offer reasonable land use application types, procedure types, application timelines, and fees. Examples of procedure types and fees are presented below, pursuant to the Planning Department Fee Schedule and Section 3.020

- Site Plan Review, Administrative ($220)
- Variance, Administrative or Quasi-Judicial ($380)
- Conditional Use Permit, Quasi-Judicial ($420)
- Planned Unit Development, Quasi-Judicial ($480)

Section 1.120 of the code authorizes the City Council to reduce or waive fees upon written request of an applicant. Fee waivers or reductions could potentially support the development of needed housing and help to address Fair Housing requirements. To further advance Fair Housing, the city could document the conditions under which fee waivers or reductions may apply, and specifically identify the potential to reduce or waive fees for needed housing types, or for applicants who are seniors or low-income residents.

Application review procedures and timelines are established in Chapter 3 of the development code. The City has adopted typical requirements that application completeness be determined within 30 days of receiving the application. The City must then take final action on land use applications within 120 days, per ORS 227.178. These timelines are adequate to serve Fair Housing regulations. To further strengthen Fair Housing compliance, the City could consider creating an expedited review process for needed housing types and/or for housing proposed to be provided to low income residents and those with special needs, including protected classes under the Fair Housing Act. An expedited review may reduce development costs for needed housing.

Accessibility

A critical element of Fair Housing is accessibility. Provisions addressing accessibility are more the domain of building code than zoning code, and building code compliance in The Dalles is the responsibility of the Mid-Columbia Council of Governments (MCCOG). MCCOG administers the Oregon Specialty Codes for Structural, Mechanical, Plumbing, Electrical, and Residential. It is important to note that the use of these Oregon standards do not guarantee compliance with federal or state accessibility laws. As stated in the Fair Housing Council of Oregon's Accessible Design and Construction handbook:

> *Oregon's building code governing multi-unit residential buildings (the Oregon Structural Specialty Code, or OSSC) includes a comprehensive set of accessibility requirements. Thus, designers, builders, and building officials may believe that compliance with the OSSC brings a project in compliance with all accessibility requirements. However, compliance with the OSSC does not assure compliance with all accessibility laws because:*

(a) While the OSSC draws on many of the same standards, the OSSC differs in organization and language from other laws, and is not a "safe harbor" for compliance with any federal law.

(b) The OSSC includes only those accessibility criteria and standards required to be included in the OSSC by Oregon law. It does not incorporate all federal accessibility laws or Oregon accessibility laws.[2]

This means that designers, builders, and building officials must look beyond the adopted building code to ensure that new construction of multi-unit housing complies with federal accessibility laws. To help comply with the accessibility provisions of the Fair Housing Act, HUD established Fair Housing Accessibility Guidelines (FHAG) that "provide builders and developers with technical guidance on how to comply with the accessibility requirements of the Fair Housing Amendments Act of 1988.[3] Additionally, HUD recognizes the American National Standards Institute (ANSI) A117.1 – a set of accessible design specifications – as "safe harbors" for compliance with Fair Housing Act accessibility requirements.[4] MCCOG does not specify how they ensure compliance with the Fair Housing Act for multi-unit housing in their operating plan.[5]

Recommendation: Consider minor modifications to zoning and building code practices to strengthen compliance with Fair Housing regulations, including by working with MCCOG to provide information about FHAG recommendations to builders and developers.

Details and Actions

- Clarify the meaning of Residential Care Homes as an accessory use in order to ensure that it could not be interpreted as a more restrictive requirement than the standards that apply to single-family dwellings.
- Clarify code language related to the use limitations on Residential Care Homes and the definition of Residential Care Facilities in the Central Business District zone.
- Consider creating an expedited review process or formalizing fee waivers or discounts for needed housing types and/or for projects intended for people with low incomes, special housing needs or within Fair Housing protected classes.

[2] Accessible Design and Construction: A Handbook Prepared by the Community Development Law Center for the Fair Housing Council of Oregon. June 2010. http://fhco.org/pdfs/DCHandbook062010.pdf
[3] Fair Housing Accessibility Guidelines. http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/disabilities/fhefhag
[4] Accessible Design and Construction: A Handbook Prepared by the Community Development Law Center for the Fair Housing Council of Oregon. June 2010. p. 3
[5] Mid-Columbia Council of Governments, Building Code Compliance Program, Operating Plan. July 2014. http://mccog.com/wp-content/uploads/2014/07/Operating-Plan-07-01-14.pdf

- Work with MCCOG to ensure that Fair Housing accessibility requirements for multi-unit housing are addressed through building code compliance and/or be sharing information about additional Fair Housing Accessibility Guidelines.

State Statutes

Clear and Objective Standards for Needed Housing (ORS 197.307)

Clear and objective standards are generally available for development of needed housing in The Dalles. Needed housing, pursuant to ORS 197.303, includes single-family detached dwellings, single-family attached dwellings, manufactured dwellings (standalone and in parks), government-assisted housing, and farmworker dwellings. Government-assisted housing and farmworker dwellings are not specified housing types in the The Dalles Comprehensive Plan and development code, but could be interpreted to include those housing types identified in the zoning code, including single-family dwellings (detached and attached), duplexes, residential homes and facilities, ADUs, manufactured dwellings and manufactured dwelling parks, and multifamily dwellings. Needed housing can also be understood to include any housing needs and types identified in the HNA.

Where permitted outright in residential zones, development review procedures are ministerial or administrative. Needed housing is currently permitted outright in residential zones, with the following exceptions.

- Per Chapter 6, Section 6.120, Manufactured Dwellings are divided into two categories: residential trailers/mobile homes and manufactured homes. Residential Trailers and Mobile Homes are only permitted in the RM zone, where Manufactured Dwelling Parks are permitted. Manufactured Homes are permitted in all locations where single-family dwellings are permitted.
- Multifamily housing (3 or more units) is not a permitted use in the RL zone.

Approval standards for development appear to be generally reasonable. A few design standards applicable to Neighborhood Compatibility Review—which is required for all new construction or infill in established neighborhoods—may need to be amended to ensure they are clear and objective.

Recommendation: Consider minor revisions to permitted uses and approval standards to strengthen compliance with state statutes.

To ensure that approval standards for needed housing types are clear and objective, consider the following revisions or clarifications to design standards (Table 1).

Table 1. Code Revisions to Ensure Clear and Objective Standards for Needed Housing

Existing Code	Potential Revisions
Scale. Buildings with walls greater than 80 feet in length shall include street facades that are varied and articulated at regular 20, 30, 40 or 50 foot intervals along the facade to provide the appearance of smaller buildings. Articulation shall be achieved through the use of offsets, jogs, variation of finishes, projections, windows, bays, porches, traditional storefront elements, entries or other similar distinctive changes. (3.040.050(B)(1))	• Clarify the meaning of some of these architectural features, such as offsets, jogs, traditional storefront element, and similar distinctive changes. • Consider adopting a quantitative standard for the depth or width of the articulation to ensure objectivity.
Trim and Details. Trim shall be used around the windows, doors, frieze, and corners of buildings. Details shall be used around the porch, fascia board, and window and door tops. (3.040.050(B)(10))	• Clarify the meaning of "details" related to their use on porch, fascia board, etc.
Two Family and Three Family Structures, and Attached Single Family Structures (2 units) shall be designed and constructed to have the appearance of a single house. (3.040.050(C)(10))	• Clarify what is meant by the "appearance of a single house". • Reconsider if this standard is appropriate for the RH and RM zones, where multi-family housing is widely permitted.
Multi-Family Dwellings (greater than 3 units) shall…be encouraged to incorporate usable covered front porch space. (3.040.050(C)(10))	• Consider removing this standard, as "encouraged" may be interpreted as subjective; it's unclear what is required.
Entries. Upper story residential uses are encouraged to have shared or individual entries on the first level only. (5.030.050(C))	• Consider removing this standard or making it required • One may assume this refers only to exterior building entries, not entries to individual units, but it is unclear.

4. Recommended Comprehensive Plan Amendments

The Dalles Comprehensive Plan establishes the policy goals and implementing strategies that direct how the city will meet its housing needs and remain compliant with Goal 10 of the Oregon Statewide Planning Goals. The Comprehensive Plan was closely reviewed as part of this 2016 Housing Needs Analysis (HNA). In light of the findings of the HNA related to existing conditions and trends and ongoing changes in federal and state housing regulation, a number of amendments to the Comprehensive Plan are recommended. Additionally, several revisions and a general restructuring of the plan is recommended to improve clarity.

Recommendation: Adopt amendments to the Goal 10 Chapter of The Dalles Comprehensive Land Use Plan to reflect existing conditions, strengthen compliance with federal and state regulation, and improve clarity of goals, policies and implementation strategies.

Background and Existing Conditions

The housing chapter of the comprehensive plan opens by introducing the key text of Goal 10 and provides a short summary of the contents of the chapter. Given the central importance of adequate and affordable housing in the everyday lives of The Dalles residents, this section could be expanded to recognize the city's role in shaping housing conditions. This statement could be linked to further background on the purpose of Goal 10 and its associated planning requirements.

The background section is followed by a review of existing housing conditions. The source of this information is the 2006 Housing Needs Analysis; the data needs to be replaced with the 2016 Housing Needs Analysis. Additionally, the city may consider expanding the existing conditions summary to include a wider range of measures of housing conditions and trends, including tenure, price, public housing/assistance programs, development trends, and broader demographic or economic trends that impact housing. The HNA will be referenced as a supporting document to the plan, so a concise summary will be sufficient.

Goals, Policies and Implementing Measures

The recommended amendments to the goals, policies and implementing measures sections are divided into general recommendations for improving clarity structure and organization of the plan, and specific recommendations for revisions or additions to the content of the plan.

Structure and Organization

A number of statements in the "Housing Goals" and "Goal 10 Policies" sections are either internally redundant, are redundant with a goal or policy in the other section, or are better defined as implementation measures than goals or policy statements. This redundancy affects the clarity of the

plan. To improve clarity, consider reorganizing these sections into a hierarchy of goals, policies and implementing measures:

- Goals are broad statements of intended outcomes.
- Policies are directives that generally state how the city will realize those outcomes.
- Implementation measures are specific actions the city will take to advance a policy or goal.

An effective approach is to draft a small number of broad goals (less than five), then nest policies and implementation measures under each goal. This organization makes clear the intended outcome of each policy or implementation measure. The existing statements in the "Housing Goals" sections should be reviewed closely and either consolidated with another goal—if substantially similar—or written as a policy if the statement refers to a method or directive for achieving a goal. For example, the statement "adopt standards and incentives to increase residential land use efficiency" is listed as a goal, but this is actually a policy statement about what the city will do to achieve a goal.

Similarly, many of the statements under "Goal 10 Policies" can either be consolidated into one policy statement or defined as implementation measures. The following policies are redundant and may be consolidated into one statement, or made into two distinct statements:

- Policy 1 and 10 both relate to provision of a range of housing types
- Policy 2 is an exact duplication of Goal 5.
- Policies 4, 11, and 14 all relate to how residential development should be responsive to environmental constraints and protect natural resources
- Policies 8 and 16 both call for flexibility in development standards
- Policies 7 and 19 both call for the use of incentives to encourage higher density development

The following statements describe specific standards, locations or actions that are more appropriate for the "Implementing Measures" section of the plan:

- Policies 3a-d: specific land use patterns of residential development
- Policy 10: target ratios by housing type
- Policy 20: specific locations of the Neighborhood Center overlay

Additionally, some statements in the policies section are purely informational or ambiguous about the specific directive for the city. For clarity, policy statements should generally use the words "will" or "shall" to describe what the city will do, and should avoid statements of fact that do not relate to a specific directive or statements of actions that are needed, possible or potential.

Most of the statements in the "Goal 10 Implementing Measures" section are either factual in nature, describe potential strategies that should be considered, or are more appropriate to be addressed through the development code because they describe specific standards and criteria. Factual information about housing forms or potential housing strategies should be reserved for the

background section or an appendix to the plan. The statements that remain as implementation measures in this section should describe specific actions the city will take or strategies the city will use to advance housing goals.

Content

Once a more clear and concise framework of goals is established, the City should consider the following additions or amendments to the plan's content to respond to the findings of the HNA and strengthen compliance with federal and state regulations:

1. Expand goals and policies related to providing a variety of housing types to include a broader set of housing forms, including accessory dwelling units, live/work units, cottage cluster housing, transitional housing, and co-housing.
2. Broaden policies related to providing a range of housing types for all income groups to include populations with special needs, including seniors, people with disabilities, or those with other special needs (such as homelessness, chemical dependency, or recovery).
3. Revise goals and policies related to affordable housing to clarify that affordability is needed for both ownership and rental units, and specifically address the need for workforce housing.
4. Clarify the role of the neighborhood centers overlay in addressing housing needs by improving accessibility to services and amenities.
5. Re-examine target ratios by housing type pending the results of the housing needs analysis. Include policies that support revised implementation strategies if target ratios are not being met.
6. Revise policies related to the location of high density housing to discuss the need for this housing to be in close proximity to opportunities, services, and high-quality public facilities, in addition to being in areas well-served by infrastructure.
7. Consider broadening Policy 13 related to manufactured housing parks to open up the possibility for these parks to be located in more than one zone.
8. Incorporate recommended additional statements related to compliance with the Fair Housing Act, identified in Section 3 of this report.

5. Recommended Code Amendments

Density Standards

The efficient use of land within The Dalles UGB is an essential strategy for meeting the city's housing needs while preserving land for other uses, particularly retail, commercial, industrial and public facility uses. Development standards that regulate residential density—such as minimum lot size, maximum lot coverage, and height limits—largely determine how efficiently land is used by constraining the overall bulk of buildings and the number of dwelling units that can be constructed on any given lot.

The Dalles divides residential areas into three zoning districts: Low Density Residential (RL), Medium Density Residential (RM), and High Density Residential (RH). Neighborhoods in the RL zone are intended primarily for single-family development, while the RM and RH zones allow both single-family and multi-family housing.

The RH and RM zones account for a significant portion of the city's total residential land; however, the development standards of these zones may inhibit the production of some multi-family housing types that use land relatively efficiently and can be made compatible with single-family housing. One way to conceptualize these housing types is as the "missing middle" between detached, single-family homes and three-to-five story, mid-rise apartments (Figure 1). There are several advantages to ensuring that these housing types can be built in the RH zone, and potentially a subset of these types in the RM zone:[6]

- Demand is growing within the state and nationally for smaller, more affordable units in walkable neighborhoods, driven by demographic shifts toward smaller household sizes and a preference for urban, mixed use areas by millennials.
- Most of these housing types can be made compatible with single-family homes—which are common in these zones—because they are not significantly larger than a large single-family home and have a small overall footprint.
- These housing types are relatively easy to develop because they do not always require large lots—or aggregation of lots—and use simple construction methods.

[6] Missing Middle Housing: Responding to the Demand for Walkable Urban Living. Daniel Parolek. http://missingmiddlehousing.com/dev/wp-content/uploads/2015/04/Missing-Middle-Housing-Responding-to-the-Demand-for-Walkable-Urban-Living-by-Daniel-Parolek.pdf

Per the city's comprehensive plan, multi-family development may not be appropriate in the RL zone generally, but the code makes exceptions for duplexes built on corner lots. This exception makes sense, but the standards that govern corner duplexes could be adjusted to make their development feasible on more sites.

Figure 1. Conceptual Diagram and Examples Images of "Missing Middle" Housing Types

Duplex (Stacked)

Duplex (Side-by-Side)

Fourplex

Image Credit: Daniel Parolek, Opticos Design

Recommendation: Revise development standards in residential zones to ensure that compact, multi-family development is feasible on a wider range of sites.

Details and Actions

In the RH and RM zones, revise development standards to permit infill development of duplexes, triplexes and 3-10 unit apartment buildings on a wider range of sites. Table 2 outlines a few conceptual code revisions for the RH zone that could help achieve this goal; further study of development patterns and building prototypes is necessary to determine the appropriate quantitative standards.

Table 2: Example Code Revisions to Support Compact, Multi-Family Development

Development Standard	Existing Code (RH)	Potential Revisions
Minimum Lot Area	2 units: 5,000 sq. ft. 3 units: 8,000 sq. ft. 4 units: 10,000 sq. ft.	2 units: 3,500 sq. ft. (same as 1-unit) 3-8 units: 7,500 sq. ft. 9 or more units: 10,000 sq. ft.
Minimum Site Area per Dwelling Unit	2 units: 2,500 sq. ft. 3 units: 2,500 sq. ft. 4 units: 1,500 sq. ft.	2 units: 1,750 sq. ft. 3 units: 1,500 sq. ft. 4-8 units: 1,000 sq. ft. 9 or more units: 1,000 sq. ft.
Minimum Lot Width	2 units: 65 ft. 3 or more units: 80 ft.	2-8 units: 50 ft. 9 or more units: 75 ft.
Minimum Side Setbacks	Interior Lots: 5 ft. Exterior Lots: 10 ft.	All lots: 5 ft.

Further research is needed to determine if these allowances for developments of greater than three units is compatible with existing development patterns in the RM zone, but a minor code revision to allow duplexes more widely may be appropriate. The minimum lot area could be reduced to 5,000 sq. ft. to allow duplexes on common 50 ft. x 100 ft. parcels.

The only multi-family development allowed in the RL zone are duplexes on corner lots. However, the minimum lot size for corner duplexes is 4,500 sq. ft. per dwelling unit (or a 9,000 sq. ft. lot), nearly twice the minimum lot size for a single-family home. This minimum lot size may incentivize development of larger unit sizes, and thus a larger overall duplex structure, in order to make up for land costs. This may result in buildings that are out of scale with nearby homes, and does not incentive development of more affordable, smaller units. The city should consider lowering the minimum lot size to 2,500-3,000 sq. ft. per dwelling unit for corner duplexes in the RL zone so it is equivalent to or only slightly higher than the minimum lot size for a single-family home. Other regulations should prevent structures that are out of proportion with adjacent homes, including the setbacks, lot coverage maximum and height limit.

Density or Height Bonuses

Encouraging the development of affordable housing by offering density and/or height bonuses can work in areas where demand is constrained by zoning requirements. It also can potentially act as an incentive to building specific types of housing needed or desired in specific areas. Residential developers in The Dalles likely find the height and density standards adequate to build their projects. In some zones, achieving the minimum densities may actually be more of a concern to developers

than exceeding the maximums. However, while the current market conditions do not suggest a significant demand for density or height bonuses, there may be some types of projects that would benefit and changing demographics could lead to further interest in these incentives in the future.

Recommendation: Establish density and height bonuses as incentives for affordable housing.

Details and Actions

Height and density bonuses for the provision of affordable or needed housing in market-rate development could be available in residential as well as mixed use zones. The bonuses may allow more dwelling units per acre than typically permitted in the base zone, and/or allow additional building height over the base standard. These bonuses may be constrained by additional conditions, including design standards. Further, they can be paired with or operate independently of additional incentives for other community benefits, such as the creation of public spaces or public art.

Minimum Parking Requirements

In some situations, minimum off-street parking requirements can present a barrier to the production of more affordable housing, especially for multi-family developments. Paved surfaces for off-street parking adds to the cost of land and development and contributes to maximum lot coverage area, reducing space for leasable housing units. Structured parking is only feasible if rental rates are high enough to offset high construction costs, which is usually only the case in large urban areas. If a development is at the margins of economic feasibility, parking requirements—in combination with other regulations—may preclude the development or cause fewer housing units to be built. This constraint on housing supply can contribute to higher housing prices.

Minimum off-street parking requirements of The Dalles development code are not significantly higher than most small towns or suburban cities. In larger cities, transit systems and compact land use patterns enable fewer people to own cars, so minimum parking requirements can be lower without resulting in saturation of on-street parking supply. The Dalles offers methods to reduce off-street parking requirements, including waivers for developments in certain districts, shared parking arrangements, or submission of a Parking Management Plan. Yet, these methods may only be applicable or feasible for a small number of potential developments.

Recommendation: Adopt additional provisions to allow for the reduction of minimum parking requirements where it may support production of affordable housing.

Details and Actions

In addition to existing code provisions that allow reduction of minimum parking requirements, consider the following reductions:

- **Affordable housing or senior housing.** Automobile ownership is strongly correlated with income level. If a development proposes to construct housing affordable to people with low-incomes—potentially defined as high as 80% of median income—then it is reasonable to assume that the tenants will own fewer cars than assumed by the minimum parking requirements. Older adults living in senior housing are also likely to own fewer vehicles; requirements could be reduced by-right for housing specifically serving the senior population.
- **Small multi-family developments.** The minimum parking requirements for duplexes and smaller apartment buildings (3-8 units) may be difficult to meet, especially on smaller lots. For example, a four-unit apartment building may not be feasible to build on the minimum lot size of 10,000 square feet in the RH zone if the development must include 8 parking spaces and cover less than 60% of the lot. Consider allowing on-street spaces to account for some of the parking supply. This reduction could be limited to corner lots, as two street frontages provide more on-street parking spaces per lot. A similar reduction could apply to corner duplexes permitted in the RL zone.
- **Extend waiver to more zones.** A complete waiver of minimum parking requirements is a strong incentive for multi-family development. The existing waiver for the CBC 1 and 2 zones could be expanded to other districts where higher densities are desired and appropriate, such as the CBC-3 zone and the Neighborhood Center overlay. In zones where impacts of on-street parking are a concern, a significant reduction in minimum parking requirements could be used in place of a complete waiver.

Accessory Dwelling Units

Accessory Dwelling Units (ADUs) are smaller, ancillary dwelling units located on the same lot as a primary residence (Figure 2). ADUs are typically complete dwellings with their own kitchen, bathroom and sleeping area. A common form of housing in many pre-World War II neighborhoods—and sometimes referred to as in-law units, granny flats, or studio apartments—ADUs have grown in popularity over the last two decades. They offer a flexible housing solution for a diverse range of households and situations, and their use can evolve over time as owner's needs change. ADUs may take multiple forms: a separate structure detached from the primary house, an addition to the primary house, a conversion or addition to a garage, or a conversion of a basement (Figure 2). Their small scale, minimal impact on neighbors, and suitability on a wide range of properties give ADUs the potential to play a significant role in meeting local housing needs.

ADUs are permitted outright as an accessory use in all residential zones in The Dalles. However, a number of code provisions may inhibit production of ADUs. Given that ADUs are usually built by individual homeowners with limited experience or financial resources, code provisions can have a significant influence on the feasibility of their development.

Figure 2: Diagram and Examples Images of Accessory Dwelling Units (ADUs)

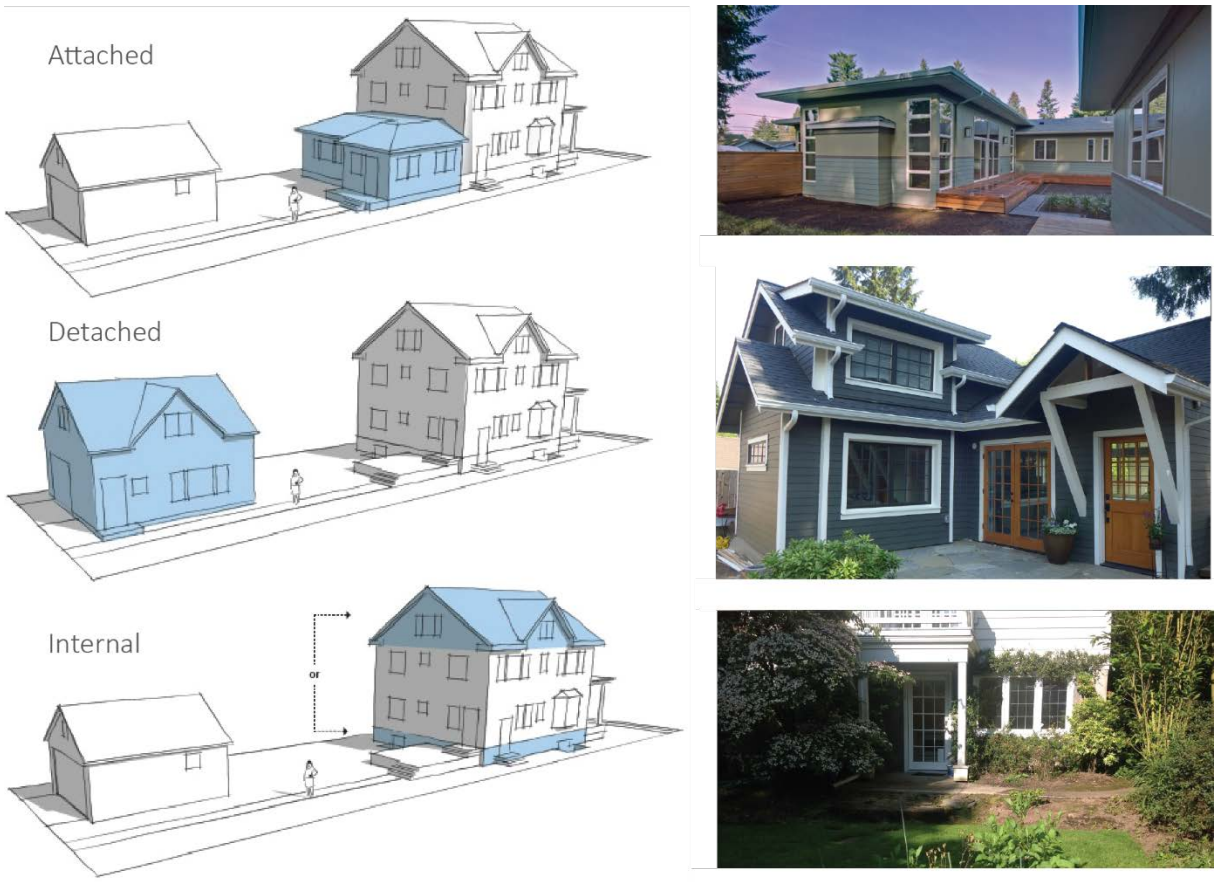

Image Credits: City of Minneapolis, AccessoryDwellings.org

Recommendation: Revise code provisions for ADUs to enable more widespread production while balancing impacts on neighborhoods.

Details and Actions

Table 3 details several code provisions that could be revised to support wider production of ADUs.

Table 2. Potential Code Revisions to Support Construction of ADUs

Code Element	Existing Provision	Potential Revisions
Occupancy requirement.	Owner must occupy either principal residence or ADU.	1. Do not require owner-occupancy, as rental duplexes—which are functionally equivalent to rental occupancy in both units—are allowed in RH and RM zones, and on corner lots in RL zone. 2. Require owner-occupancy only in RL zone, except for corner lots where rental duplexes are allowed.
Maximum number of ADUs per lot.	One per lot.	Allow two ADUs per lot if one is internal to the primary residence (as in a basement conversion).
ADUs on lots with duplexes.	Conditional use.	Permit outright in all zones, or at least in RH and RM zones.
Maximum size.	60% of primary structure up to 600 square feet.	Expand to up to 75-80% of primary structure or 800-1,000 square feet.
Design compatibility with primary structure.	Use similar materials, color, and roof pitch.	Replication of primary structure may be undesirable in some situations. Require design compatibility only for ADUs over one story tall.
Lot requirements.	Match base zone.	Analyze lot sizes to determine if minimum dimensions and lot coverage maximum would prohibit ADUs in many cases.
System Development Charges (SDCs)	Apply to ADUs.	Consider a waiver or reduction of SDCs for ADUs in order to improve the feasibility of their development.

Cottage Cluster Housing

Cottage clusters are groups of relatively small homes typically oriented around shared common grounds (Figure 3). The developments usually include 4-14 homes that are under 1,000-1,200 square feet in size, but also may take the form of a courtyard apartment if all units are attached, or include a mix of attached and detached homes. Parking is usually situated at the periphery of the, but may be limited to on-street spaces. The scale and orientation of cottage clusters—around a common space—promotes a communal atmosphere that many people appreciate, especially empty-nesters, singles or young families. Smaller homes sizes enable density levels over twice the average of single-family zones while maintaining potential for compatibility with a wide range of neighborhoods. This housing form challenges some cultural norms related to private yards and lot ownership—which may limit its market appeal—but developers are adopting design and ownership strategies to overcome this limitation. The cottages may be owned fee-simple (each on its own lot) or as part of a condominium plat where the land is owned in common by the buildings are individually owned.

Figure 3: Diagram and Example Images of Cottage Cluster Housing

Image Credits: Daniel Parolek, Eli Spevak/Madeline Kovacs

Cottage cluster housing could potentially be developed by-right in the RH and RM zones, which allow multiple-dwelling development on one lot. However, the development standards of these zones may significantly limit the number of sites where cottage cluster development would be feasible. The combination of minimum lot area, setbacks, lot coverage, building orientation, and off-street parking requirements may be prohibitive, especially for cottage cluster development on smaller lots. The applicable design standards for these zones may not be appropriate for cottage cluster development, as they are intended for either single-family development, duplexes, or apartment buildings. Additionally, if the developer preferred a fee-simple ownership structure, the use would not be permitted outright as the lots would not meet the minimum size requirements of the zone.

Alternatively, cottage cluster housing could be developed through a Planned Development application in all residential zones. All Planned Development applications are conditional uses subject to Planning Commission review. While the Planned Development track offers the flexibility to accommodate cottage clusters where they may not meet base zone standards, the additional cost and complexity of the process may deter development.

Recommendation: Consider defining cottage clusters as a housing type, creating specific development and design standards, and permitting outright in some or all residential zones.

Details and Actions

A cottage cluster or cottage housing code can effectively address development impacts and design goals while providing a more predictable process for developers than a Planned Development application, and potentially encourage greater production of this housing type. In general, the following provisions are supportive of cottage clusters and can stimulate their development: [7]

- Allow for increased densities over the base zone in exchange for maximum house sizes. This combination allows for more dwelling units while ensuring an efficient use of land.
- Given maximum house sizes of 1,000-1,200 square feet, allow a wide range of sizes—even as small as 600 square feet—and consider allowing both attached and detached housing.
- Do not specify ownership structure; allow the site to be divided into individual lots, built as rental units on one lot, or developed as a condominium plat.
- Ensure that minimum site size, setbacks and building coverage requirements do not prohibit cottage cluster development on smaller lots.
- Draft design requirements that ensure neighborhood compatibility, and efficient use of land, but are not so specific as to restrict the ability to adapt to varying neighborhood contexts.

[7] Character-Compatible, Space-Efficient Housing Options in Single-Dwelling Neighborhoods. ODOT, DEQ and OCLD Joint Study. Eli Spevak and Madeline Kovacs. May 2016. https://www.oregon.gov/LCD/TGM/docs/SpaceEfficientHousingReport.pdf

Co-Housing

This form of housing typically includes a mix of privately owned homes along with shared facilities for meals, socializing and other activities. Co-housing developments can include a mix of housing types, including single-family homes, townhomes, duplexes or other residences. They also typically include dining rooms and other facilities for shared meals and other activities. The Dalles does not explicitly allow this form of housing and if it wants to allow it in the future, amendments to the development code would be needed. While this type of housing has seen limited development in other communities in Oregon historically, it would provide another option to meet the needs of households with unique housing needs or desires and/or lower incomes.

Recommendation: Amend the development code to allow for co-housing developments.

Details and Actions

Allowing for co-housing would entail the following updates to the code either in Chapter 2, Definitions or Chapter 5, Zone District Regulations:

- Add a definition of co-housing.
- Determine in which residential zones co-housing would be allowed and then add it to the list of allowed uses in each residential and/or mixed use zone.
- Create specific standards for co-housing developments related to allowed housing types, density, setbacks, building heights, building design, accessory structures, common/open space, parking and other development characteristics.

Live/Work Units

Live/work units are dwellings in which a business may be operated on the ground floor. They are similar to a home occupation operating in a single-family home or apartment, except they are typically intended for commercial or mixed-use zones, and allow for more commercial area, signage, visibility, and access from the primary street. Demand for live/work units—especially when built as townhouses or apartments—is growing. The flexibility of these units is advantageous, as residential or office spaces can occupy the ground floor until the area becomes more viable for ground floor retail use. The market demand for this type of housing, and developers and financiers that are responding to that demand, may continue to be relatively small, but they fill an important housing need. Additionally, economic and demographic trends are supportive of further growth. Live/work units are popular options for artists (both for studio or sales space), professional services, personal services, and some forms of retail sales.

Live/work units are not currently defined and regulated by The Dalles development code. Existing regulation for home businesses (section 6.020) are intended for businesses operating in residential

zone, and therefore the use, operational and development standards would be too prohibitive for many types of commercial uses.

Figure 4: Examples of Live/Work Townhomes

Recommendation: Evaluate the need for code provisions specific to live/work housing units

Details and Actions

Live/work units may currently be allowed in the CBC-Central Business Commercial, CG-General Commercial, CR-Recreational Commercial, and NC-Neighborhood Center Overlay zones. Residential dwellings are permitted in these zones if the ground floor is a permitted commercial use. Most live/work units are designed for commercial use on the ground floor and residential on the second floor. However, live/work housing development may be limited by the following factors:

- The commercial uses permitted in these zones may not include some businesses that are best suited for live/work housing, such as an artist studio
- Temporary use of the ground floor as residential may be desirable in some locations, given that design and development standards ensure the space can be transitioned to retail or other commercial use in the future
- The development and design standards of these commercial zones may not effectively address the specific form of live/work housing units
- Residential dwellings are completely prohibited in the CLI-Commercial/Light Industrial and I-Industrial district, but live/work units may be appropriate in these zones in general, or in some locations within these zones.

Inclusionary Zoning

After being prohibited in Oregon since 1999, legislation allowing jurisdictions to adopt inclusionary zoning was passed in the Oregon Legislature in 2016. However, this legislation came with a number or limitations that are being regarded by affordable housing providers and advocates as challenging to implement this strategy in most small- and medium-sized jurisdictions in the state. The requirements only may be applied to multifamily housing development of 20 units or more. In addition, jurisdictions must provide "finance-based incentives" (e.g., property tax exemptions, fee waivers, development bonuses) to offset the cost of providing affordable units, but in an undetermined amount. They also must provide developers with the option to pay a "fee in lieu" instead of providing affordable units. Cities may also establish a local excise task to help fund inclusionary housing program.

These provisions are expected to limit the applicability and extent of the application of inclusionary housing programs and result in administrative and financial hurdles to implementation, particularly for smaller communities. Relatively few communities are expected to have the financial and administrative resources to establish inclusionary zoning programs. That said, The Dalles should explore the relative costs and benefits of establishing inclusionary zoning requirements.

Recommendation: Explore the relative costs and benefits of establishing inclusionary zoning requirements and implement if warranted.

Details and Actions

The following actions are recommended:

- Identify the approximate benefits of establishing a set of inclusionary zoning provisions based on the expected number of developments that would be subject to the standards and the approximate number of resulting new units.
- Estimate potential excise fee revenues that could be applied to covering the cost of implementing inclusionary zoning standards.
- Estimate the cost of establishing and administering the non-code based elements of an inclusionary zoning program, including a fee-in-lieu program and other finance-based incentives.
- Determine if the expected benefits outweigh the costs of establishing an inclusionary zoning program.
- If the costs outweigh the benefits and the City decides to move forward with the program, establish needed code requirements and other administrative and financial procedures and protocols needed for implementation.

Short-Term Rentals

The emergence of online vacation rental or "room sharing" networks over the last decade may have an impact on local housing markets. These websites—such as AirBnB or HomeAway—enable a much wider range homeowners or small investors to arrange short term rentals of rooms or entire homes. Demand for this type of vacation lodging continues to grow.

Research on the precise effect of short term rentals on local housing markets is limited. Studies that have attempted to measure the effect typically focus on spaces that are rented out for a many months of the year or on listings that advertise an entire home or apartment. These listings are assumed to displace a housing unit that would otherwise be made available for long-term rental or owner-occupancy. Some data is available on the most popular listing site, AirBnB, from the consulting firm AirDNA[8], and is summarized below:

- There are 25 active rentals operated by 13 hosts
- Most hosts (10 of 13) operate only one listing, but 2 hosts operate more than 5 listings
- 60% of listings are for private rooms, 40% for the entire home or apartment
- 60% of rentals are listed as available for more than 3 months of the year

This data is limited to one site, so may not represent all short term rentals in The Dalles. This findings suggest, however, that the total number of short term rentals is small and the number of rentals that displace housing units that would otherwise be on the housing market may be very limited. Still, this data may be incomplete, and it is reasonable to expect further growth of short-term rentals in line with national trends.

There are additional reasons to regulate short-term rentals outside of their impact on the local housing market, including to preserve livability of neighborhoods, minimize nuisances, and ensure consistency with the regulatory treatment of similar businesses, such as licensed Bed and Breakfasts and Vacation Rentals.

Recommendation: Monitor the activity of short-term rentals and consider regulatory measures to mitigate impacts on the housing affordability, ensure fairness and preserve neighborhood livability.

The City of Hood River recently adopted new regulations of short-term rentals. A review of their background research and proposed code amendments highlights a number of issues that need to be addressed to effectively regulate short-term rentals: [9]

[8] AirDNA.com. https://www.airdna.co/city/us/oregon/the-dalles
[9] City of Hood River City Council Agenda and Minutes. April 11, 2016. http://centralpt.com/upload/375/2015HousingStudy/19570_20160407151925.pdf

- **Definitions of various forms of short-term rentals.** Hood River makes a distinction between sharing a room within a home (Hosted Homeshare) and renting the entire home (Vacation Home Rental), as they have different impacts on the local housing market.
- **Licensing and taxation, and the use of revenue generated by taxation.** Licensing and taxation are typically required in order to effectively regulate the rentals. Affordable housing advocates in Oakland, CA recommended the city use funds generated from taxation of short-term rentals to support construction of affordable housing.[10]
- **Use and occupancy standards.** Hood River is proposing to allow short-term rentals as an accessory use in residential zones and a primary use in commercial zones. Where an accessory use in a residential zone, the owner/operator must live in the home as their primary residence.
- **Limitations.** Hood River opted to limit the number of days that a short term rental can be in operation as a method of mitigating their impact on the housing market. In residential zones, short-term rentals can only operate 90 days of the year. This approach was favored over limiting the total number or spacing of rentals, which is more complex to administer.
- **Establishment of non-conforming use and amortization.** To allow for a transition period for rentals already in operation to come into compliance with the new requirements, Hood River established a 5-year amortization period beginning after the non-conforming use is established. The date of the establishment of a non-conforming use differs for rentals in residential vs. commercial zones.

[10] The Impact of Short Term Rental on Affordable Housing in Oakland. Community Economics, Inc. and East Bay Housing Organizations. December 2015.
http://www.naceda.org/assets/EBHO%20Short%20Term%20Rental%20Impact%20Report.pdf

6. Future Planning for New Residential Development and Redevelopment

The Buildable Land Inventory and Housing Needs Analysis found that The Dalles has sufficient zoned capacity for nearly all housing types. However, market conditions and other factors may still limit production of some housing types, even if there is sufficient land zoned for that housing type in general.

Addressing some of these technical barriers will require further research, analysis and planning that is outside the scope of the Housing Needs Analysis. Outlined below are several initial ideas for future planning study that can further advance affordable or needed housing types in The Dalles.

Limitations on single-family housing in the RH zone

The RH zone accounts for a significant share of land zoned for housing in The Dalles, and for most of the city's zoned capacity for multi-family housing. The Central Business District and General Commercial zones also allow multi-family housing on upper stories, but it is required to be above a permitted commercial use on the ground floor. This type of mixed-use development is more difficult to finance and develop, especially in smaller cities. Therefore, most future multi-family housing will likely occur in the RH zone.

However, single-family housing is still permitted outright in the RH zone, with a minimum lot size of 4,000 square feet. If a significant amount of single-family housing development continues to occur in this zone, there is a risk that single-family housing development will absorb much of the land zoned for needed, affordable multi-family housing in the zone. To prevent this situation, The Dalles should consider the following strategies for ensuring that the development of single-family detached housing in the zone does not eliminate needed capacity for multi-family or single-family attached housing (e.g., rowhouses or townhomes):

- *Prohibit or significantly limit detached, single-family housing*. This would ensure that land is used for multi-family housing. However, it may reduce the zoned capacity for single-family housing too greatly, especially for small-lot single family, which is allowed only sparingly in the RL zone. Attached single-family housing could still be permitted, as this housing type consumes less land, is identified as a needed housing type in the HNA, and is not widely permitted in the RL zone.
- *Increase the minimum density standard.* All new development in the RH zone must currently produce at least one dwelling unit per 4,000 square feet. This represents a relatively low minimum density standard for a high density zone (in the form of a maximum lot size). To ensure that land used for single-family housing does not displace too much land needed for multi-family housing, consider establishing a minimum density requirement that would be equivalent to one dwelling unit per 2,500-3,000 square feet (or 15-20 units per acre). This may result in more small lot single-family, attached single-family and duplex development in

place of relatively larger lot, detached single-family housing. It also could incentivize attached forms of housing over detached forms.

Incentives for high density housing in the RH zone

Given that there is sufficient zoned capacity for multi-family housing in the RH zone, but limited actual development, several code amendments identified in Section 3 of this report are intended to remove barriers or provide incentives for this type of housing, including revisions to development standards, reduction or elimination of minimum parking requirements, and density or height bonuses. Additional incentives for high-density, multi-family housing in the RH zone could be considered. These strategies may reduce costs or improve feasibility of this development type:

- *Expedited development review process*. A more predictable and/or faster development review process can be a very attractive incentive for developers that are risk-averse.
- *Waiver or reduction of System Development Charges* (*SDCs).* SDCs have the potential to make some development infeasible, especially in difficult market conditions. Reducing or waiving these charges for multi-family housing, in coordination with other service providers, could stimulate development.

Expansion or amendment of the RM zone

In tandem with the above strategies intended to limit single-family housing and promote multi-family housing in the RH zone, the RM zone could be amended or expanded to allow small lot, detached single-family housing, duplexes and other small scale multi-family housing in more locations. This would increase the zoned capacity for the housing types that become prohibited or limited in the RH zone. This strategy could include one or both of these changes:

- *Revise development standards to allow a wider range of housing.* The lot dimension and development standards in the RM zone could be revised to permit small-lot single family, attached single-family and duplexes on a wider range of lots. The RM zone could adopt the development standards that currently apply to these housing forms in the RH zone.
- *Expand the RM zone to more areas.* The RM zone is currently limited to a relatively small area of The Dalles. To increased zoned capacity for housing types that would no longer be permitted in the RH zone, the RM zone could be expanded into some areas of the RH or RL zones, or applied to new land brought into the Urban Growth Boundary if expansions occur in the future.

Support for appropriate housing development in geohazard areas

Section 8.040 of The Dalles development code defines special requirements for developments in areas that have characteristics that make the ground potentially unstable, as identified by a 2010 Geologic Hazards Study. A Physical Constraints Permit is required for all new development and

additions, which requires a geologic impact statement and a certification of development plans, both of which must be prepared by a professional geotechnical engineer or engineering geologist.

These requirements are essential for preventing loss of life, property damage and environmental degradation, but they add costs to the development process and could potentially inhibit development in some cases. Much of the land in geohazard areas is zoned RL, so the impact on affordable and/or needed housing types may be limited. The extent to which the permitting requirements deter development outright, or reduce potential density of new development, depends largely on the costs and complexity of the required permits.

One way the City could support appropriate housing development in these zones by subsidizing the costs of the permits. The City could either waive or reduce other fees to offset the costs, provide grants to cover the costs for certain qualified developers or housing types (e.g., for housing affordable to low income households or those with special needs), or establish a contract with engineering firm that may offer lower costs in exchange for being the City's preferred firm.

7. Non-Regulatory and Funding Strategies

The Dalles can best meet some housing goals by providing information to other parties as part of planning and development processes, or leveraging funding tools to help support affordable housing. Decisions about where and how to build and finance housing are made primarily by other entities. Either private or non-profit developers or public agencies—such as the Mid-Columbia Housing Authority—directly fund and/or manage housing for people with low incomes or special needs.

In addition to its general role in planning for and permitting residential uses, the City also can help advocate for or support specific projects that further the City's housing goals. In doing so, the City can provide information to prospective developers about strategies described elsewhere in this report that help serve as incentives to building needed housing in areas that provide residents with access to transportation, services, public facilities and employment opportunities. In some cases, this also will include areas where the cost of infrastructure is relatively lower, potentially reducing the overall cost of development. More specific approaches and actions are described below.

Providing Information to Private Developers

Private market developers appreciate clarity and certainty in the design and permitting process. Certainty helps the developer save time, make decisions to proceed, and avoid costly surprises further along in the process. In some cases, a developer will prefer the certainty of a clear process even if it has greater requirements and fees, over a complex and unclear process with nominally lower requirements and fees. This means that City development code, review processes, permitting process, fees etc. should be as easy to understand and navigate for the developer as possible.

Recommendation: Provide information to developers that will help them understand land use permitting process and give them a sense of clarity and certainty about requirements.

Details and Actions

The City can do this in multiple ways:

- Ensure that primary documents such as the Development Code and design standards are easy to use for a person moderately informed in the design or development process;
- Provide knowledgeable staff to answer questions regarding the entire process from planning to permitting;
- Create additional materials such as one page handouts that summarize relevant code and process information, even if it is already available in longer documents
- Provide information about code provisions and other strategies described elsewhere in this report that can serve as incentives to develop housing in places with good access to transportation, services and facilities;

- Assign a single contact person to facilitate the development process for key projects, such as a large-scale development, prominent site location, or catalyst project; and
- Provide as much of this information in advance as possible. Try to provide estimates of time, requirements and fees to the extent practicable, while emphasizing that these are all preliminary estimates that may change. Avoid processes which require developers to commit extensive time and money before key requirements or public processes become apparent.

Continued Support for Local and Regional Housing Efforts

Similar to many communities across Oregon, The Dalles city government does not directly administer housing assistance programs or develop affordable housing projects. A regional housing agency—the Mid-Columbia Housing Authority (MCHA) and its development arm, the Columbia Cascade Corporation—is allocated the federal funding to support these essential programs and services. These regional housing efforts include:

- Development and management of rental units for low-income or special needs populations;
- Down payment assistance and homeowner education programs for potential homeowners;
- Home repair loans and foreclosure prevention programs for existing homeowners.

Recommendation: The City should continue to participate in and support local and regional efforts to meet current and future housing needs, particularly those targeted to affordable and special needs housing.

Details and Actions

The city can take a number of actions to support the work of the Mid-Columbia Housing Authority and other non-profit organizations engaged in housing assistance programs:

- *Support for regional housing planning efforts*. As noted in Section 2 on Fair Housing Compliance, the Mid-Columbia Housing Authority is required to prepare regional housing assessments and plans. The Dalles planning staff can act as an essential resource for understanding housing conditions and their relation to broader land use policy and regulation, transportation, and economic development.
- *Assistance with site identification and acquisition*. One of the most challenging aspects of affordable housing development is finding and acquiring suitable sites for affordable housing in high-quality locations. The Dalles planning staff have the expertise to help identify and evaluate potential sites for housing development. Additionally, the City can consider the potential for existing city-owned properties to be used for affordable housing development or look for ways to include land for housing when acquiring property for other purposes, such as infrastructure, parks, or right-of-way.

- *Disseminate information about housing issues, services and programs*. The City maintains close contact with residents, the development community, business owners and other stakeholders through a variety of services, such as police enforcement, code compliance, the library, or economic development. All staff should be aware of regional housing resources and able to disseminate information to residents or potential partners in housing efforts.

Financing Tools

One of the primary obstacles to achieving housing goals, particularly those for development of affordable housing, is a lack of sufficient funding at all levels of government, as the private sector is often unable to develop certain types of housing needs without public subsidy. The Dalles currently supports the development of housing in the downtown area through use of urban renewal funding. Urban renewal has supported housing development in a few ways: [11]

- Funding of public improvements—including streets, public spaces and parks, and parking facilities— that act as incentives for private sector residential development
- Funding of property acquisition, repair or redevelopment that enhances the attractiveness of the downtown and the potential for market rents to support new residential development
- Amended the property rehabilitation program to allow for residential façade improvements

Recommendation: Explore a wide range of financing strategies and tools to support affordable housing development

Details and Actions

The City could consider a variety of other strategies for increasing funding or enhancing the economic feasibility of affordable housing development, including the following:

- Conditioning the use of urban renewal funding for property rehabilitation or redevelopment on the inclusion of affordable housing units
- Establishment of a fee assistance program or implementation of a separate program to waive or defer payment of SDCs for affordable housing projects or for ADUs
- Leveraging the Vertical Housing Tax Credits program to help developers gain access to state incentives for housing development
- Low interest loans, grants or down payment assistance for developers of affordable housing or low-income homeowners
- Municipal bonds or loans to finance acquisition of manufactured home parks by tenants

[11] The Dalles Urban Renewal Agency, Fiscal Year 2016-2017 Budget. http://www.ci.the-dalles.or.us/sites/default/files/imported/public_docs/ur_fy16-17_adopted_budget_book.pdf

JOHNSON ECONOMICS

CITY OF THE DALLES, OR

HOUSING AND RESIDENTIAL LAND NEEDS ASSESSMENT (OREGON STATEWIDE PLANNING GOAL 10)

20-YEAR HOUSING NEED
2016 - 2036

Prepared For:
CITY OF THE DALLES, OREGON

December 2016

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DRAFT

INTRODUCTION

This analysis outlines a forecast of housing need within the City of The Dalles. Housing need and resulting land need are forecast to 2036 consistent with 20-year need assessment requirements of periodic review. This report presents a housing need analysis (presented in number and types of housing units) and a residential land need analysis, based on those projections.

The primary data sources used in generating this forecast were:

- Portland State University Population Research Center
- U.S. Census
- Claritas Inc.[1]
- Wasco County GIS
- Other sources are identified as appropriate.

This analysis reflects the coordinated population forecast from the Oregon Population Forecast Program, at the Population Research Center (PRC) at PSU. State legislation passed in 2013 made the PRC responsible for generating the official population forecasts to be used in Goal 10 housing analyses in Oregon communities outside of the Portland Metro area (ORS 195.033). The population forecasts used in this analysis were generated in 2016.

This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or policies of the State of Oregon.

I. CITY OF THE DALLES DEMOGRAPHIC PROFILE

SUMMARY

The following table (Figure 1.1) presents a profile of City of The Dalles demographics from the 2000 and 2010 Census. This includes the city limits of The Dalles, as well as areas currently included within the Urban Growth Boundary (UGB). It also presents the estimated population of this area in 2016 from PSU estimates.

- The Dalles is a City of over 15,500 people (City), and over 16,800 people (UGB), located in Wasco County in the Columbia River Gorge on the northern border of Oregon.
- Based on the UGB population, The Dalles is the 40th largest city in the state by population, and the largest city in Wasco County.
- The Dalles has experienced moderate growth, growing 13.4% since 2000. In contrast, Wasco County and the state experienced population growth of 10.8% and 17.3% respectively. (US Census and PSU Population Research Center)

[1] Claritas Inc. is a third-party company providing data on demographics and market segmentation. It is owned by the Nielson Company which conducts direct market research including surveying of households across the nation. Nielson combines proprietary data with data from the U.S. Census, Postal Service, and other federal sources, as well as local-level sources such as Equifax, Vallassis and the National Association of Realtors. Claritas promotes a "bottom-up" and "top-down" analysis using these sources to produce annual demographic and economic profiles for individual geographies. Projections of future growth are based on the continuation of long-term and emergent demographic trends identified through the above sources.

- The Dalles is home to an estimated 6,800 households in 2016, an increase of 787 households since 2000. The percentage of families fell somewhat between 2000 and 2016 from 65.9% to 62.9% of all households. Average household size has remained flat during this period. The city has a similar share of family households as Wasco County (65%) and the state (63%).
- The Dalles' average household size is 2.40 persons, remaining unchanged since 2000. This is somewhat smaller than the Wasco County average of 2.44 and the statewide average of 2.47.

FIGURE 1.1: THE DALLES DEMOGRAPHIC PROFILE

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS					
	2000 (Estimate)	**2010 (Estimate)**	**Growth 00-10**	**2016 (PSU)**	**Growth 10-16**
Population[1]	14,840	15,792	6.4%	16,823	6.5%
Households[2]	6,014	6,385	6.2%	6,801	6.5%
Families[3]	3,962	4,015	1%	4,277	7%
Housing Units[4]	6,329	6,787	7%	6,927	2%
Group Quarters Population[5]	406	469	16%	500	7%
Household Size (non-group)	*2.40*	*2.40*	0%	*2.40*	0%
Avg. Family Size	*2.94*	*2.99*	2%	*3.02*	1%
PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000 (Census)	**2010 (Census)**	**Growth 00-10**	**2016 (Proj.)**	**Growth 10-16**
Per Capita ($)	$17,511	$23,186	32%	$27,439	18%
Median HH ($)	$35,430	$42,317	19%	$47,076	11%

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

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

[1] From PSU Population Research Center, Population Forecast Program, final forecast for Wasco Co. (6/2016)

[2] 2016 Households = (2016 population - Group Quarters Population)/2016 HH Size

[3] Ratio of 2016 Families to total HH is based on 2014 ACS 5-year Estimates

[4] 2015 housing units are the 2010 Census total plus new units permitted from '10 through January '16 (source: Census, City of THE DALLES)

[5] Ratio of 2016 Group Quarters Population to Total Population is kept constant from 2010.

A. POPULATION GROWTH

Since 2000, The Dalles has grown by roughly 2,000 people within the UGB, or 13.4% in 16 years. This is a greater growth rate than was seen in the rest of the county, but moderate compared to statewide growth. In comparison, the population of Hood River grew by over 30% during this period.

B. HOUSEHOLD GROWTH & SIZE

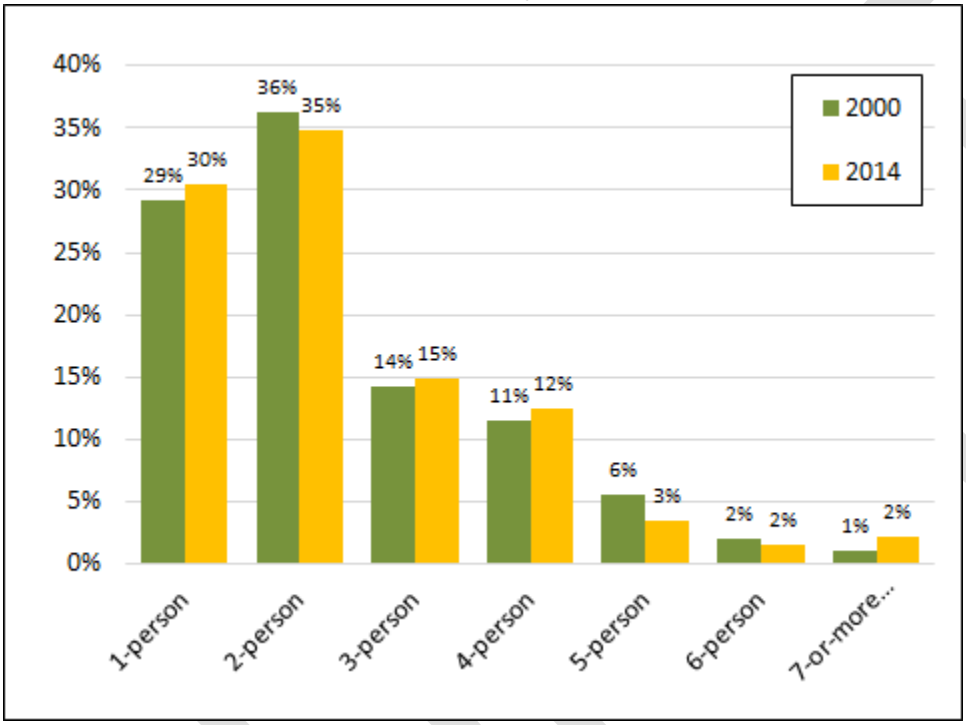
As of 2016, the city has an estimated 6,801 households. Since 2000, The Dalles has added an estimated 787 households, or growth of 13.1%. This is an average of roughly 50 households annually during this period. The growth since 2000 has outpaced the growth in new housing units, which have been permitted at the rate of 32 units per year. This has contributing to a tight housing supply.

Household growth has kept pace with population growth reflecting that the average household size has remained steady. There has been a general trend in Oregon and nationwide towards declining household size as birth rates have fallen, more people have chosen to live alone, and the Baby Boomers have become empty nesters. While this trend of diminishing household size is expected to continue nationwide, there are limits to how far the average can fall. The Dalles has resisted this trend.

The Dalles' average household size of 2.40 people, with 63% family households, is slightly smaller than Wasco County (2.44; 65%). Hood River has an average household size of 2.38 people with 58% family households.

Figure 1.2 shows the share of households by the number of people in 2000 and 2014 (latest available), according to the Census. 30% are single-person households, up from 29% in 2000. This is higher than the percentage in the state (27%). The share of two person households fell somewhat, while households of 3 or 4 persons grew in share.

FIGURE 1.2: NUMBER OF PEOPLE PER HOUSEHOLD, CITY OF THE DALLES



SOURCE: US Census, JOHNSON ECONOMICS LLC
Census Tables: H013 (2000); B11016 (2014 ACS 5-yr Estimates)

C. FAMILY HOUSEHOLDS

As of the 2010 Census, 63% of The Dalles households were family households, down from 66% of households in 2000. The number of family households in The Dalles is estimated to have grown by 315 since 2000.

The Census defines family households as two or more persons, related by marriage, birth or adoption and living together. In 2010, family households in The Dalles had an average size of 2.99 people.

D. HOUSING UNITS

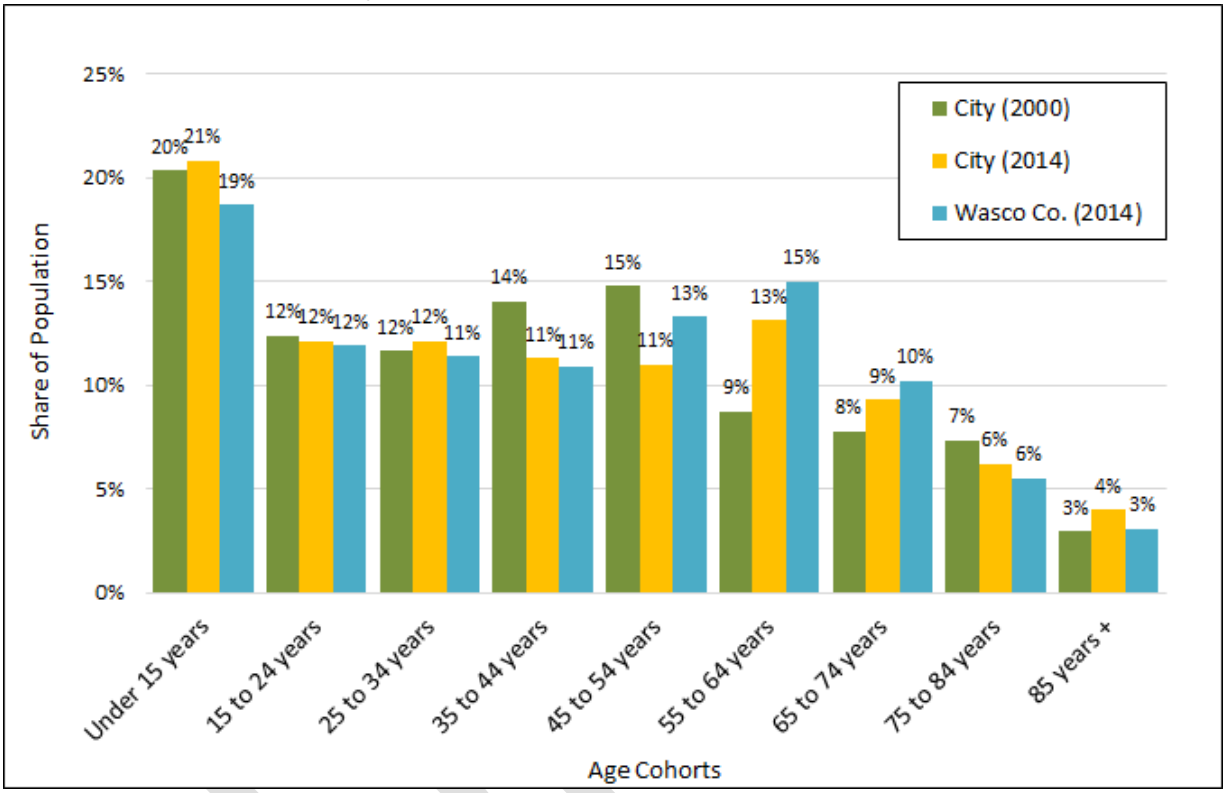
Data from the City of The Dalles and the US Census indicate that the city added an estimated 598 housing units since 2000 within the UGB, representing 9.4% growth in the housing stock. 93% of these new units were detached single family homes, while 7% were attached housing types. This number of new units is only 76% of the 787 new households estimated during the same period, indicating that housing growth did not keep pace with growing need.

As of 2016, the city has an estimated housing stock of roughly 6,925 units for its 6,800 estimated households. This translates to an estimated vacancy rate of 2%, which indicates a very tight housing supply in the community.

E. Age Trends

The following figure shows the share of the population falling in different age cohorts between the 2000 Census and the most recent 5-year American Community Survey estimates. As the chart shows, there is a general trend for middle age cohorts to fall as share of total population, while older cohorts have grown in share. This is in keeping with the national trend caused by the aging of the Baby Boom generation. At the same time, the number of younger people has remained fairly steady as a share of population.

Figure 1.3: Age Cohort Trends, 2000 - 2014



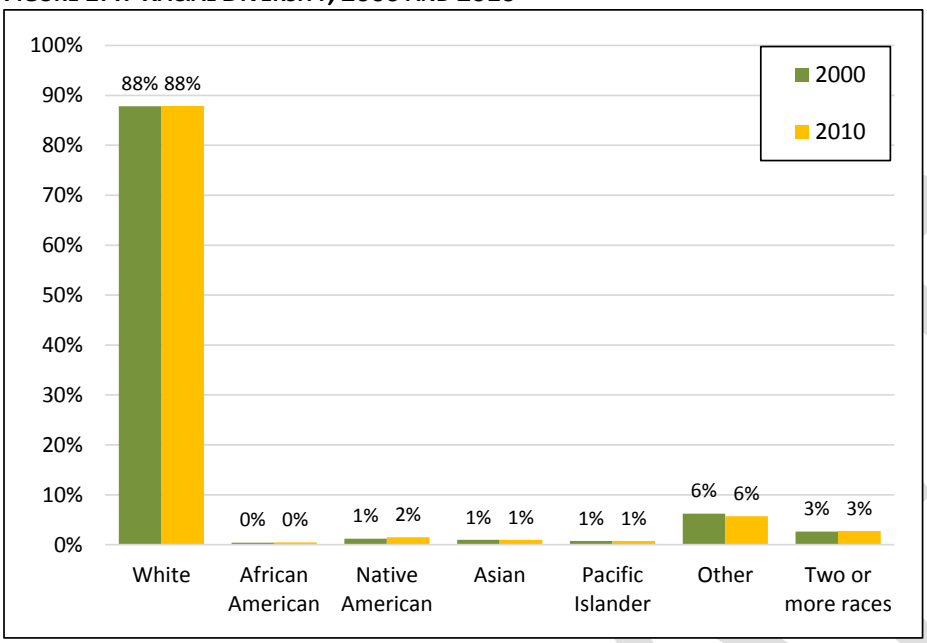
SOURCE: US Census, Johnson Economics LLC
Census Tables: DP-1 (2000); S0101 (2014 ACS 5-yr Estimates)

- Figure 1.3 shows the share of the population by age according to the Census. In general, the distribution of the population is shifting upwards in age as the Baby Boom generation moves into the retirement years. The cohorts which grew in share during this period were those aged 55 to 74 years and 85 years and older. Still an estimated 81% of the population is under 65 years of age, and 21% of the population consists of children under the age of 15.
- Wasco County in comparison features a smaller share of children under 15 years of age and older cohorts, and a smaller share of people aged 44 years or less.
- In the 2010 Census, the local median age was 39 years, compared to 38 years in Oregon.
- The greatest growth was in the 55 to 64 age range, coinciding with the center of the Baby Boom cohort. This cohort grew from 9% to 13% of the population.
- 19% of the population is now 65 years or older.

F. Diversity Trends

The Dalles has also remained fairly stable in terms of diversity. The Dalles is roughly 88% white with small share of other racial groups. Wasco County has a similar share of white residents (86%), while Oregon is 84% white.

Figure 1.4: Racial Diversity, 2000 and 2010



SOURCE: US Census
Census Tables: DP-1 (2000, 2010)

The Hispanic or Latino community has increased more significantly in The Dalles. From roughly 1,275 individuals in the 2000 Census, or 10.5% of the population, the Latino population grew by over 1,000 people by the 2010 Census, to roughly 2,315 people, or 17% of the population. This is higher than the 15% Latino population in Wasco County, and higher than the 12% share across the state.

Immigration: As of the 2014 American Community Survey[2], an estimated 8% of The Dalles' population is foreign-born, up from 7% in 2000. Of these, 80% were born in Latin America, 8% were born in Europe, and roughly 6.5% were born in Asia.

In 2010, the percentage of the population speaking a language other than English at home was 16%, up from 12% in 2000.

The North Wasco County School District categorizes 24% of students as "English learners", speaking six different primary languages. The younger grades (K-3) have the highest percentage of English learners at 27%, while only 20% are defined as such at the high school level.

The immigrant population is not homogeneous and includes households ranging from political refugees to skilled recruits to local companies. However on average, these households do have some commonalities which are discussed further in Section III of this report.

[2] Census Table: B05006 (2014 ACS, 5-Year Estimates)

G. Income Trends

The following figure presents data on income trends in The Dalles.

Figure 1.5: Income Trends, 2000 – 2016

PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000 (Census)	2010 (Census)	Growth 00-10	2016 (Proj.)	Growth 10-16
Per Capita ($)	$17,511	$23,186	32%	$27,439	18%
Median HH ($)	$35,430	$42,317	19%	$47,076	11%

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

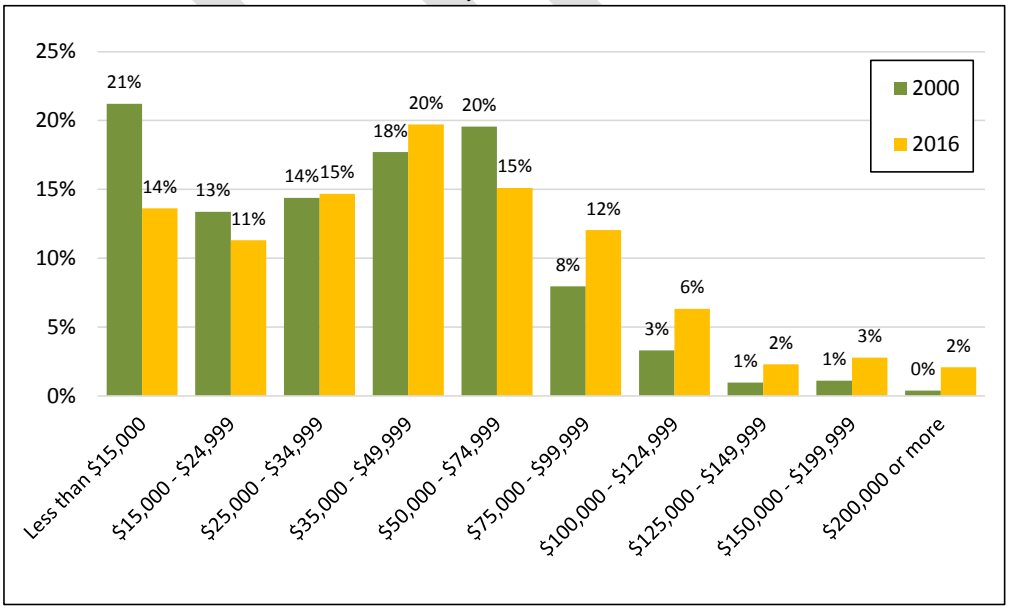
Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901 (2010 ACS 3-yr Estimates); S19301 (2010 ACS 3-yr Estimates);

- The Dalles' estimated median household income was $47,000 in 2016. This is roughly 7% higher than the Wasco County median of $43,500. In comparison, the median income in the city of Hood River is $49,500.
- The Dalles' per capita income is roughly $27,500.
- Median income has grown an estimated 33% between 2000 and 2016, in real dollars. Inflation was an estimated 36% over this period, so as is the case regionally and nationwide, the local median income has not kept pace with inflation.

Figure 1.6 presents the estimated distribution of households by income in 2000 and 2016. The largest income cohort is those households earning between $35k and $50k, at 20% of households. 40% of households earn less than this, while 40% of households earn $50k or more per year.

- As one would expect due to wage increases over time, the income distribution has shifted towards higher-income cohorts (in non-adjusted dollars), with the largest gains in those households earning above $75,000 per year.
- 25% of households earn $25k or less, which is a much smaller share than in 2000, when 34% of households met that definition. The falling share of households in the lowest income cohort was especially pronounced.

Figure 1.6: Household Income Cohorts, 2000 and 2016



SOURCE: US Census, Nielsen Claritas
Census Tables: DP-3 (2000); S1901 (2014 ACS 5-yr Est.)

H. POVERTY STATISTICS

According to the US Census, the official poverty rate in The Dalles has been increasing over time from 9% of individuals in 2000, to an estimated 13.8% over the most recent period reported (2014 5-year estimates).[3] This is roughly 2,000 individuals in The Dalles. In comparison, the official poverty rate in Wasco County and at the state level is 17%.

In the 2010-14 period:

- The Dalles poverty rate is highest among those under 18 years of age at 15.6%. The rate is 14.7% among those aged 18 to 64. The rate is lowest for those 65 and older at 8.5%.
- For those without a high school diploma the poverty rate is 27%. For those with a high school diploma only, the rate is 10.5%.
- Among those who are employed the poverty rate is 7.5%, while it is 30% for those who are unemployed.
- The poverty rate is similar among racial groups, ranging from 12% to 15%. However, the poverty rate for those identifying as Hispanic is 20%.
- Information on affordable housing is presented in the following section of this report.

The official measure of poverty used by the Census dates to the 1960's and the adequacy of this measurement has long been debated. The measure is based on an estimate of three times the cost of minimum food diet in 1963 and adjusted for inflation since that time. The measure is adjusted for household size, composition and age of householder. However, the federal poverty level is not adjusted for geographical differences across the 48 contiguous states. The Census itself has been working on an alternative "supplemental poverty measure" (SPM) for some time, but this measure is not finalized. Preliminary results are available but only for the broadest geographical categories. In the "West" region, which includes the 13 states from the Rocky Mountains to Hawaii and Alaska, the preliminary SPM estimated poverty to be 120% of the official estimated rate, or roughly 20% higher.

Perhaps the most advanced alternative to the official poverty measure developed is the Self-Sufficiency Standard (SSS). The SSS aims to update the measure of poverty with up to date costs estimates of a much wider range of cost categories (housing, child care, transportation, food, etc.), as well as much finer-grained categorization of household types. The SSS income levels for different household types are currently available at the county level in Oregon, including Wasco County.

FIGURE 1.7: FEDERAL POVERTY GUIDELINE VS. SELF-SUFFICIENCY STANDARD (WASCO CO.)

Household Size	Federal Poverty Guideline	Self-Sufficiency Standard	Poverty Guideline/ SSS	Median Income (The Dalles)	SSS/ Median Income
One person	$11,670	$19,809	59%	$26,307	75%
Two people	$15,730	$34,404	46%	$44,740	77%
Three people	$19,790	$44,515	44%	$46,705	95%
Four people	$23,850	$46,836	51%	$54,750	86%
Five people	$27,910	$61,575	45%	$63,500	97%

SOURCE: US Dept. of Health and Human Services, University of Washington, US Census

Figure 1.7 shows a comparison of the federal poverty level and the estimated SSS for 2014 (the latest year the SSS was calculated.) As the table shows, the estimated income thresholds for self-sufficiency are much higher than the

[3] Census Tables: QT-P34 (2000); S1701 (2014 ACS 5-yr Estimates)

officially recognized poverty level. As the final columns show, the self-sufficiency thresholds are generally not much lower than the median household income by household size.

These poverty thresholds can be applied to individual cases, but unfortunately, neither the Census nor other sources provide a detailed breakdown of local households by both size and income, that would allow a more detailed application to The Dalles than that found in Figure 1.7. Nevertheless, the stark contrast between the lower official poverty guidelines and the SSS indicate that by this second measure, the number of households in The Dalles facing financial stress is probably much higher than what is implied by the official poverty statistics.

One measure of poverty as it relates to housing is the share of income local households are spending on their housing costs. As discussed in more detail in Section II(F) of this report, the Census estimates that over 42% of all households spend more than 30% of their income on housing costs. Among renters, nearly 62% of households spend more than 30% of their income on housing costs, while 39% of renter households spend more than 50% of their income.

I. Employment Trends

This section provides an overview of employment and industry trends in The Dalles that may impact housing.

Commuting Patterns: The following figure shows the inflow and outflow of commuters to The Dalles according to the Census Employment Dynamics Database. As of 2014, the most recent year available, the Census estimates 7,181 jobs located in The Dalles. 2,973 of these, or 41%, are held by local residents, while over 4,200 employees commute into the city from elsewhere.

Figure 1.8: Commuting Patterns (Primary Jobs), The Dalles

Source: US Census Longitudinal Employer-Household Dynamics

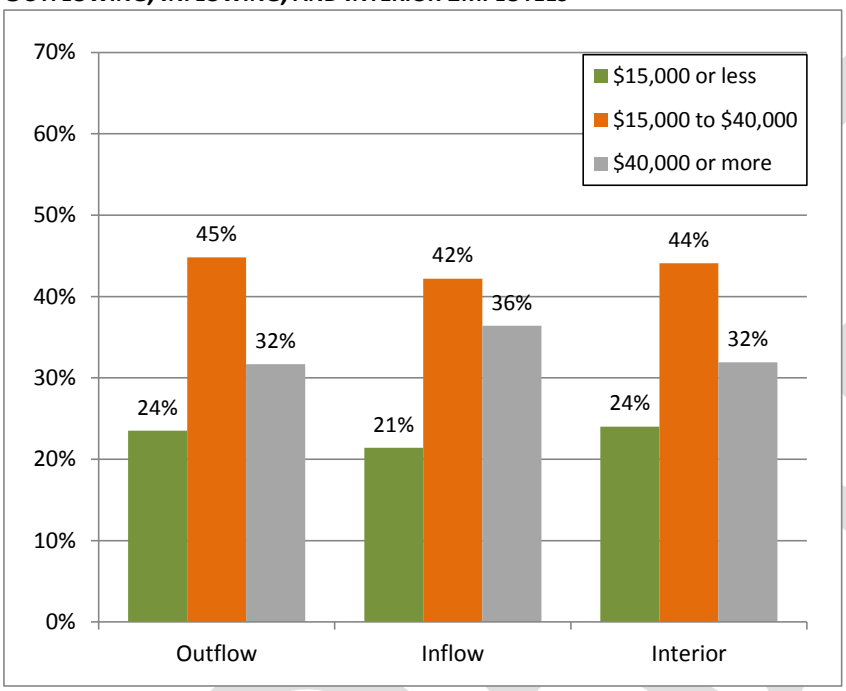
Of the estimated 6,343 employed The Dalles residents, 53% of them commute elsewhere to employment. While Census data is incomplete, it seems that most of these residents work in nearby communities including Hood River, Dallesport, and Hermiston, and a small segment works at least part time in the Portland Metro area.

Because The Dalles is relatively distant from other major population centers, the community actually retains more local residents in the local employment pool than seen in many communities. For instance, in the Portland Metro region it is common for a much smaller share of residents to both live and work in the same community.

The following figure shows broad income levels for each of the commuting groups (outflowing, inflowing, and interior). The income segments shown here are due to how the Census reports this data.

The data show that regardless of the home and job location of the employee, the different commuting groups have very similar income characteristics. This indicates that residents leaving the community for work are not necessarily finding higher or lower-wage jobs than the employment offered in the city.

FIGURE 1.9: INCOME LEVELS BY COMMUTING COHORT (PRIMARY JOBS) OUTFLOWING, INFLOWING, AND INTERIOR EMPLOYEES



SOURCE: US Census Longitudinal Employer-Household Dynamics

Jobs/Household Ratio: The Dalles features a healthy jobs-to-households ratio. There are an estimated 7,200 jobs in the city of The Dalles, and an estimated 6,340 Dalles residents in the labor force. This represents 1.2 jobs per working adult, and more than one job per household.

II. CURRENT HOUSING CONDITIONS

The following figure presents a profile of the current housing stock and market indicators in The Dalles. This profile forms the foundation to which current and future housing needs will be compared.

A. HOUSING TENURE

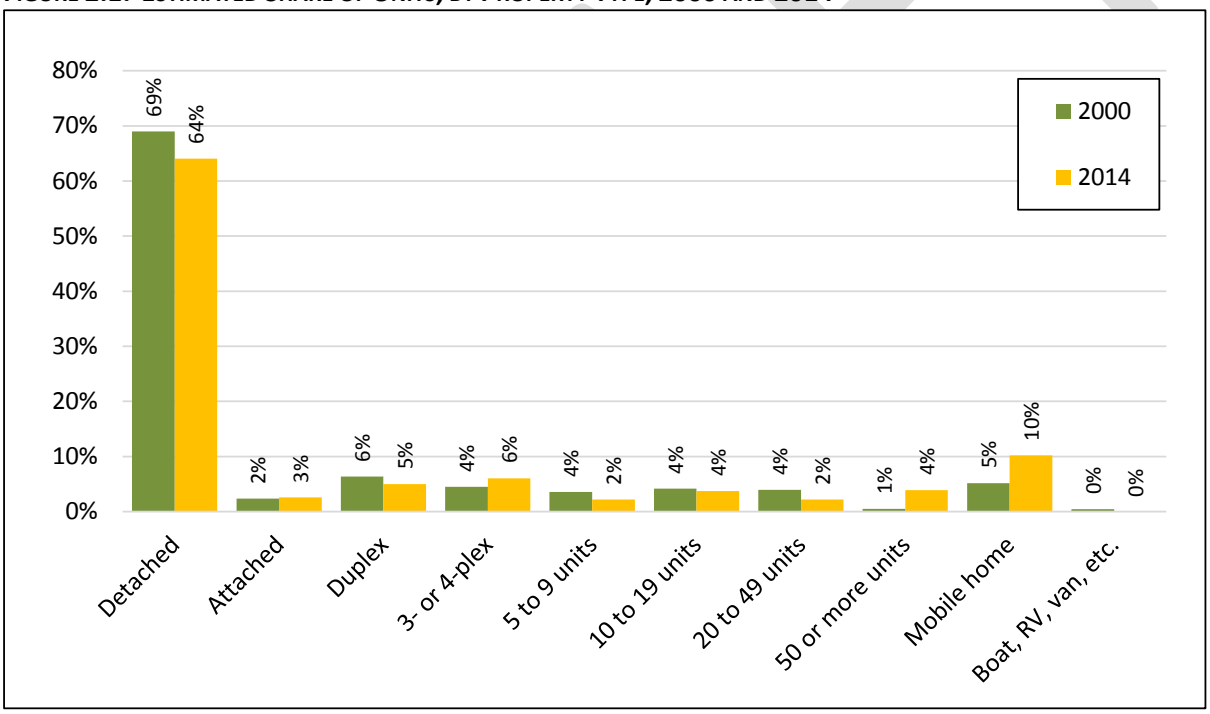
The Dalles has a greater share of homeowner households than renter households. The 2014 American Community Survey estimates that 61% of occupied units were owner occupied, and 39% renter occupied. (The 2010 Census features a lower margin of error than more recent ACS data.) The ownership rate in The Dalles has fallen slightly since 2000 from 63%. During this period the statewide rate fell from 64% to 62%. Nationally, the homeownership rate has nearly reached the historical average of 65%, after the rate climbed from the late 1990's to 2004 (69%).

The estimated ownership rate is higher in Wasco County (65%) but roughly equal statewide (61%). The estimated ownership rate in Hood River is a much lower 48.5%.

B. HOUSING STOCK

As shown in Figure 1.1, The Dalles UGB had an estimated 6,925 housing units in 2016, with a vacancy rate of 2% (includes ownership and rental units). The housing stock has increased by roughly 600 units since 2000, or growth of 9.4%.

FIGURE 2.1: ESTIMATED SHARE OF UNITS, BY PROPERTY TYPE, 2000 AND 2014



SOURCE: US Census
Census Tables: H030 (2000); B25024 (2014 ACS 5-year Estimates)

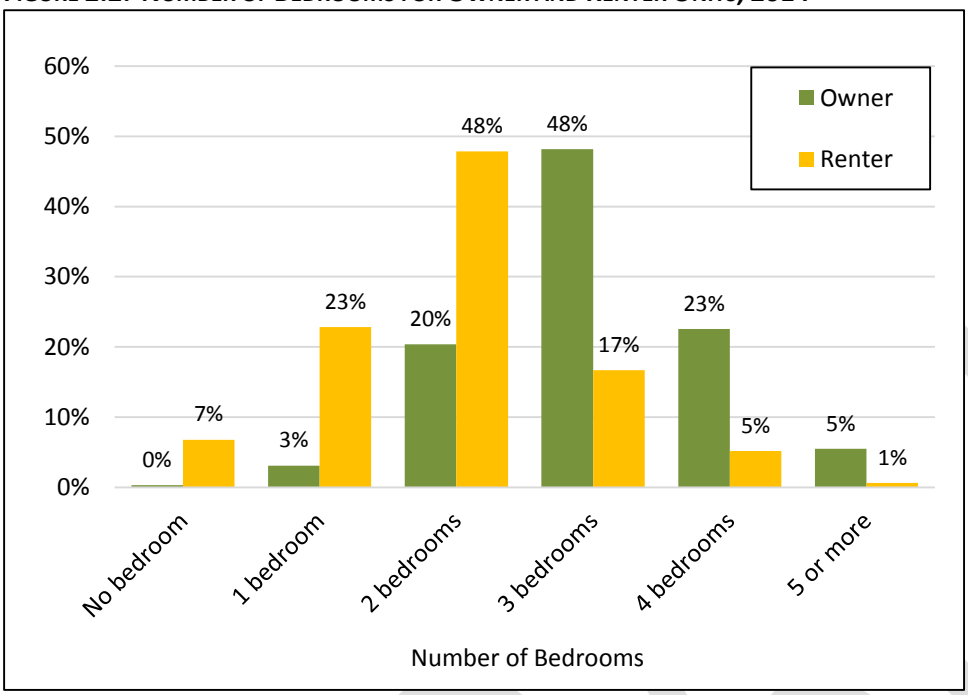
Figure 2.1 shows the estimated number of units by type between the 2000 Census and the 2014 American Community Survey. Detached single-family homes represent an estimated 64% of housing units. Though the estimated *share* of detached homes is down, the total number grew during this period. The share of mobile homes has grown since 2000, from 5% to 10%, making mobile homes a sizable subset of the local housing inventory.

Units in larger apartment complexes of 50 or more units represent just 4% of units, and other types of attached homes represent 22% of units. (Attached single family generally includes townhomes, some condos, and plexes which are separately metered.)

C. Number of Bedrooms

Figure 2.2 shows the share of units for owners and renters by the number of bedrooms they have. In general, owner-occupied units are much more likely to have three or more bedrooms, while renter occupied units are much more likely to have two or fewer bedrooms.

Figure 2.2: Number of Bedrooms for Owner and Renter Units, 2014



SOURCE: US Census
Census Tables: B25042 (2014 ACS 5-year Estimates)

D. Units Types by Tenure

As Figure 2.3 and 2.4 show, a large share of owner-occupied units (82%) are detached homes, or mobile homes (15%), which is related to why owner-occupied units tend to have offer more bedrooms. Renter-occupied units are much more distributed among a range of structure types. 38% of rented units are estimated to be detached homes or mobile homes, while the remainder are some form of attached unit.

Figure 2.3: Current Inventory by Unit Type, for Ownership and Rental Housing

Ownership housing

Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units
Totals:	3,520	72	27	0	21	637	5	**4,282**
Percentage:	82.2%	1.7%	0.6%	0.0%	0.5%	14.9%	0.1%	100.0%

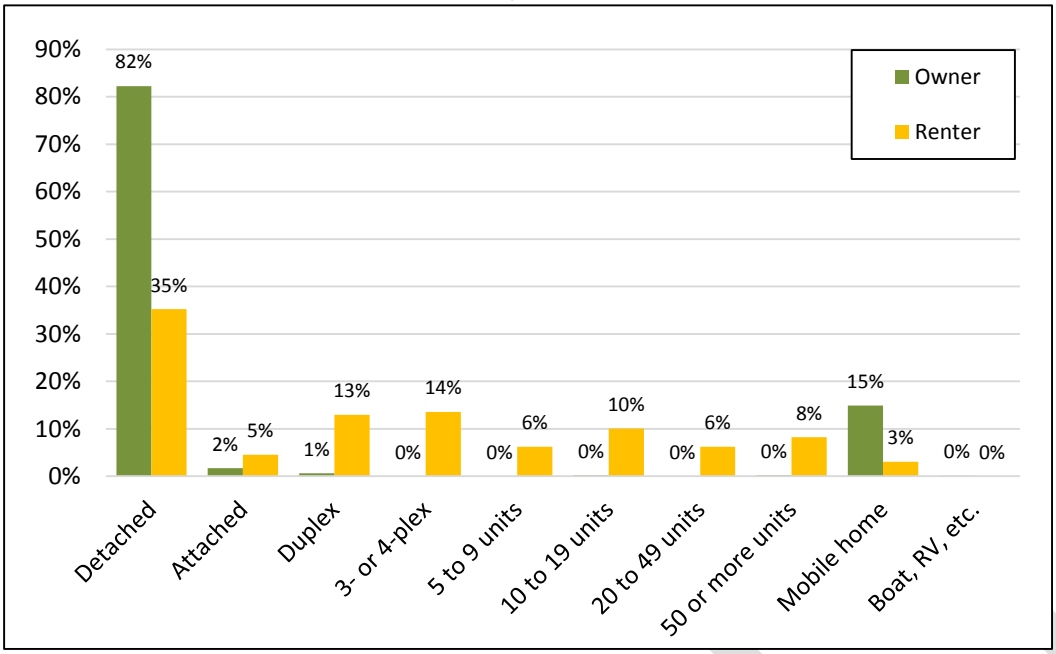
Rental housing

Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units
Totals:	931	120	343	359	811	81	0	**2,645**
Percentage:	35.2%	4.6%	13.0%	13.6%	30.7%	3.0%	0.0%	100.0%

Sources: US Census, Johnson Economics
Census Tables: B25004, B25032, B25063, B25075 (2014 ACS 4-yr Estimates)

DRAFT

FIGURE 2.4: CURRENT INVENTORY BY UNIT TYPE, BY SHARE

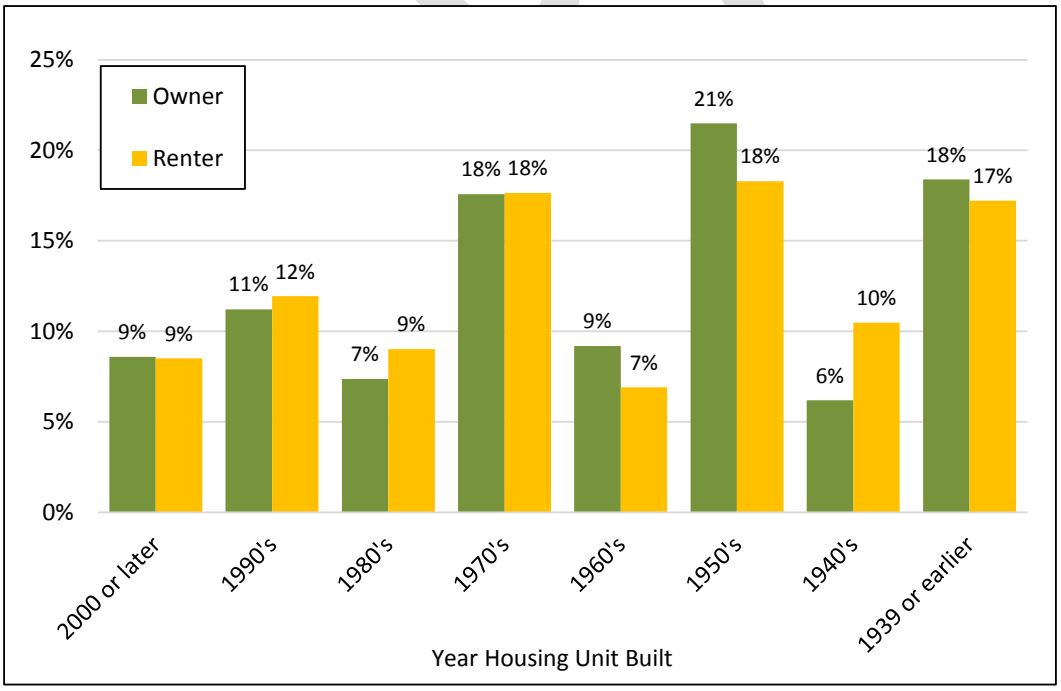


Sources: US Census, JOHNSON ECONOMICS
Census Tables: B25004, B25032, B25063, B25075 (2014 ACS 4-yr Estimates)

E. AGE OF HOUSING STOCK

The Dalles' housing stock reflects the pattern of settlement in the area. Nearly 80% of the housing stock is pre-1990 with the remainder being post-1990. Nearly 50% of the housing stock dates from the 1950's or earlier. The following figure shows that there is not a large difference between owners and renters in the age of housing stock in which they live.

FIGURE 2.5: AGE OF UNITS FOR OWNERS AND RENTERS



SOURCE: US Census
Census Tables: B25036 (2014 ACS 5-year Estimates)

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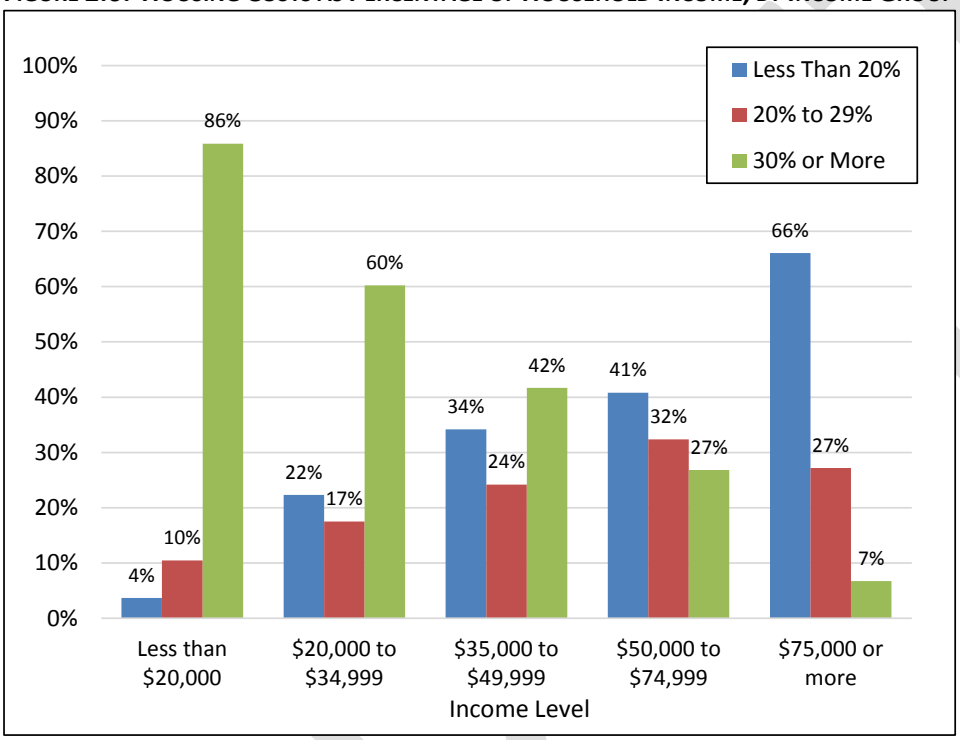
F. Housing Costs vs. Local Incomes

Figure 2.6 shows the percentage of income that local households are spending on housing based on their income group. As one might expect, lower income households spend a larger percentage of their income on housing costs than higher income households. Of those earning less than $20,000, 86% of households spend more than 30% of income on housing costs. (Spending 30% or less on housing costs is a common measure of "affordability" used by HUD and others, and in the analysis presented in this report.)

Even 40% of those households earning $35,000 to $49,000 pay more than 30% of income towards housing costs. Only those earning more than $50,000 have a relatively small percentage paying more than 30%.

In total, over 2,900 The Dalles households (43%) are estimated to pay more than 30% of income towards housing costs.

Figure 2.6: Housing Costs as Percentage of Household Income, by Income Group

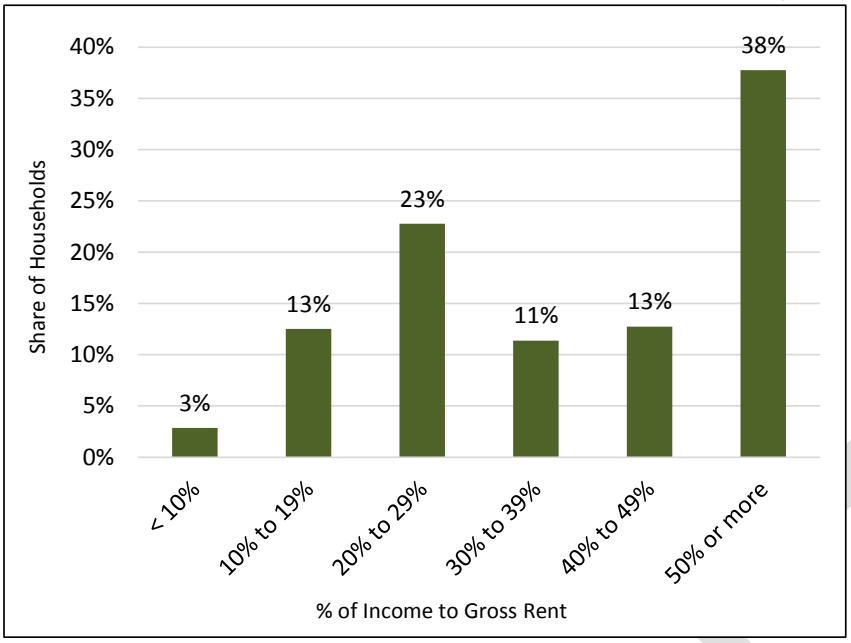


Sources: US Census, Johnson Economics
Census Table: B25106 (2014 ACS 5-yr Estimates)

The following figures shows the percentage of household income spent towards gross rent for local renter households only. This more fine grained data shows that not only are 62% of renters spending more than 30% of their income on rent, but an estimated 38% of renters are spending 50% or more of their income.

Renters are disproportionately lower income relative to homeowners. The burden of housing costs are felt more broadly for these households, and as the analysis presented in later section shows there is a need for more affordable rental units in The Dalles, as in most communities.

FIGURE 2.7: PERCENTAGE OF HOUSEHOLD INCOME SPENT ON GROSS RENT, THE DALLES RENTER HOUSEHOLDS



Sources: US Census, JOHNSON ECONOMICS
Census Table: B25070 (2014 ACS 5-yr Estimates)

G. PUBLICLY-ASSISTED HOUSING

The Dalles has an estimated 702 affordable housing units according to Oregon Housing and Community Development (OHCS). These units are found in 37 properties, ranging in size from one unit to 156 units. The average property size is 21 units.

The 702 affordable units in The Dalles represent 98% of the 714 affordable units in Wasco County. In comparison, Hood River County offers 668 affordable units, and Umatilla County features 1,536 affordable units.

FIGURE 2.8: SUBSIDIZED HOUSING UNITS IN THE DALLES, AND COMPARISON COMMUNITIES

Geography	Subsidized Units
The Dalles	702
Wasco County (Total)	714
Hood River City	595
Cascade Locks	38
Hood River County (Total)	668
Umatilla County (Total)	1,536

Sources: Oregon Housing and Community Services

The estimated 702 subsidized housing units in The Dalles represents over 10% of total local households (6,801). Despite this, the estimate of current housing need finds a need for roughly 575 rental units at the lowest price points (Section 3 below). This reflects the high number of renters paying over 30% of their income towards housing costs.

DRAFT

A Point-in-Time count of homeless individuals in Wasco County conducted in January of 2015 found 47 homeless individuals on the streets, in shelters, or other temporary and/or precarious housing. *These figures are for the entire county.*[4] This included:

- 14 people in emergency shelter, warming shelter, or transitional housing programs;
- 33 people unsheltered;
- 79% of those counted single individuals (37 people);
- 21% were people in families (10 people).

An analysis of the ability of current and projected housing supply to meet the needs of low-income people, and the potential shortfall is included in the following sections of this report.

DRAFT

[4] Figures via OHCS

III. CURRENT HOUSING NEEDS (CITY OF THE DALLES)

The profile of current housing conditions in the study area is based on Census 2010, which the Portland State University Population Research Center (PRC) uses to develop yearly estimates that have been further forecasted to 2016. The PRC methodology incorporates the estimated population from within the City boundary and an estimated population from those areas within the UGB, but outside of the City boundary. To estimate the additional population within the UGB area, the PRC assigned a share of the population from the relevant Census tracts.

FIGURE 3.1: CURRENT HOUSING PROFILE (2016)

CURRENT HOUSING CONDITIONS (2016)			SOURCE
Total 2015 Population:	16,823		PSU Pop. Research Center
- Estimated group housing population:	500	(3.0% of Total)	US Census
Estimated Non-Group 2016 Population:	**16,323**	(Total - Group)	
Avg. HH Size:	2.40		US Census
Estimated Non-Group 2016 Households:	**6,801**	(Pop/HH Size)	
Total Housing Units:	**6,927**	(Occupied + Vacant)	Census 2010 + permits
Occupied Housing Units:	6,801	(= # of HH)	
Vacant Housing Units:	126	(Total HH - Occupied)	
Current Vacancy Rate:	1.8%	(Vacant units/ Total units)	

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

*This table reflects population, household and housing unit projections shown in Figure 1.1

We estimate a current population of roughly 16,800 residents, living in 6,800 households (excluding group living situations). Average household size is 2.4 persons.

There are an estimated 6,927 housing units in the city, with 126 units vacant. The estimated 2016 vacancy rate of housing units is just 2%. This includes units vacant for any reason, not just those which are currently for sale or rent.

ESTIMATE OF CURRENT HOUSING DEMAND

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

The analysis considered the propensity of households in specific age and income levels to either rent or own their home (tenure), in order to derive the current demand for ownership and rental housing units and the appropriate housing cost level of each. This is done by combining data on tenure by age and tenure by income from the Census American Community Survey (tables: B25007 and B25118, 2014 ACS 5-yr Estimates).

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

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

Figure 3.2 presents a snapshot of current housing demand (i.e. preferences) equal to the number of households in the study area (6,801). The breakdown of tenure (owners vs. renters) is slightly different from the 2014 ACS, as current demographics indicate that slightly more households could afford to own their homes (62% vs.61%).

FIGURE 3.2: ESTIMATE OF CURRENT HOUSING DEMAND (2016)

Ownership				
Price Range	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0k - $90k	168	Less than $15,000	4.0%	4.0%
$90k - $130k	313	$15,000 - $24,999	7.4%	11.4%
$130k - $190k	512	$25,000 - $34,999	12.1%	23.5%
$190k - $230k	907	$35,000 - $49,999	21.4%	44.9%
$230k - $320k	750	$50,000 - $74,999	17.7%	62.7%
$320k - $410k	718	$75,000 - $99,999	17.0%	79.6%
$410k - $510k	395	$100,000 - $124,999	9.3%	89.0%
$510k - $600k	147	$125,000 - $149,999	3.5%	92.5%
$600k - $810k	183	$150,000 - $199,999	4.3%	96.8%
$810k +	136	$200,000+	3.2%	100.0%
Totals:	**4,230**		**% of All:**	**62.2%**

Rental				
Rent Level	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0 - $400	758	Less than $15,000	29.5%	29.5%
$400 - $600	456	$15,000 - $24,999	17.7%	47.2%
$600 - $900	486	$25,000 - $34,999	18.9%	66.1%
$900 - $1100	434	$35,000 - $49,999	16.9%	83.0%
$1100 - $1500	277	$50,000 - $74,999	10.8%	93.8%
$1500 - $1900	101	$75,000 - $99,999	3.9%	97.7%
$1900 - $2400	35	$100,000 - $124,999	1.4%	99.1%
$2400 - $2800	9	$125,000 - $149,999	0.3%	99.5%
$2800 - $3800	7	$150,000 - $199,999	0.3%	99.7%
$3800 +	7	$200,000+	0.3%	100.0%
Totals:	**2,571**		**% of All:**	**37.8%**

All Households
6,801

Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS
Census Tables: B25007, B25106, B25118 (2014 ACS 5-yr Estimates)
Claritas: Estimates of income by age of householder

The estimated home price and rent ranges are irregular because they are mapped to the affordability levels of the Census income level categories. For instance, an affordable home for those in the lowest income category (less than $15,000) would have to cost $90,000 or less. Affordable rent for someone in this category would be $400 or less.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 5% (significantly more than the current rate, but in line with historic norms), with 15% down payment. These assumptions are designed to represent prudent lending and borrowing levels for ownership households. The 30-year mortgage commonly serves as the standard. In the last decade, down payment requirements fell significantly, but standards have tightened somewhat since the 2008/9 credit crisis. While 20% is often cited as the standard for most buyers, it is common for homebuyers, particularly first-time buyers, to pay significantly less than this using available programs.

Interest rates are subject to disruption from national and global economic forces, and therefore impossible to forecast beyond the short term. The 5% used here is roughly the average 30-year rate over the last 20 years. The general trend has been falling interest rates since the early 1980's, but coming out of the recent recession, many economists believe that rates cannot fall farther and must begin to climb as the Federal Reserve raises its rate over the coming years.

CURRENT HOUSING INVENTORY

The profile of current housing demand (Figure 3.2) represents the preference and affordability levels of households. In reality, the current housing supply (Figure 3.3 below) differs from this profile, meaning that some households may find themselves in housing units which are not optimal, either not meeting the household's own/rent preference, or being unaffordable (requiring more than 30% of gross income).

A profile of current housing supply in The Dalles was determined using Census data from the most recently available 2014 ACS, which provides a profile of housing values, rent levels, and housing types (single family, attached, mobile home, etc.). The 5-year estimates from the ACS were used because 3-year and 1-year estimates are not yet available for The Dalles geography.

- An estimated 62% of housing units are ownership units, while an estimated 38% of housing units are rental units. This very closely matches the estimated demand profile shown in Figure 3.2. (The inventory includes vacant units, so the breakdown of ownership vs. rental does not exactly match the tenure split of actual households.)

- 82% of ownership units are detached homes, and 15% are mobile homes. 35% of rental units are single family homes, and 31% are in structures of 5 units or more.

- Of total housing units, an estimated 64% are detached homes, 10% are mobile homes, while 26% are some sort of attached type.

- Subsidized affordable housing units found in The Dalles are represented by the inventory found at the lowest end of the rental spectrum. Ownership housing found at the lower end of the spectrum generally reflect mobile homes, or homes in poor condition on small or irregular lots. These properties may be candidates for redevelopment when next they sell, but are currently estimated to have low value.

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FIGURE 3.3: PROFILE OF CURRENT HOUSING SUPPLY (2016)

OWNERSHIP HOUSING										
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
$0k - $90k	135	23	0	0	0	452	5	615	14.4%	14.4%
$90k - $130k	228	49	27	0	0	185	0	489	11.4%	25.8%
$130k - $190k	1,401	0	0	0	21	1	0	1,423	33.2%	59.0%
$190k - $230k	642	0	0	0	0	0	0	642	15.0%	74.0%
$230k - $320k	737	0	0	0	0	0	0	737	17.2%	91.2%
$320k - $410k	253	0	0	0	0	0	0	253	5.9%	97.1%
$410k - $510k	66	0	0	0	0	0	0	66	1.5%	98.7%
$510k - $600k	24	0	0	0	0	0	0	24	0.6%	99.2%
$600k - $810k	24	0	0	0	0	0	0	24	0.6%	99.8%
$810k +	9	0	0	0	0	0	0	9	0.2%	100.0%
Totals:	3,520	72	27	0	21	637	5	**4,282**	% of All Units:	61.8%
Percentage:	82.2%	1.7%	0.6%	0.0%	0.5%	14.9%	0.1%	100.0%		

RENTAL HOUSING										
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
$0 - $400	0	0	0	0	119	81	0	200	7.6%	7.6%
$400 - $600	0	14	89	89	254	0	0	446	16.8%	24.4%
$600 - $900	193	96	214	246	321	0	0	1,071	40.5%	64.9%
$900 - $1100	91	10	40	23	117	0	0	281	10.6%	75.5%
$1100 - $1500	381	0	0	0	0	0	0	381	14.4%	89.9%
$1500 - $1900	71	0	0	0	0	0	0	71	2.7%	92.6%
$1900 - $2400	156	0	0	0	0	0	0	156	5.9%	98.5%
$2400 - $2800	39	0	0	0	0	0	0	39	1.5%	100.0%
$2800 - $3800	0	0	0	0	0	0	0	0	0.0%	100.0%
$3800 +	0	0	0	0	0	0	0	0	0.0%	100.0%
Totals:	931	120	343	359	811	81	0	**2,645**	% of All Units:	38.2%
Percentage:	35.2%	4.6%	13.0%	13.6%	30.7%	3.0%	0.0%	100.0%		

TOTAL HOUSING UNITS									
	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units
Totals:	4,451	193	370	359	832	718	5	**6,927**	**100%**
Percentage:	64.3%	2.8%	5.3%	5.2%	12.0%	10.4%	0.1%	100.0%	

Sources: US Census, PSU Population Research Center, JOHNSON ECONOMICS
Census Tables: B25004, B25032, B25063, B25075 (2014 ACS 5-yr Estimates)

COMPARISON OF CURRENT HOUSING DEMAND WITH CURRENT SUPPLY

A comparison of estimated current housing *demand* with the existing *supply* identifies the existing discrepancies between needs and the housing which is currently available.

In general, this identifies that there is currently support for more ownership housing at price ranges above $190,000. This is because most housing in The Dalles is clustered at the lower price points, while analysis of household incomes and ability to pay indicates that some could afford housing at higher price points.

The analysis identifies a well of need for rental units at the lowest price level to serve those households currently paying a high share of their income towards rent. There are levels of estimated surplus for apartments ($600 to $900 per month). This represents the current average rent prices in The Dalles, where most units can be expected to congregate. Rentals at more expensive levels generally represent single family homes for rent.

FIGURE 3.4: COMPARISON OF CURRENT NEED TO CURRENT SUPPLY (2016)

Ownership				Rental			
Price Range	Estimated Current Need	Estimated Current Supply	Unmet (Need) or Surplus	Rent	Estimated Current Need	Estimated Current Supply	Unmet (Need) or Surplus
$0k - $90k	168	615	447	$0 - $400	758	200	(558)
$90k - $130k	313	489	176	$400 - $600	456	446	(10)
$130k - $190k	512	1,423	911	$600 - $900	486	1,071	585
$190k - $230k	907	642	(265)	$900 - $1100	434	281	(153)
$230k - $320k	750	737	(14)	$1100 - $1500	277	381	104
$320k - $410k	718	253	(465)	$1500 - $1900	101	71	(31)
$410k - $510k	395	66	(329)	$1900 - $2400	35	156	121
$510k - $600k	147	24	(124)	$2400 - $2800	9	39	30
$600k - $810k	183	24	(159)	$2800 - $3800	7	0	(7)
$810k +	136	9	(126)	$3800 +	7	0	(7)
Totals:	**4,230**	**4,282**	**51**	**Totals:**	**2,571**	**2,645**	**74**

Occupied Units:	**6,801**
All Housing Units:	**6,927**
Total Unit Surplus:	**126**

Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS
This table is a synthesis of data presented in Figures 3.2 and 3.3.

There are an estimated 126 units more than the current number of households, which reflects the city's current estimated vacancy rate of 2%.

Figure 3.4 is illustrating where current market-level pricing is in The Dalles. Housing prices and rent levels will tend to congregate around those price levels. These levels will be too costly for some (i.e. require more than 30% in gross income) or "too affordable" for others (i.e. they have income levels that indicate they could afford more expensive housing if it were available). In general, these findings demonstrate that there are fewer housing opportunities at lower price points than might be considered "affordable" for many renter households. While the community may be able to support some new single family housing a higher price point.

Figures 3.5 and 3.6 (following page) present this information in chart form, comparing the estimated number of households in given income ranges, and the supply of units currently affordable within those income ranges. The data is presented for owner and renter households.

* * *

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

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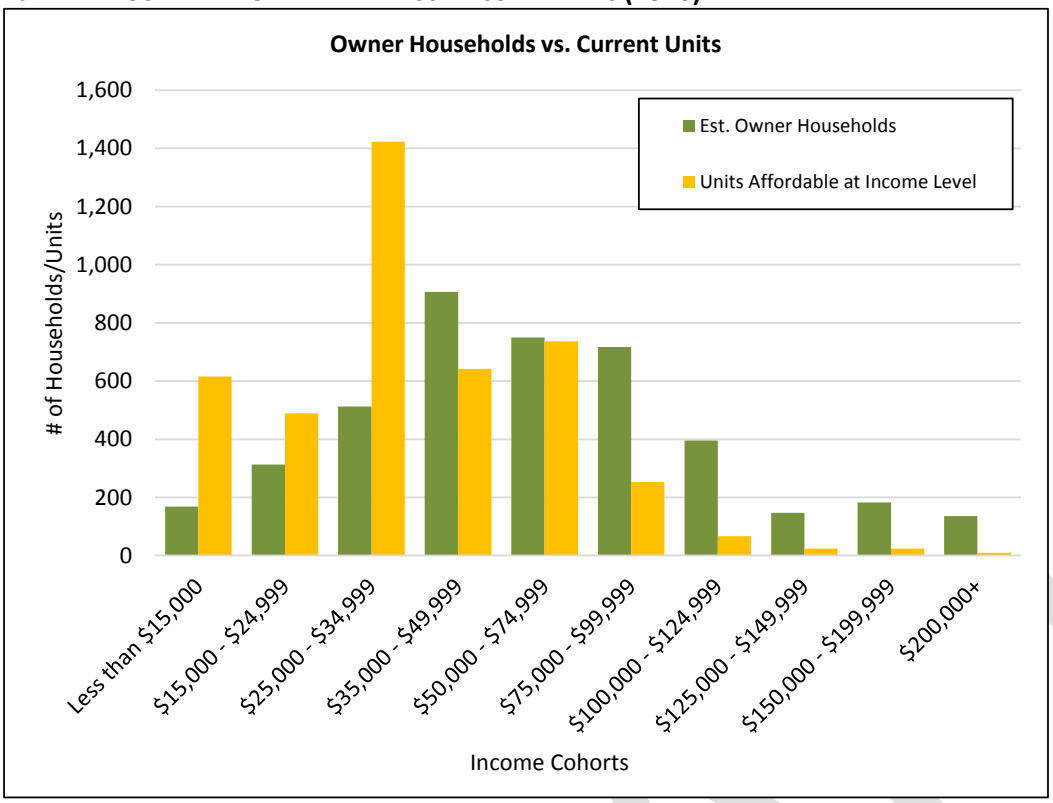
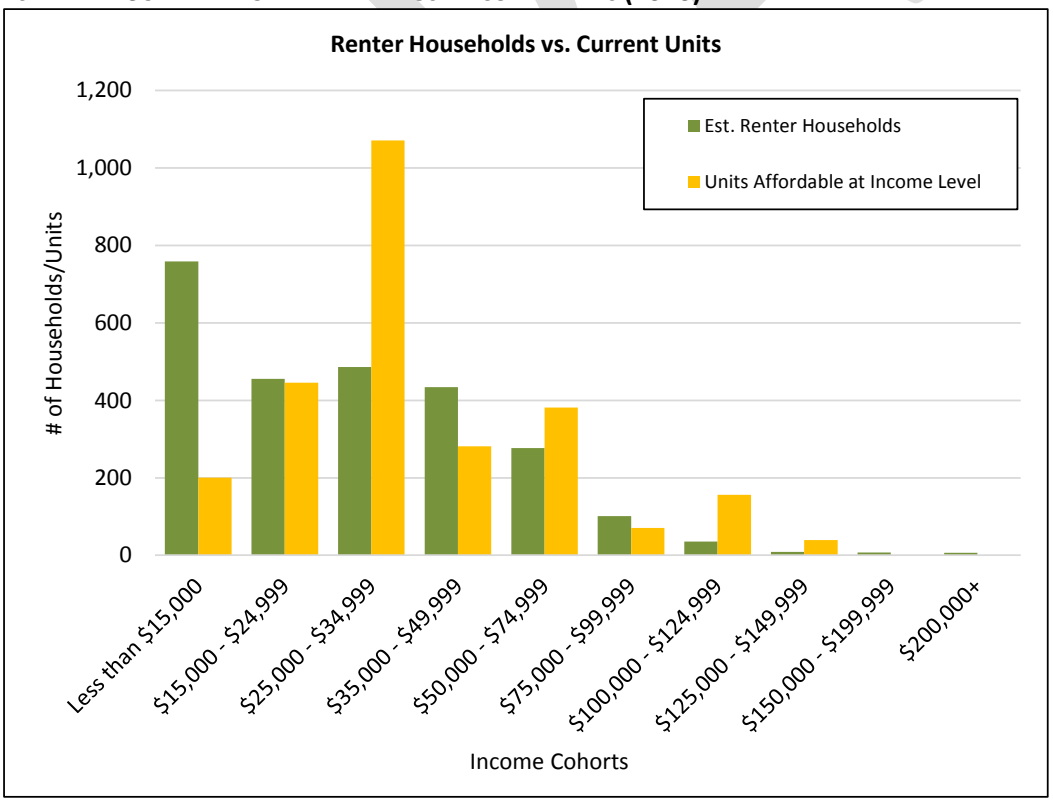
FIGURE 3.5: COMPARISON OF OWNER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2016)



Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS

FIGURE 3.6: COMPARISON OF RENTER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2016)



Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS

IV. ANTICIPATED HOUSING TRENDS

This section discusses current and anticipated demographic and market trends which are expected to impact the nature of housing demand and development in the future. These are macro-level trends which generally apply on a regional or nationwide scale, but the potential impact for The Dalles is discussed in each case. The impacts of these trends are factored into the projection of housing need and residential land need detailed in following sections of this report.

The major demographic trends discussed here are:

- Future housing types
- Diminishing household sizes
- Baby Boom generation transitions
- Millennial generation preferences
- Immigration
- Workforce housing

A. Future Housing Types

The nature of future housing types is a key topic of discussion across the state as Oregon's land use planning system has entered its fourth decade. The statewide Urban Growth Boundary (UGB) system requires careful planning of when and where to expand urban development for towns large and small.

While each community is unique in its growth rate and development pattern, the passage of decades has now left many cities with shrinking supply of buildable land within the UGB. It is inherent in the system that housing is likely to become more compact in order to make more efficient use of available land. As demand increases, prices rise, and remaining land within the UGB is developed, denser forms of development and creative reuse of parcels through infill and redevelopment become more economically viable.

This is increasingly the case for communities such as The Dalles, which offer few opportunities for large-scale development of single-family subdivisions. At the same time, The Dalles is surrounded by lands where development is restricted by the Columbia River Gorge National Scenic Area Act. Increasingly, any growth that occurs will largely be accommodated within the current city UGB, with few opportunities to expand.

Implications for The Dalles: Communities like The Dalles which face a future of growing within limited boundaries are likely to see increased pressure to generate denser housing than they have historically experienced in some parts of the community. This may occur through a mixture of market forces, policy choices and state planning mandates. Denser housing forms may include single family homes on smaller lots, attached forms such as duplexes, townhomes or apartments, or newer approaches such as cottage clusters and accessory dwelling units.

The Dalles has ample mid-density and high-density residential zoned land, but these areas have traditionally experienced low-density development. In order to accommodate future housing need within current boundaries, some increase in density will likely be required in areas where it is allowed. The use of transitional zoning, design standards and other approaches can help make new housing types compatible with the existing neighborhoods.

B. Diminishing Household Sizes

There is a clear long-term trend in the United States of falling household (and family) sizes. In 1900, the average household size in the US was 4.6 persons. By 1950, it was 3.4 persons, and in 2010 it was 2.58 persons (US Census). This is a rate of decline of -0.5% per year since 1900. However, in recent decades the trend has slowed considerably. Since 1980, the rate of decline has been -0.2%. Between 2000 and 2010, the average household size was essentially unchanged.

In The Dalles, the Census estimates that the average household size remained constant at 2.4 persons between 2000 and 2010. This happened even as the share of family households fell (66% to 63%), because the *size* of the average family household increased from 2.9 to 3.0.

Nationally, a continued slow decline of household size is expected over coming decades. Younger baby boomers will transition to empty nest status as kids leave the households. Older boomers will transition to single-person households as spouses pass away, if not in the coming decade than the following decade. At the same time, the trend for younger generations to delay having children and having fewer children than previous generations will continue. However, the rate of decline will continue to slow and the average household size is likely to reach a stable level eventually, as it cannot realistically approach a size of 1.0 person per household.

Implications for The Dalles: Because The Dalles has achieved a stable average household size since 2000, the size is assumed to remain constant at 2.4 into the future. This is the conservative assumption as recent trends do not provide a baseline rate of decline to apply. This will likely be accompanied by some continued fall in the share of family households even as the families which do remain are larger on average. The growing Latino population in the community is also associated with larger than average household size.

C. Baby Boom Generation Transitions

Due to its sheer size, the baby boom generation has dominated US demographic trends since its appearance between 1946 and 1965 (the generally accepted definition of the baby boom generation.) There are an estimated 78 million boomers, making them approximately 26% of the US population. In 2016, this generation is roughly 51 to 71 years old.

Demographers often split the baby boom generation into an older and younger cohort when discussing their needs and preferences.[5] The prospects of these two cohorts are likely to be very different given the different economic circumstances in which they came of age, and severity of the last recession.

The older cohort, aged 60 to 70, is closer to retirement or retired, with less time to repair household finances if it is needed. Many in this generation lost retirement resources and significant home equity in the economic downturn of 2007-09.

Nevertheless, many in this older cohort were already near to retirement when the recession hit, and had built sufficient nest eggs and pension benefits to retire as planned. This cohort was able to take advantage of generally rising income growth and national prosperity over their careers. Many have access to pension and health benefits in retirement that are no longer offered to most workers.

The younger cohort (aged 50-60) is larger, representing about 2/3 of the generation. Much of this cohort is still in the prime of its earning years, many with children still at home or in college. Though they may have suffered a setback to saving and job prospects during the recession, there is still the opportunity to retrench for retirement.

Economically, this younger boomer cohort has more in common with younger generations, in that it has experienced wage stagnation over the last two decades. They did not necessarily share in the constant income growth and retirement benefits sometimes associated with older boomers.

In terms of housing, the baby boom generation is more likely to own their homes, having decades to enter the ownership market and build equity. They are more likely to have greater equity in their homes, providing some cushion from the recent downturn. The improving housing market has now alleviated most of those with underwater mortgages and other forms of housing distress, allowing them to move for jobs and retirement and see greater equity from their homes.

Since baby boomers are likely to remain healthier and more active for longer than the previous generation, they are likely to delay downsizing and seeking out senior-focused facilities for some time. However, some of this cohort are already facing these decisions as they reach their 70's. Creating more senior housing options for this

[5] Most of this discussion draws from the following reports:
McIlwain, John. "Housing in America: The Next Decade." ULI, 2010.
"State of the Nation's Housing 2011." Joint Center for Housing Studies of Harvard University, 2011.

outsized generation will become an increasing focus among developers and policymakers alike over the next 20 years.

A subset of the baby boom generation will be interested in opportunities to live in well-planned and safe mixed-use communities in the future, including senior communities that allow seniors to age through multiple phases of post-retirement life into assisted care. The demand from older households for multi-family housing opportunities in town centers should be significant enough to be addressed by the market, but should not be overstated. Most retirees specify a preference to age in place as long as possible. Also, older seniors may prefer or require single-level housing.

Implications for The Dalles: The baby boom generation's share of The Dalles' population (24%) is lower than that of the state (27%), and the nation (26.5%). Wasco County's estimated baby boom population is higher at 28%, meaning the population outside of The Dalles tends to be older than within the city.

Over the coming 20 years, the baby boom generation will remain healthier and more independent for longer than their parents, meaning that the transition to retirement communities may be postponed or never undertaken for some of these households. The youngest in this generation won't reach the traditional retirement age for another 15 years. Their housing legacy may be in leaving behind a stock of existing homes to younger generations over the next 20 years.

The Dalles currently features many senior living communities including assisted living and nursing home communities. Due to the proximity of the Mid-Columbian Medical Center the community will remain popular with retirees and seniors seeking to be near medical care, live in senior housing, or who anticipate needing it in the foreseeable future.

D. Millennial Generation Preferences

As the baby boom generation moves through mid-life and into retirement, the millennial generation has emerged as the dominant demographic group of the future. This generation, sometimes called the Echo Boomers or Generation Y, is actually larger than the baby boom generation at 83 million people. Definitions vary, but members of this generation were born roughly between 1980 and 2000 and are now in their mid-teens to mid-30's. As with the baby boomers, the difference between the older and younger members of this large cohort is significant.

Aside from being large, this generation is in the prime years of defining popular culture as its greatest consumers. In broad strokes, the millennial generation is more technologically savvy, networked, environmentally and socially responsible than previous generations. They value diversity and activity, and therefore gravitate to urban environments more-so than older generations.

This generation grew up in a time of generally rising economic prosperity in the 1980's and 1990's, but many find themselves at a disadvantage in the current economy. Quality entry-level jobs have been scarce since the recession, while average student debt has risen sharply. Incomes for people younger than 35 have fallen over the last decade, meaning that this generation is starting from behind. Many experts expect that over their lifetimes, millennials will make less money and have a more modest quality of life than their parents.

The reported desire of this generation to live in larger urban settings seems to be very real:

> A 2008 survey by RCLCO found that 77 percent of generation Y reports wanting to live in an urban core, not in the suburbs where they grew up. They want to be close to each other, to services, to places to meet, and to work, and they would rather walk than drive. They say they are willing to live in a smaller space in order to be able to afford this lifestyle.[6]

A 2015 National Association of Realtors (NAR) survey of preferences found that those under 40 (which includes some of Generation X) place a higher priority on convenient alternatives to driving, revitalizing cities and suburbs,

[6] McIlwain, John. "Housing in America: The Next Decade." ULI, 2010.

a mix of ages and ethnicities, and the availability of affordable housing. Given their age and current finances, this currently means that millennial households are much more likely to rent units than own.

Looking forward to the future housing needs of this large generation raises some questions. While some currently demand rental housing in larger metro areas, they will be less well-positioned to afford housing there as they change life-stages and seek ownership opportunities and room for families. In the urban core, where many prefer to live, single-family homes will be scarce and expensive, owned mostly by older generations. Like previous generations, they will seek a house with a yard at a price they can afford.

This may create opportunities for smaller cities and towns to attract more young households. The millennial generation may eventually provide a store of demand for the single family homes vacated by the older generation. Similarly, they will value well-planned town centers in cohesive communities. Suburbs that are able to revitalize their traditional mixed-use town centers or create new ones may be more attractive to young residents.

Implications for The Dalles: As of the 2010 Census, the generation born between 1980 and 2000 represented 25% of The Dalles' population, which is only a slightly smaller share than that found in Portland (27%). The Dalles can plan ahead for this generation by continuing to support the mixed-use town center which will provide livability amenities. Opportunities to walk and bike will also be attractive. However, attractive local employment opportunities will likely be the greatest factor in keeping and attracting young households.

Many of these households will seek good first-time home buying opportunities, meaning a stock of existing and new homes in low- to middle price ranges. The younger and lower income members of this generation will need a sufficient stock of multi-family rentals.

E. Immigration

Immigration is expected to be one of the key drivers of population growth nationwide, and therefore housing need over the coming decades. Immigrants and their U.S.-born children and grandchildren constitute one of the fastest growing population segments.

While native households are expected to trend towards smaller households, fewer children, and more childless households, the number of families and children among immigrant communities is expected to grow. Demographers credit the growth in immigrant households with slowing the decline in household size.[7]

The result of this rapid growth among immigrants and their children is that minorities are expected to account for most of the net population growth between now and 2050. Latinos and Asians are the key drivers of this trend.

Immigrant households and their children have some key characteristics which impact their housing needs. These households tend to be poorer and larger than average. This means that many immigrants are reliant on rental housing, and often in lower-priced areas. They may stay in rental housing for more of their lifetime than other populations. In rental and ownership housing, immigrants will need more space to house a larger average family size.

The long-term pattern of immigrants moving into major metropolitan areas when they come to the US still remains. However, rather than move directly into a central city as in the past, now many immigrant households move directly to suburban communities. One great exception to this pattern is Latino immigration in the West. These immigrants are just as likely to move to small cities, towns or rural areas for the types of work available there, as they are to move to a metropolitan area.

Due to these trends, communities of all sizes across the country, and particularly in the West can expect to see continued immigration and diversity in the decades to come.

Implications for The Dalles: As of the 2014 American Community survey, an estimated 8.2% of The Dalles' population is foreign-born, up from 6.8% in 2000. This is a smaller share than the 10% found statewide. Of these,

[7] "State of the Nation's Housing 2011." Joint Center for Housing Studies of Harvard University, 2011.

80% were born in Latin America, 8% born in Europe, and 6.5% were born in Asia. Since 2000, the share born in Latin America has increased from 75%, while the others have fallen moderately.

In 2010, the percentage of the population speaking a language other than English at home was 16%, up from 12% in 2000.

The immigrant population is not homogeneous and might include households ranging from political refugees, to relatives joining resident family members, to skilled recruits to local companies.

The main impact of these groups in The Dalles and other suburbs will be continuing demand for low-to-moderate cost housing options, and larger housing units. As long as the policies and land inventory allow for the production of multi-family units, it will be possible to meet the rental need for immigrants and other populations. Demand for for-sale housing will largely be met by older existing housing units, rather than new housing.

F. Workforce Housing

Many communities seek to better align housing opportunities with employment opportunities. There are many benefits to housing the local workforce closer to the community in which the jobs are located, as well as bringing new employment closer to local households. This arrangement helps keep economic activity within the community. It also reduces local commuting, which helps reduce traffic congestion. Residents have more transportation choices and shorter commute periods. Many communities aspire to provide greater workforce housing opportunities in order to provide greater location equity among different classes of worker.

In terms of housing, workforce housing generally means offering a full spectrum of housing in proximity to employment at different levels of affordability. Depending on the community, there may be a lack of housing for lower-income workers who might have to commute from other communities. Or there may be a lack of higher-end or "executive" housing, meaning that higher-paid employees leave the community after work, taking their financial and other resources with them. While there is no standard definition, workforce housing often is used to describe housing for workers who are low to middle income but may not qualify for subsidized housing programs.

Implications for The Dalles: As of 2014, the most recent year available, the Census estimates 7,181 jobs located in The Dalles. 2,973 of these, or 41%, are held by local residents, while over 4,200 employees commute into the city from elsewhere.

Of the estimated 6,343 employed The Dalles residents, 53% of them commute elsewhere to employment. While Census data is incomplete, it seems that most of these residents work in nearby communities including Hood River, Dallesport, and Hermiston, and a small segment works at least part time in the Portland Metro area.

A comparison of the general income levels of these classes of employees (outflowing, inflowing, and interior) finds that regardless of the home and job location of the employee, the different commuting groups have very similar income characteristics. This does not show any clear relationship between the type and cost of housing available in The Dalles and the types of employment available in the community, or outside of the community.

Jobs/Household Ratio: The Dalles features a healthy jobs-to-households ratio. There are an estimated 7,200 jobs in the city of The Dalles, and an estimated 6,340 Dalles residents in the labor force. This represents 1.2 jobs per working adult, and more than one job per household.

Conclusions on Anticipated Housing Trends

These are the major demographic trends impacting future housing demand in The Dalles, the region and nation. These trends were considered in building assumptions for the household growth projections presented in the following section.

The general trends that The Dalles can expect to see over the next 20 years include:

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- As demand increases, prices rise, and remaining land within the UGB is developed, denser forms of development and creative reuse of parcels through infill and redevelopment become more economically viable. Communities like The Dalles which face a future of growing within limited boundaries are likely to see increased pressure to generate denser housing than they have historically experienced in some parts of the community. This may occur through a mixture of market forces, policy choices and state planning mandates.

- Baby boomer households will have a preference towards aging in place as long as possible, particularly for homeowners, and will on average be healthier longer than previous generations. When they do transition to other housing, their stock of older existing single family homes will be attractive starter and move-up homes to younger family households. The Dalles will continue to be an attractive regional location for senior housing and assisted living due to the good local medical care.

- The Dalles can plan ahead for younger generations by continuing to support the mixed-use town center which will provide livability amenities. Opportunities to walk and bike will also be attractive. However, attractive local employment opportunities will likely be the greatest factor in keeping and attracting young households. Many of these households will seek good first-time home buying opportunities, meaning a stock of existing and new homes in low- to middle price ranges. The younger and lower income members of this generation will need a sufficient stock of multi-family rentals.

- According to the Census, The Dalles has a foreign-born population of 8%, lower than the statewide percentage. It is estimated that 80% of this population is from Latin America. The share of persons speaking a language other than English at home is 16%. As with the rest of the state and nation, immigrants will continue to make up an increasing share of households in coming decades. While not homogeneous, these household on average tend to be larger, have lower incomes and are more likely to rent their homes than the average household.

- The Dalles, like many communities, currently has a persistent shortage of housing available to the lowest-income households, particularly rental units.

- The following section presents the projected future housing needs and provides more detail on methodology, assumptions and findings.

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V. FUTURE HOUSING NEEDS - 2036 (CITY OF THE DALLES)

The projected future (20-year) housing profile (Figure 5.1) in the study area is based on the current housing profile, multiplied by an assumed projected future household growth rate. The projected future growth is the official forecasted growth rate for 2035 generated by the PSU Oregon Forecast Program, and carried forward one year to 2036.

FIGURE 5.1: FUTURE HOUSING PROFILE (2036)

PROJECTED FUTURE HOUSING CONDITIONS (2016 - 2036)			SOURCE
2016 Population (Minus Group Pop.)	16,323		2010 Census, PSU
Projected Annual Growth Rate	1.13%	OR Population Forecast Program	PSU
2036 Population (Minus Group Pop.)	19,829	(Total 2036 Population - Group Housing Pop.)	
Estimated group housing population:	607	Share of total pop (3.0%) from 2010 Census	US Census
Total Estimated 2036 Population:	**20,436**	(PSU 2035 forecast, + one year at same growth rate)	PSU
Estimated Non-Group 2036 Households:	**8,262**	(2036 Non-Group Pop./Avg. Household Size)	
New Households 2016 to 2036	1,461		
Avg. Household Size:	2.40	Projected household size	US Census
Total Housing Units:	**8,696**	Based on estimated 5% vacancy rate	
Occupied Housing Units:	8,262	(= Number of Non-Group Households)	
Vacant Housing Units:	434	(Total Units - Occupied Units)	
Projected Vacancy Rate:	5.0%	(Vacant Units/ Total Units)	

Sources: PSU Population Research Center Oregon Population Forecast Program, Census, JOHNSON ECONOMICS LLC
*Projections are applied to estimates of 2016 population, household and housing units shown in Figure 1.1

The model projects growth in the number of non-group households over 20 years of roughly 1,460 households, with accompanying population growth of 3,600 new residents. (The number of households differs from the number of housing units, because the total number of housing units includes a percentage of vacancy. Projected housing unit needs are discussed below.)

PROJECTION OF FUTURE HOUSING UNIT DEMAND (2036)

The profile of future housing demand was derived using the same methodology used to produce the estimate of current housing need. This estimate includes current and future households, *but does not include a vacancy assumption*. *The vacancy assumption is added in the subsequent step.* Therefore the need identified below is the total need for actual households in occupied units (8,262).

The analysis considered the propensity of households at specific age and income levels to either rent or own their home, in order to derive the future need for ownership and rental housing units, and the affordable cost level of each. The projected need is for *all* 2036 households and therefore includes the needs of current households.

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

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 5%, with 15% down payment. Because of the impossibility of predicting variables such as interest rates 20 years into the future,

these assumptions were kept constant from the estimation of current housing demand. Income levels and price levels are presented in 2016 dollars.

Figure 5.2 presents the projected occupied future housing demand (current and new households, without vacancy) in 2036.

FIGURE 5.2: PROJECTED OCCUPIED FUTURE HOUSING DEMAND (2036)

Ownership				
Price Range	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0k - $90k	188	Less than $15,000	3.7%	3.7%
$90k - $130k	375	$15,000 - $24,999	7.3%	11.0%
$130k - $190k	586	$25,000 - $34,999	11.4%	22.4%
$190k - $230k	1,078	$35,000 - $49,999	21.0%	43.3%
$230k - $320k	943	$50,000 - $74,999	18.3%	61.7%
$320k - $410k	827	$75,000 - $99,999	16.1%	77.7%
$410k - $510k	512	$100,000 - $124,999	10.0%	87.7%
$510k - $600k	221	$125,000 - $149,999	4.3%	92.0%
$600k - $810k	226	$150,000 - $199,999	4.4%	96.4%
$810k +	185	$200,000+	3.6%	100.0%
Totals:	**5,141**		**% of All:**	**62.2%**

Rental				
Rent Level	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0 - $400	893	Less than $15,000	28.6%	28.6%
$400 - $600	550	$15,000 - $24,999	17.6%	46.2%
$600 - $900	573	$25,000 - $34,999	18.3%	64.6%
$900 - $1100	534	$35,000 - $49,999	17.1%	81.7%
$1100 - $1500	358	$50,000 - $74,999	11.5%	93.2%
$1500 - $1900	125	$75,000 - $99,999	4.0%	97.2%
$1900 - $2400	50	$100,000 - $124,999	1.6%	98.8%
$2400 - $2800	16	$125,000 - $149,999	0.5%	99.3%
$2800 - $3800	11	$150,000 - $199,999	0.3%	99.7%
$3800 +	11	$200,000+	0.3%	100.0%
Totals:	**3,121**		**% of All:**	**37.8%**

All Units
8,262

Sources: Claritas, Census, JOHNSON ECONOMICS

It is projected that the homeownership rate in The Dalles will increase slightly over the next 20 years from 61% to 62%, matching the current statewide average (62%). The shift to older and relatively higher income households is moderate, but is projected to increase the homeownership rate somewhat. At the same time, the number of lower income households seeking affordable rentals is also anticipated to grow.

COMPARISON OF FUTURE HOUSING DEMAND TO CURRENT HOUSING INVENTORY

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

This estimate includes a vacancy assumption. As reflected by the most recent Census data, and as is common in most communities, the vacancy rate for rental units is typically higher than that for ownership units (7% vs. 3% in 2010). While the vacancy rate is much lower as of 2016 (estimated as low as 2.4%), a higher vacancy rate is assumed for the purpose of this analysis. This analysis maintains the discrepancy between rental and ownership

units going forward, so that the vacancy rate for rentals is assumed to be higher than the overall average, while the vacancy rate for ownership units is assumed to be less.

FIGURE 5.3: PROJECTED FUTURE NEED FOR NEW HOUSING UNITS (2036), THE DALLES

OWNERSHIP HOUSING										
			Multi-Family							
Price Range	Single Family Detached	Single Family Attached	2-unit	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
$0k - $90k	0	0	0	0	0	0	0	0	0.0%	0.0%
$90k - $130k	0	0	0	0	0	0	0	0	0.0%	0.0%
$130k - $190k	0	0	0	0	0	0	0	0	0.0%	0.0%
$190k - $230k	27	13	6	0	5	156	0	208	19.9%	19.9%
$230k - $320k	101	4	0	0	0	0	0	105	10.1%	30.0%
$320k - $410k	264	0	0	0	0	0	0	264	25.4%	55.4%
$410k - $510k	203	0	0	0	0	0	0	203	19.5%	74.9%
$510k - $600k	90	0	0	0	0	0	0	90	8.6%	83.5%
$600k - $810k	92	0	0	0	0	0	0	92	8.8%	92.3%
$810k +	80	0	0	0	0	0	0	80	7.7%	100.0%
Totals:	856	17	6	0	5	156	0	**1,041**	**% All Units:**	58.8%
Percentage:	82.2%	1.7%	0.6%	0.0%	0.5%	15.0%	0.0%	100.0%		

RENTAL HOUSING										
			Multi-Family							
Price Range	Single Family Detached	Single Family Attached	2-unit	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
$0 - $400	44	0	64	85	212	22	0	427	58.7%	58.7%
$400 - $600	12	21	25	14	12	0	0	83	11.4%	70.1%
$600 - $900	0	0	0	0	0	0	0	0	0.0%	70.1%
$900 - $1100	148	12	5	0	0	0	0	165	22.7%	92.8%
$1100 - $1500	3	0	0	0	0	0	0	3	0.5%	93.3%
$1500 - $1900	36	0	0	0	0	0	0	36	4.9%	98.2%
$1900 - $2400	0	0	0	0	0	0	0	0	0.0%	98.2%
$2400 - $2800	0	0	0	0	0	0	0	0	0.0%	98.2%
$2800 - $3800	7	0	0	0	0	0	0	7	0.9%	99.1%
$3800 +	7	0	0	0	0	0	0	7	0.9%	100.0%
Totals:	256	33	94	99	223	22	0	**728**	**% All Units:**	41.2%
Percentage:	35.2%	4.5%	13.0%	13.6%	30.6%	3.0%	0.0%	100.0%		

TOTAL HOUSING UNITS									
			Multi-Family						
	Single Family Detached	Single Family Attached*	2-unit	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units
Totals:	1,112	50	101	99	228	178	0	**1,769**	**100%**
Percentage:	62.8%	2.8%	5.7%	5.6%	12.9%	10.1%	0.0%	100.0%	

Sources: PSU Population Research Center, Claritas Inc., Census, Johnson Economics

* Uses Census definition, including townhomes/rowhouses and duplexes attached side-by-side, seperately metered.

- The results show a need for 1,770 new housing units by 2036.
- Of the new units needed, roughly 59% are projected to be ownership units, while 41% are projected to be rental units.
- The table shows no new need for ownership housing at the low-end of the pricing spectrum. This is because these are the price levels where a majority of the city's housing is currently found. Therefore, what Figure 5.3 represents is that there may be support for units at higher price points.

- The greatest need for rental units is found at lowest price points. This reflects the findings shown in Figure 2.7 that an estimated 62% of The Dalles renter households currently pay more than 30% of their income towards housing costs. There is still a strong need for affordable housing.
- At the same time, there is also support for some units in the $900 to $1,100 category, which is above most current market rents. This shows that there is some support for new, more expensive rental supply.

Needed Unit Types

The mix of needed unit types shown in Figure 5.3 reflects both past trends and anticipated future trends. Since 2000, detached single family units (including manufactured and mobile homes) have constituted an estimated 93% of permitted units in The Dalles (471 total). In keeping with development trends, and the buildable land available to The Dalles (discussed in the next section), single family units are expected to make up less of the overall new housing development over the next 20 years, while still remaining a majority of the new *ownership* housing.

- 63% of the new units are projected to be single family detached homes, while 27% is projected to be some form of attached housing, and 10% are projected to be mobile homes.
- Single family attached units (townhomes on individual lots) are projected to meet 3% of future need. These are defined as units on separate tax lots, attached by a wall but separately metered, the most common example being townhome units.
- Duplex through four-plex units are projected to represent an additional 11% of the total need. Duplex units would include a detached single family home with an accessory dwelling unit on the same lot, or with a separate unit in the home (for instance, a rental basement unit.)
- 13% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 10% of new needed units are projected to be mobile home units, which meet the needs of some low-income households for both ownership and rental.
- Of ownership units, 82% are projected to be single-family homes, and 15% mobile homes.
- About two thirds of new rental units are projected to be found in new attached buildings, with 31% projected in rental properties of 5 or more units, and 14% in buildings of three to four units.

Needed Affordability Levels

- The needed affordability levels presented here are based on current 2016 dollars. Over time, incomes and housing costs will both inflate, so the general relationship projected here is expected to remain unchanged.
- The future needed affordability types (2036) reflect the same relationship shown in the comparison of current (2016) need and supply (shown in Figure 3.4). Generally, based on income levels there is a shortage of units in the lowest pricing levels, particularly for renter households.
- Figure 5.3 presents the *net NEW* housing unit need over the next 20 years. Figure 5.3 shows that in order for projected *new* renter households in 2036 to pay 30% or less of their income towards housing, a total of 510 additional rental units affordable at $600 or less would be required.
- HOWEVER, there is also a strong *current* need for additional affordable units. In order for all households, current and new to pay 30% or less of their income towards housing in 2036, a total of 900 rental units affordable at $600 or less would be required. This indicates that some of the current supply, while it shows up as existing available housing, would need to become less expensive to meet the needs of current households.
- There is a lack of new need in the middle of the rental spectrum ($600 to $900 and $1,900 to $2,800). As was discussed in the comparison of current need and supply, this reflects where the majority of market-rate rent levels are at the current time. As with the 2016 comparison, a future need is projected for both low-rent, but also higher rent units. This analysis shows that some renter households have the ability pay for a larger, newer and/or higher quality unit than may be currently available.
- Projected needed ownership units show that the supply at the lowest end of the spectrum is currently sufficient. (This reflects the estimated *value* of the total housing stock, and not necessarily the average pricing for housing currently for sale.) And the community could support more housing at higher price points, mostly in the $200,000 to $300,000 range.

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VI. RECONCILIATION OF FORECASTED NEED AND BUILDABLE CAPACITY

This section presents the results of the Buildable Lands Inventory (BLI).

The following table present the estimated new unit capacity of the buildable lands identified in the City of The Dalles. There is a total remaining capacity for nearly 3,689 units of different types within the study area. 71% of this capacity is within the current city limits (2,631 units), and 29% of the capacity is within the UGB, but outside current city limits (1,059 units).

FIGURE 6.1: ESTIMATED BUILDABLE LANDS CAPACITY BY RESIDENTIAL UNIT (2016)

	Unit Type			
BUILDABLE LANDS INVENTORY	**Single Family Detached**	**Medium-Density Attached***	**Multi-Family**	**TOTAL**
Low Density Resid. - RL	1,350			1,350
Medium Density Resid. - RM		445		445
High Density Resid. - RH			1,883	1,883
CBC (Assumes 50% for Resid. Use)			11	11
Gorge Mgmt. Area (R1 & R5)*	1			1
Total:	*1,351*	*445*	*1,894*	*3,689*
Inside City Limits:	807	320	1,504	2,631
Ouside City Limits, in UGB:	544	125	390	1,059

* Medium Density Residential (MDR) units include single-family attached (townhomes) to four-plexes.
Multi-family Units (MFR) are defined as units in attached structures of 5 units or more.
Source: City of The Dalles, Angelo Planning Group

Map of the BLI is appended at the end of this report.

The following tables summarize the forecasted future unit need for the City of The Dalles. These are the summarized results from Section V of this report.

FIGURE 6.3: SUMMARY OF FORECASTED FUTURE UNIT NEED (2036)

TOTAL HOUSING UNITS									
			Multi-Family						
	Single Family Detached	**Single Family Attached***	**2-unit**	**3- or 4-plex**	**5+ Units MFR**	**Mobile home**	**Boat, RV, other temp**	**Total Units**	**% of Units**
Totals:	1,112	50	101	99	228	178	0	**1,769**	**100%**
Percentage:	62.8%	2.8%	5.7%	5.6%	12.9%	10.1%	0.0%	100.0%	

Sources: PSU Population Research Center, Claritas Inc., Census, Johnson Economics

Comparison of Housing Need and Capacity

There is a total forecasted need for 1,769 units over the next 20 years. This is well below the estimated capacity of 3,689 units. As Figure 6.4 below demonstrates, there is sufficient capacity to accommodate all projected new unit types. After this need is accommodated, there is an estimated remaining capacity of over 1,900 additional units, mostly in the high-density residential zone.

FIGURE 6.4: COMPARISON OF FORECASTED FUTURE UNIT NEED (2036) WITH AVAILABLE CAPACITY

	Unit Type			
LAND INVENTORY VS. LAND NEED	**Single Family Detached**	**Medium-Density Attached***	**Multi-Family**	**TOTAL**
Buildable Land Inventory (Units):	1,351	445	1,894	3,689
Estimated Land Need (Units):	1,112	429	228	1,769
Land Surplus (Inventory - Need:)	239	16	1,665	1,920

Sources: City of The Dalles BLI, Johnson Economics

The following table shows the same comparison, converting the forecasted residential need and capacity by acres, rather than units. There is a projected need for 232.5 acres of new residential development, but a buildable capacity of 480 acres.

FIGURE 6.5: COMPARISON OF FORECASTED FUTURE LAND NEED (2036) WITH AVAILABLE CAPACITY

	Unit Type			
LAND INVENTORY VS. LAND NEED	**Single Family Detached**	**Medium-Density Attached***	**Multi-Family**	**TOTAL**
Buildable Land Inventory (Acres):	304.4	49.4	126.3	480.0
Estimated Land Need (Acres):	185.3	35.7	11.4	232.5
Land Surplus (Inventory - Need:)	119.1	13.7	114.8	247.6

Sources: City of The Dalles BLI, Johnson Economics

FINDING: There is currently sufficient buildable capacity within The Dalles to accommodate projected need. Much of this capacity is in the form of parcels with the potential for infill or redevelopment for future multi-family units. The character of this supply can help guide housing policy and strategy recommendations to be included in subsequent reports and ultimately integrated in the City's updated Comprehensive Plan.

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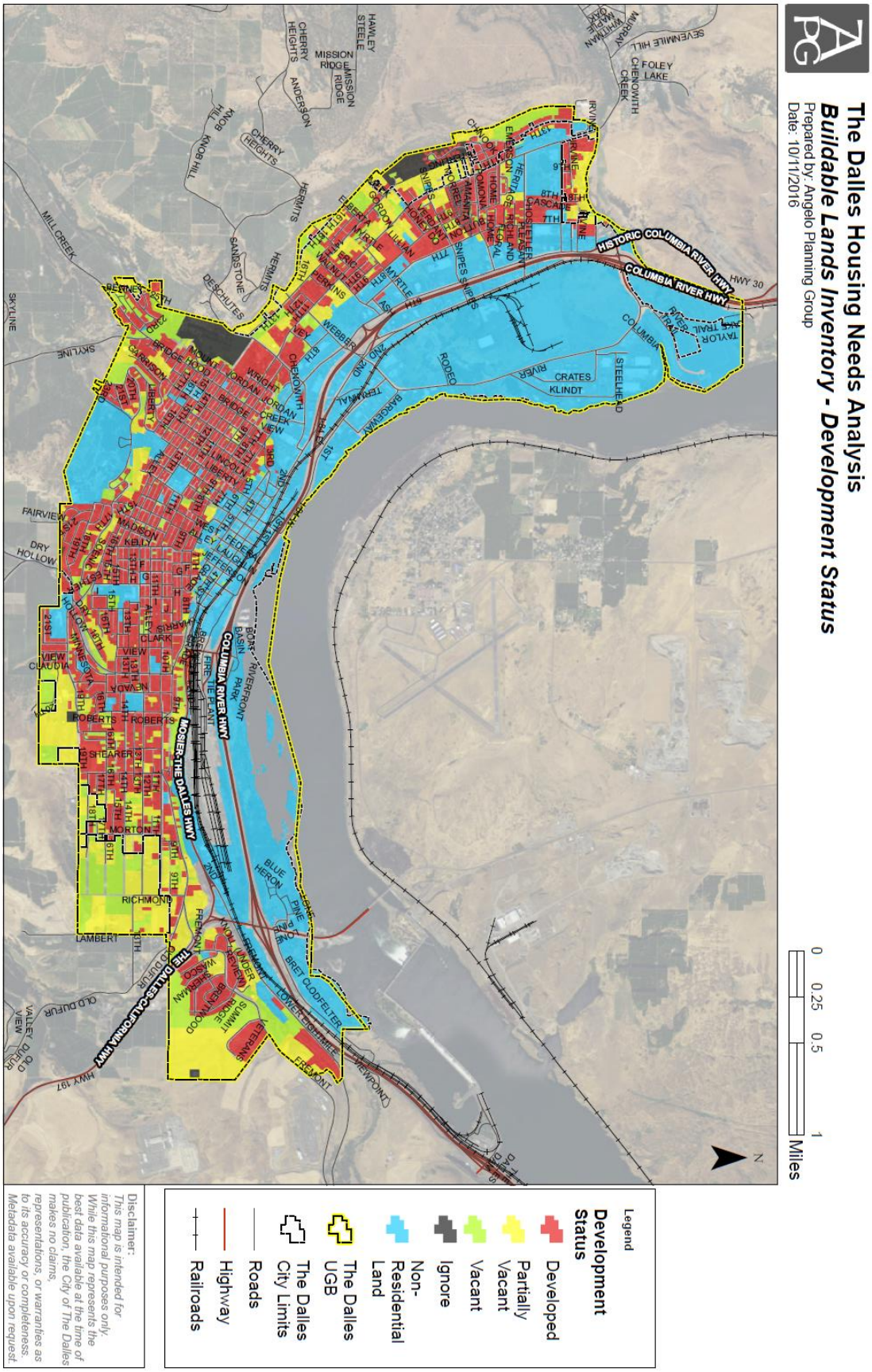
The Dalles Housing Needs Analysis
Buildable Lands Inventory - Development Status
Prepared by: Angelo Planning Group
Date: 10/11/2016
0 0.25 0.5 1 Miles
N
Legend
Development Status
Developed
Partially Vacant
Vacant
Ignore
Non-Residential Land
The Dalles UGB
The Dalles City Limits
Roads
Highway
Railroads
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