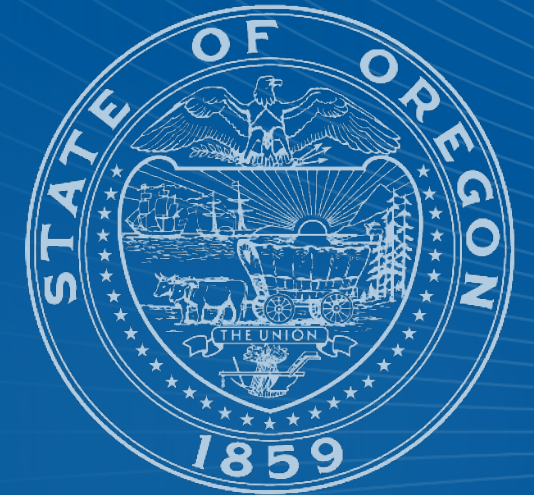


OHNA Methodology and Preliminary Findings Webinar



May 3, 2024

Presenters Today



1. Sean Edging – DLCD –
Senior Housing Planner

2. Megan Bolton – OHCS –
Assistant Director of Research

3. Josh Lehner – DAS –
Economist at the Oregon Office of Economic Analysis

Expectations and Process for Meeting



- Please keep your microphone on mute
- Q&A will occur after the full presentation
- **Send questions to one of the hosts** by using the chat function at any time during the meeting; these will be reviewed and answered during the Q&A
- This meeting will be recorded and the meeting recording will be available at the [OHCS OHNA Webpage](#)
- All registrants will receive a link to a quick survey to complete after the webinar where additional feedback and questions can be submitted
- Comments on the methodology can be submitted at any time to OHCS and DAS by emailing HCS.OHNA@hcs.oregon.gov

Policy Background



HB 2001/2889 (2023 Session)



Department of Administrative Services

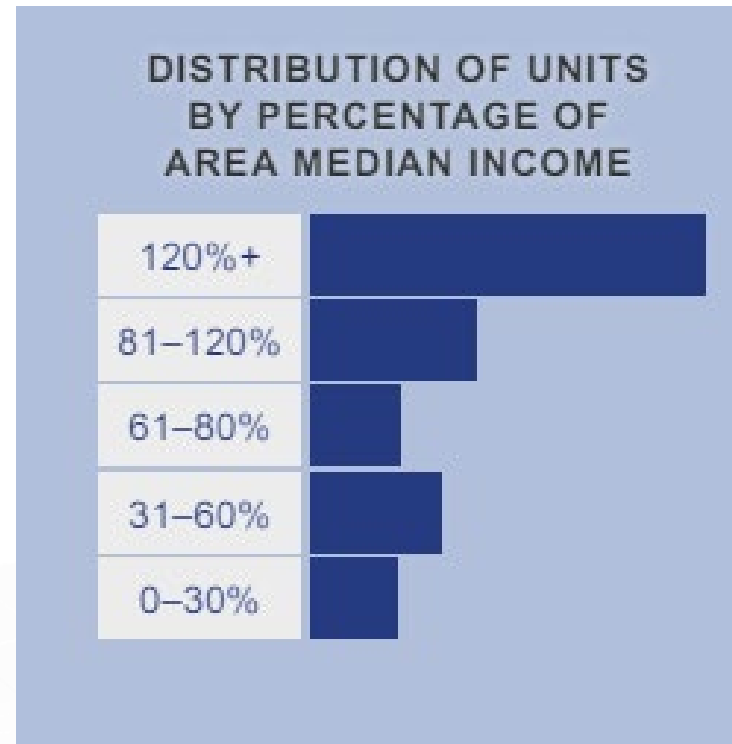
- OHNA - Estimate and allocate need
- Production targets

Oregon Housing and Community Services

- Housing Production Dashboard
- Housing Equity Indicators
- Methodology recommendations to DAS

Department of Land Conservation and Development

- Goal 10 Implementation
- Housing Acceleration Program
- Methodology recommendations to DAS



HB 2001/2889 (2023 Session)



Focus for today's webinar

Department of Administrative Services

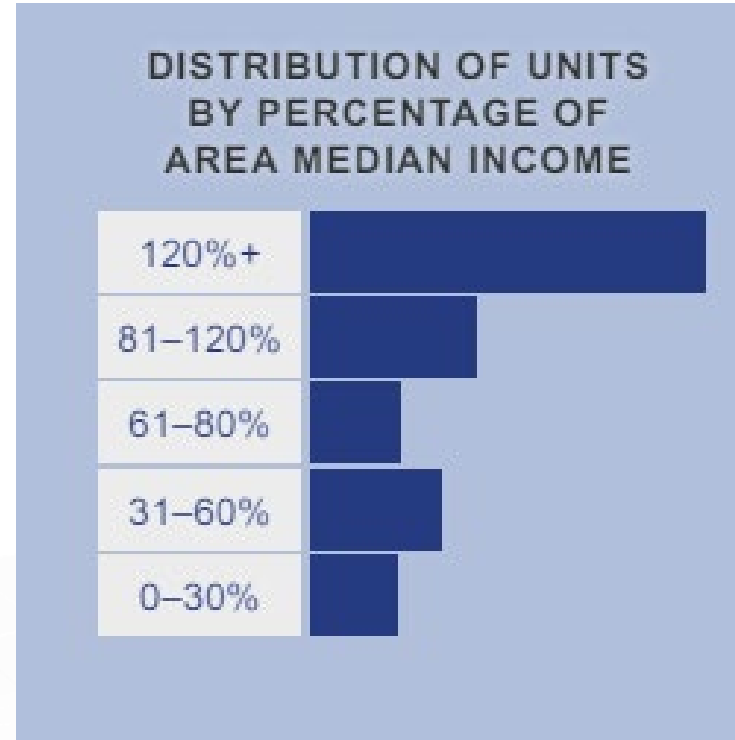
- OHNA - Estimate and allocate need
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Oregon Housing and Community Services

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Department of Land Conservation and Development

- Goal 10 Implementation
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Goal 10 – Housing



“To provide for the housing needs of citizens of the state. Buildable lands for residential use shall be inventoried and plans shall 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.”

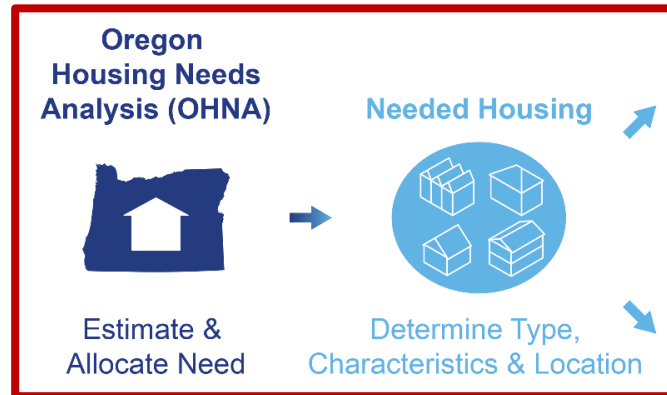


Goal 10 – Housing under OHNA



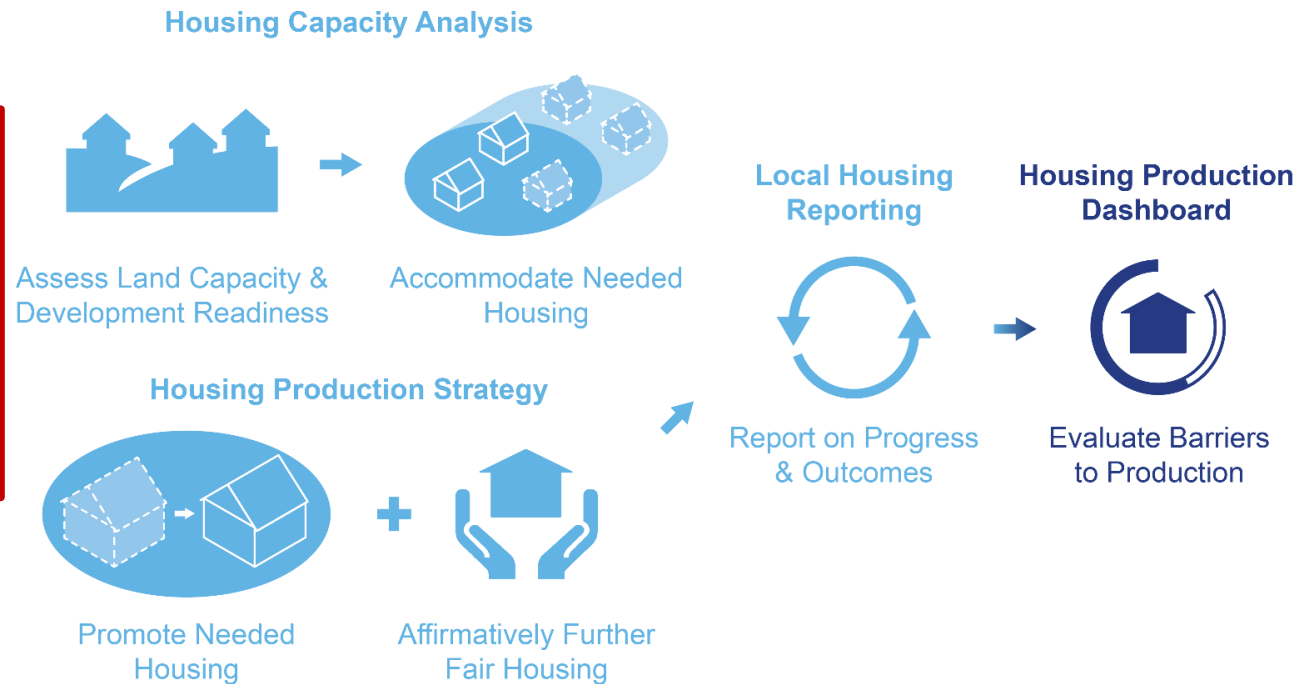
“To provide for the housing needs of citizens of the state. Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.”

OHNA replaces localized projections with state estimate/allocation; local gov'ts make policy choices



The Goal 10 Process

State | Local



Housing Production Targets, Dashboard & Equity Indicators



Legislative intent: Set ambitious goals;
Track progress towards outcomes

Figure 18. Sample Housing Production Dashboard

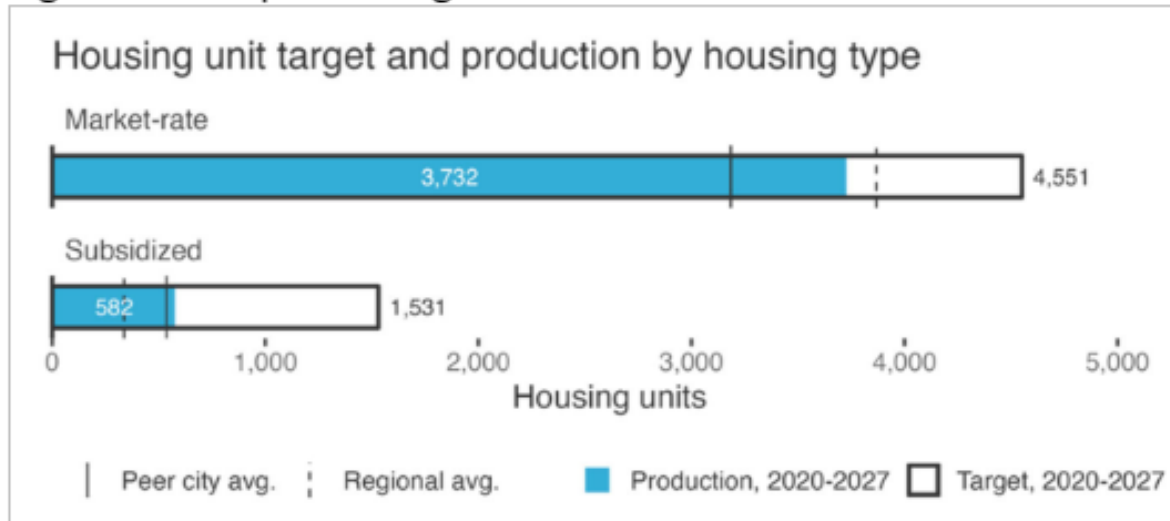
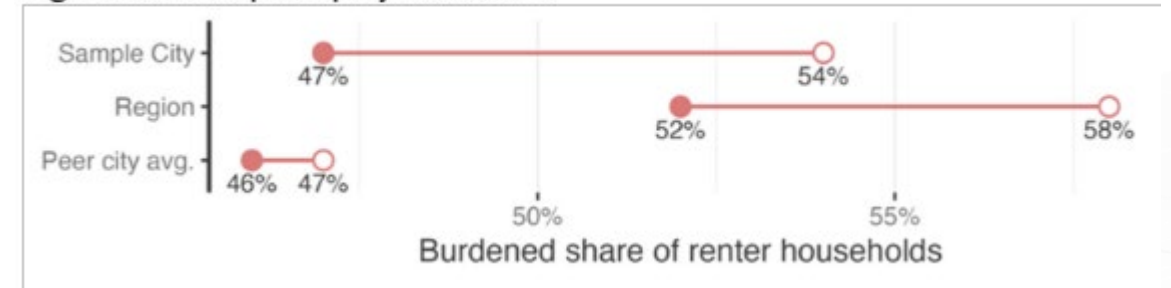


Figure 19. Sample Equity Indicators



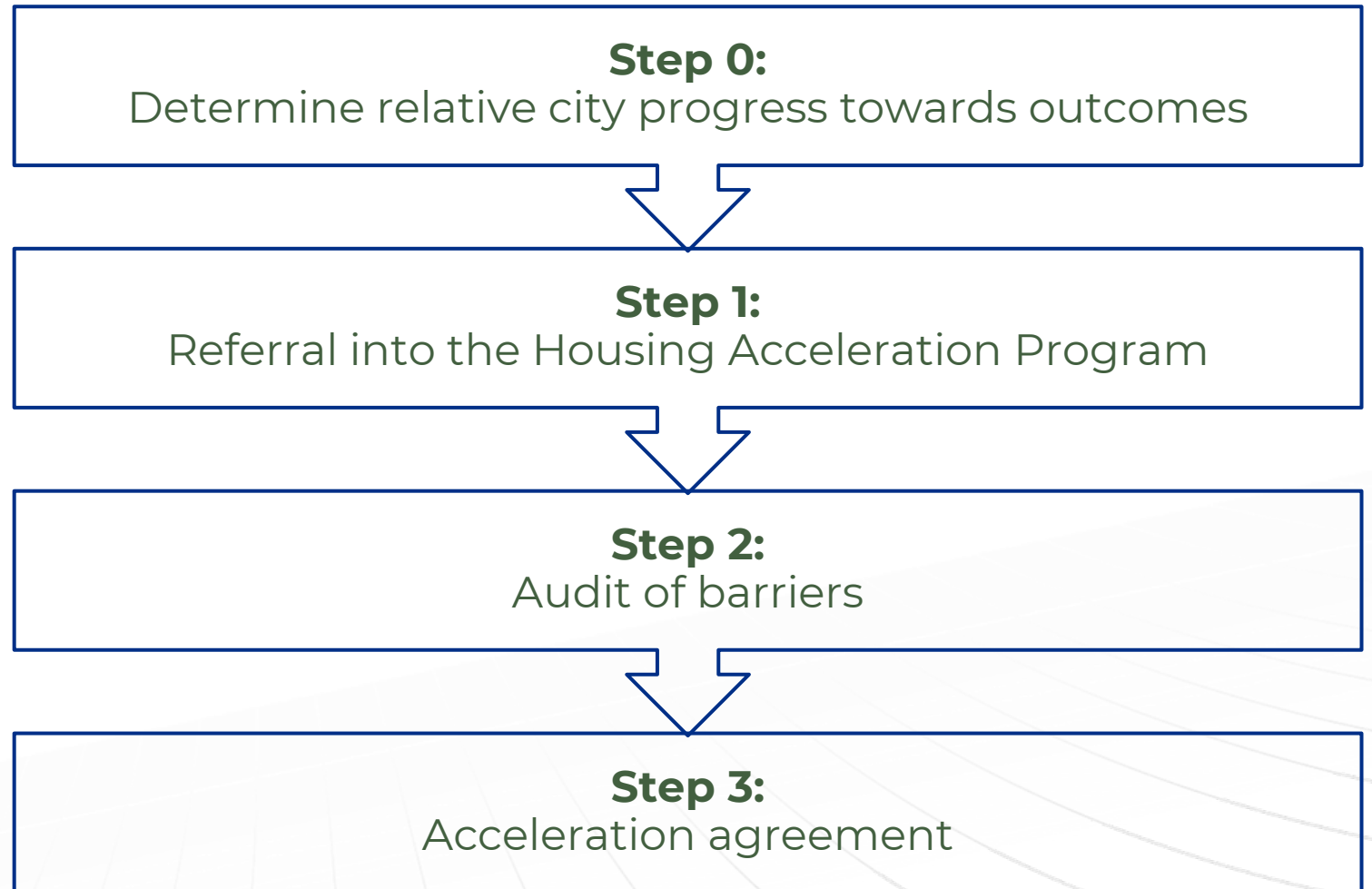
Housing Acceleration



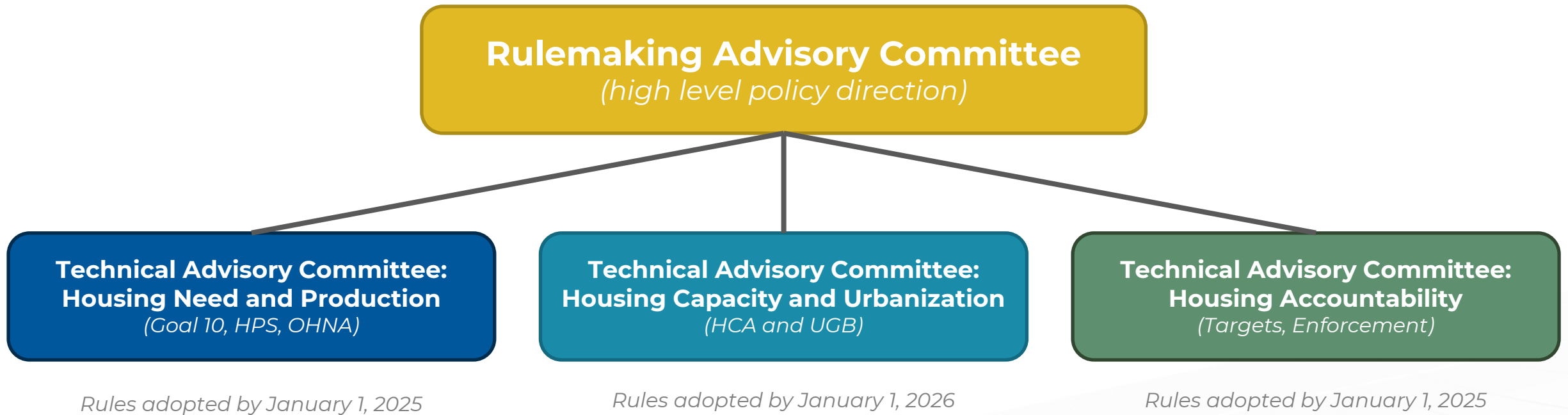
How progress towards targets is used in OHNA policy:

DLCD required to periodically audit some cities above 10,000 population to evaluate **local and state barriers** to production, affordability, and choice.

Legislative Intent: State and local governments **take actions within their control** to address need



DLCD Rulemaking



Learn more & get involved:

<https://www.oregon.gov/lcd/housing/pages/rulemaking.aspx>

Methodology Update



Methodology Overview



- Pilot Results
- Updated Regions and Income Bins
- Components of Need
- Regional Results
- Target Setting
- Allocating to UGBs and Cities

Pilot Results



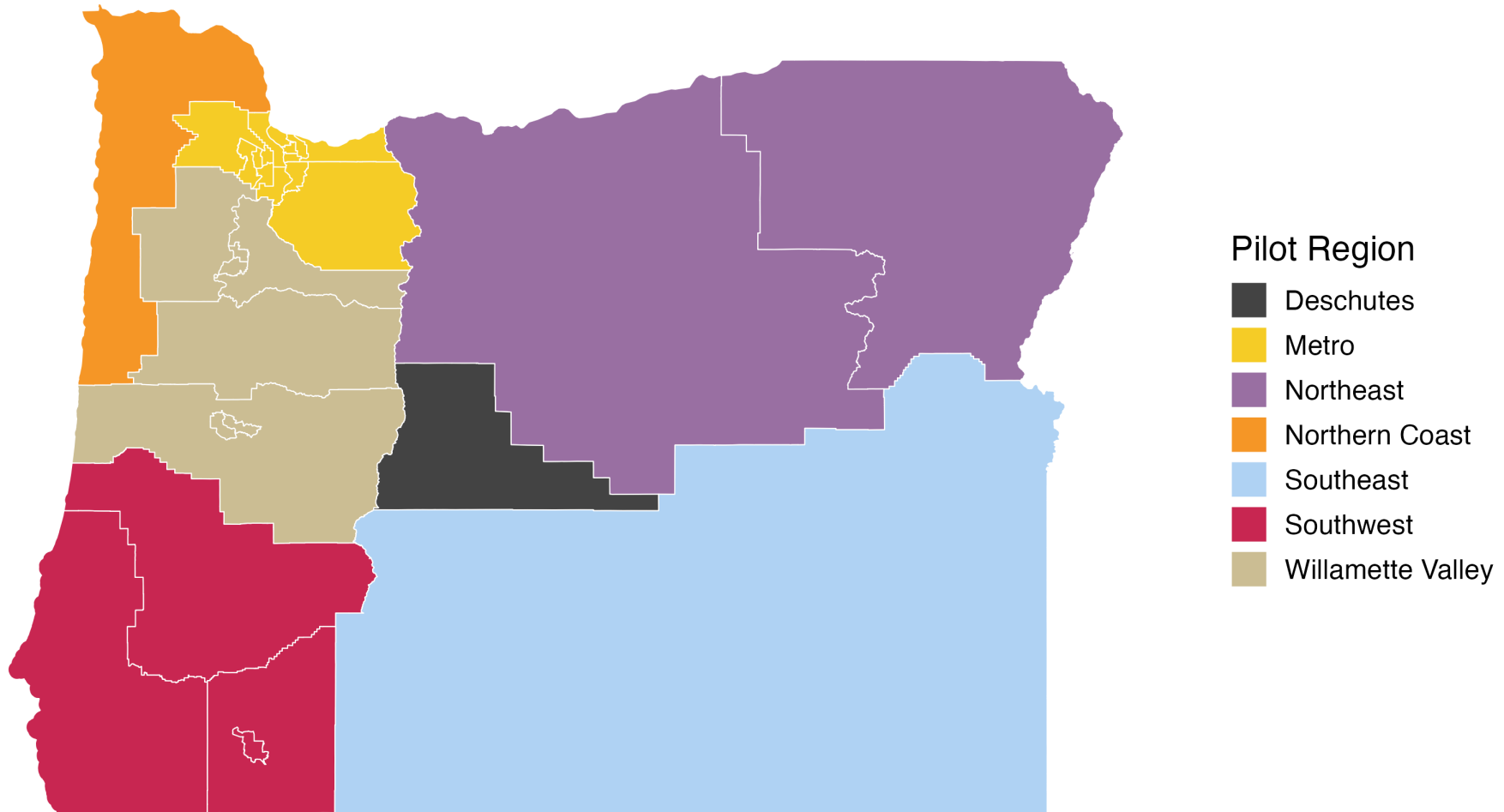
Background HB 2003 (2019)



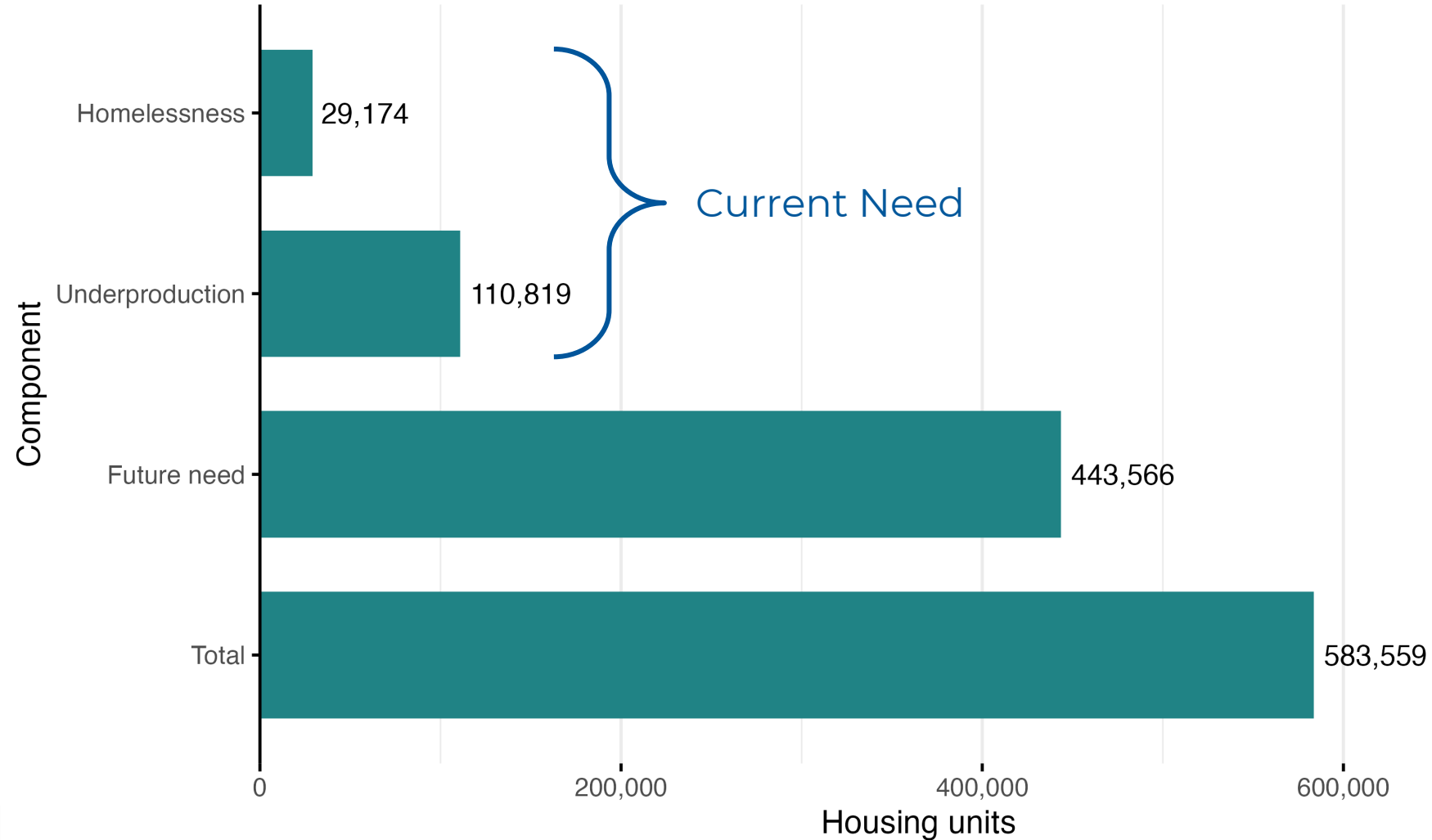
Required OHCS, in coordination with DLCD and DAS-OEA to:

- Develop and run a pilot regional housing needs analysis that identifies the total number of housing units necessary to accommodate populations in a region over the next 20 years
- For each city and Metro:
 - Estimate existing housing stock
 - Analyze current shortage of housing units
 - Allocate regional needed housing units for the next 20 years to each city and Metro
- OHCS completed the pilot methodology by September 1, 2020; DLCD conducted a review of the pilot methodology and submitted an evaluation of the methodology and legislative recommendations by March 1, 2021.

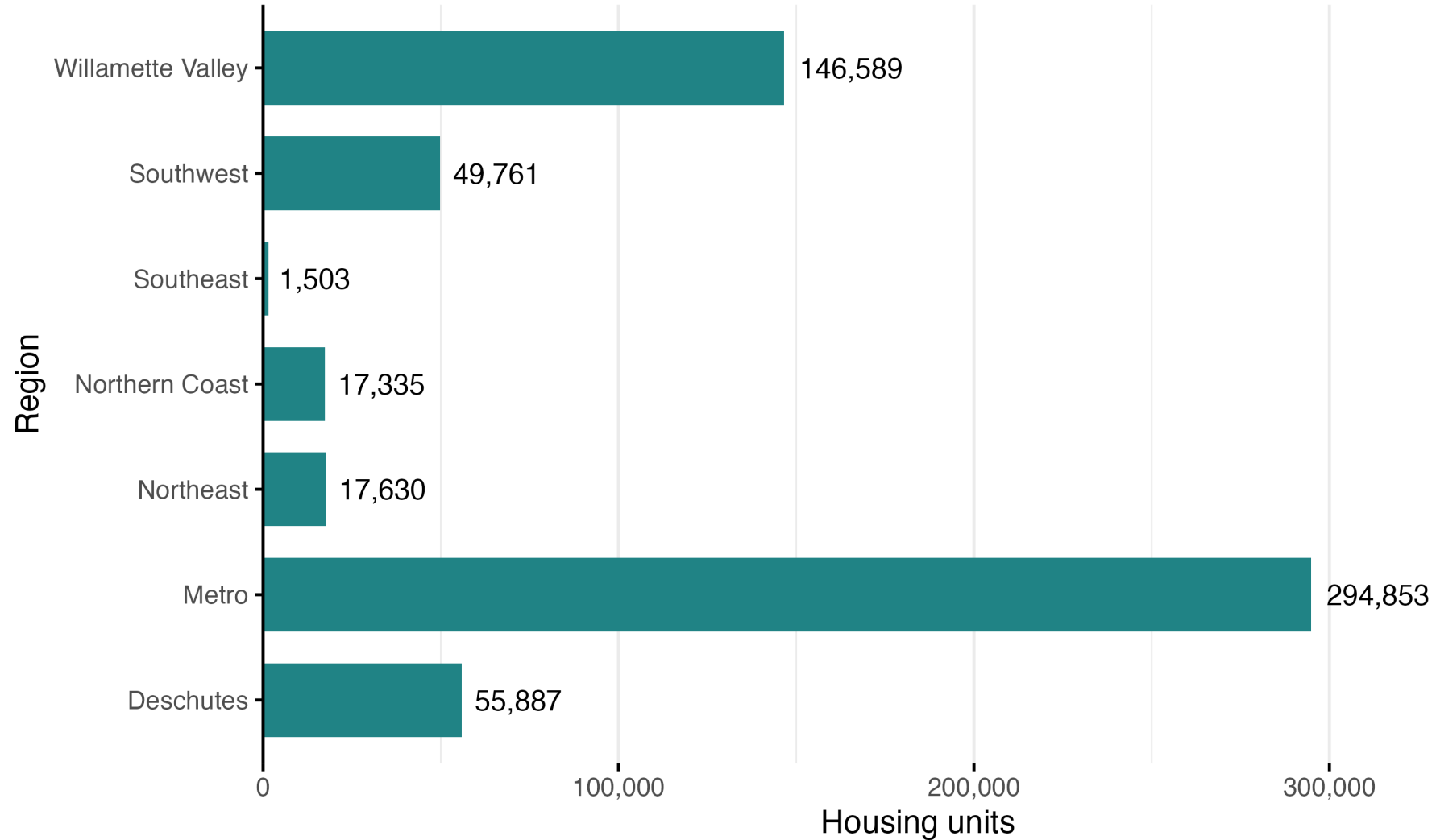
Pilot Study Regions (2018)



Pilot Components of Need (2018)



Pilot Regional Results (2018)



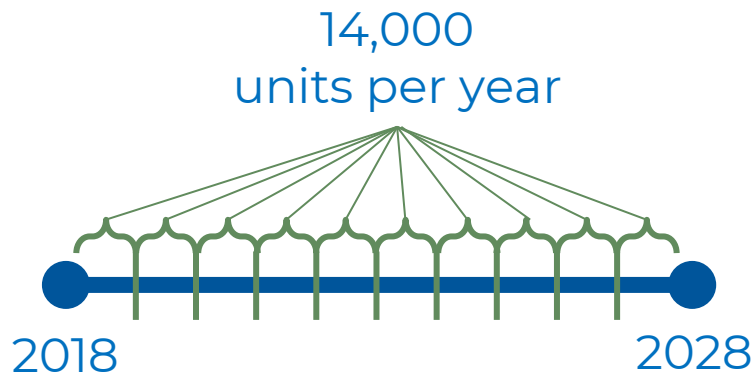


Pilot Target Setting (2018)

- Policy objective is to prioritize and front load the current need as a 10-year target
 - 140k units statewide of current need = 14k units per year
- Remaining future need of 443k is distributed over 20 years, for a target of 22k a year

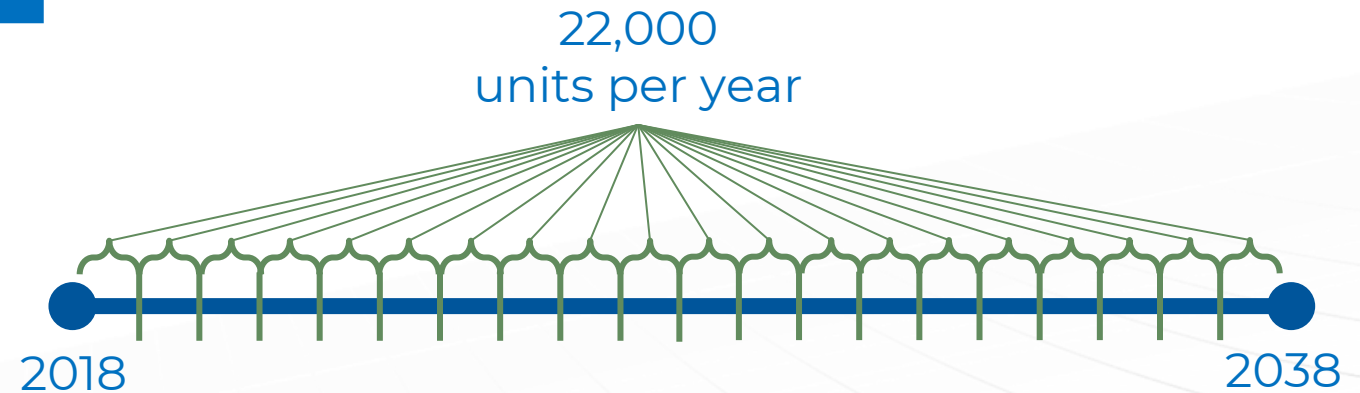
CURRENT NEED

140,000 units over 10 years



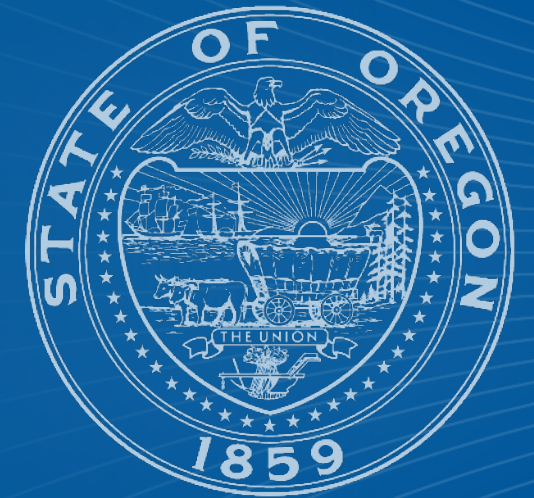
FUTURE NEED

443,000 units over 20 years



TOTAL ANNUAL STATEWIDE TARGET WAS 36K UNITS

Updated Regions and Income Bins

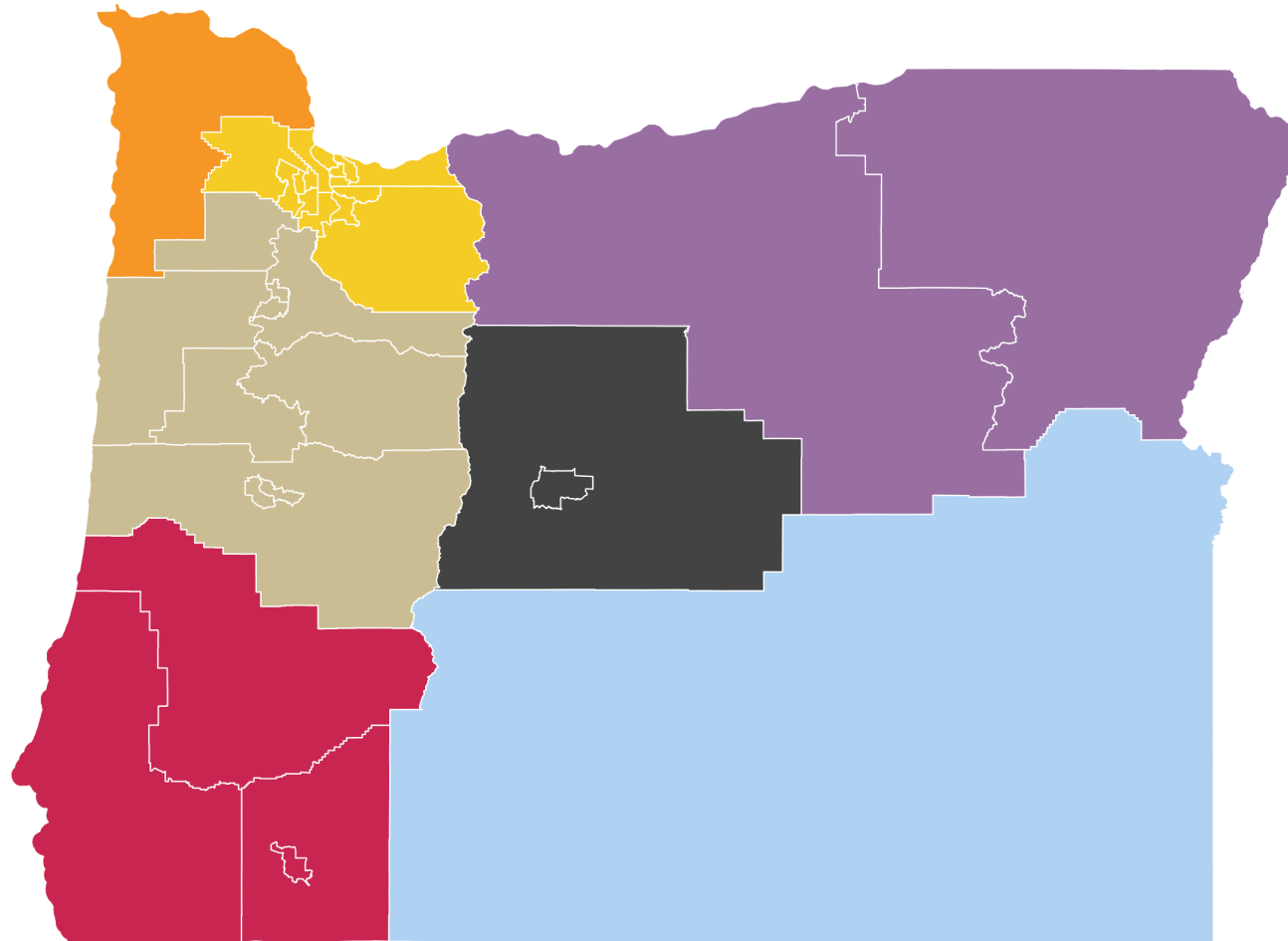


Why updated regions?



- The OHNA regions are built from **Census PUMA regions**
- Census **updates PUMAs every 10 years**, with the most recent change occurring with the 2022 dataset
- PUMAs are aggregated up to regions, therefore not all changes in the PUMA geographies impact the regions
- **Three of the regions are now different** from the pilot in 2018

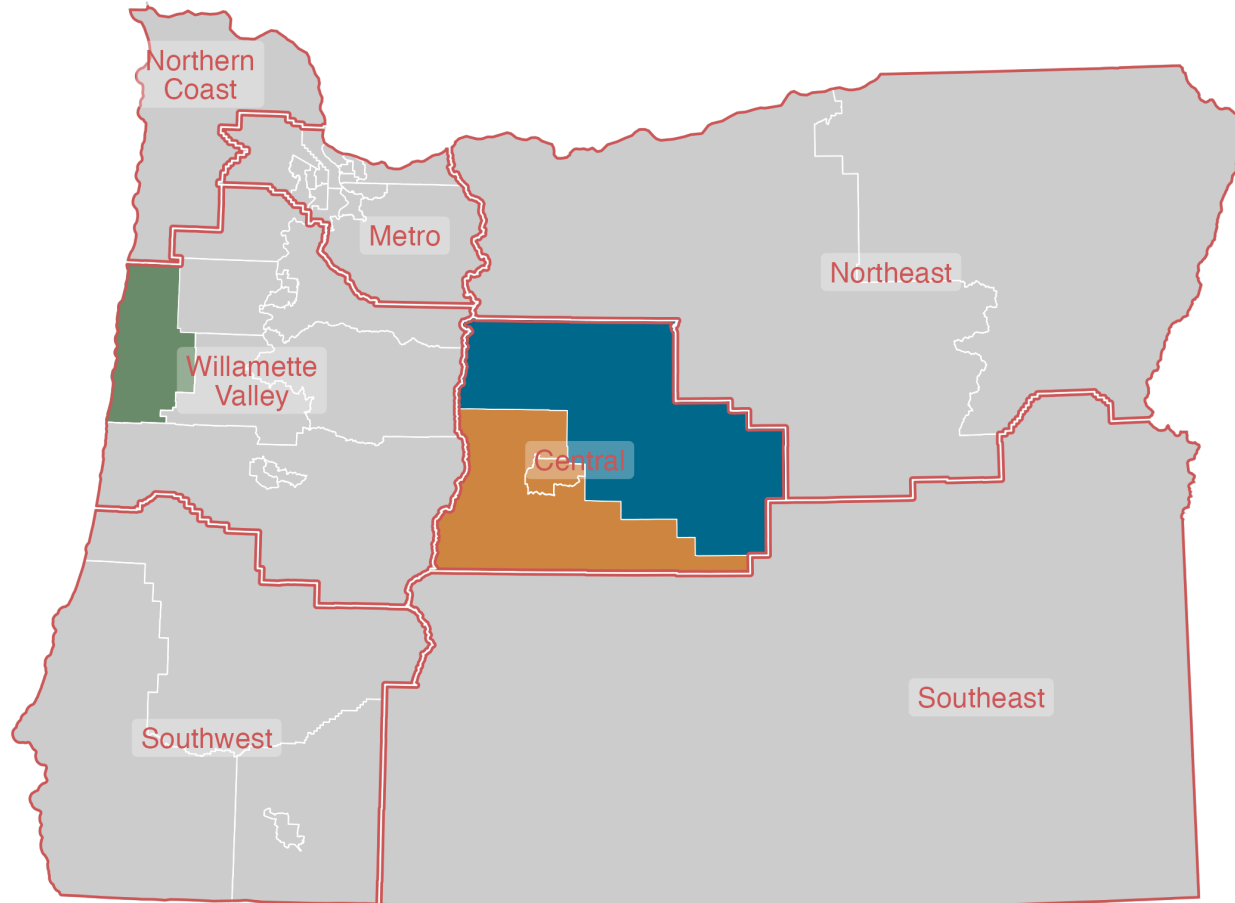
Updated Regions in 2022



Current Region

- Central
- Metro
- Northeast
- Northern Coast
- Southeast
- Southwest
- Willamette Valley

Changes to 3 of the regions in 2022



Region change, 2018-2022

- Deschutes to Central
- Northeast to Central
- Northern Coast to Willamette Valley
- Same region

2022 region boundary

Updated income bins in 2022

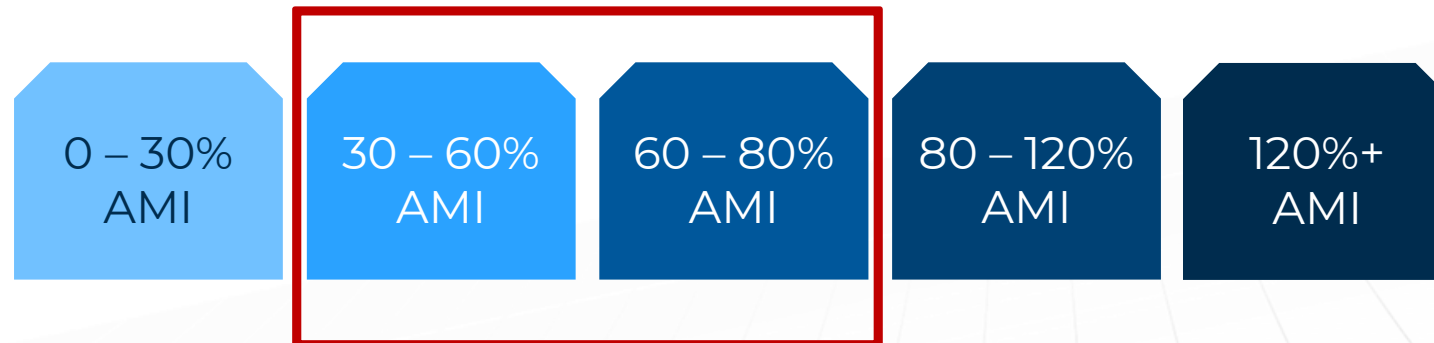


- The pilot study used the following income target bins:



The pilot income bins did not line up with OHCS programs and funding limits.

- The following changes are recommended for the income bins to align with OHCS programs:**



Components of Need



Pilot Methodology vs. Current Approach



Pilot Methodology – 3 components

1

POPULATION GROWTH

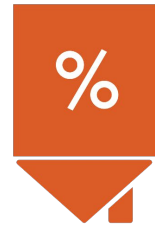
Units needed to accommodate future population growth over 20 years



2

UNDERPRODUCTION

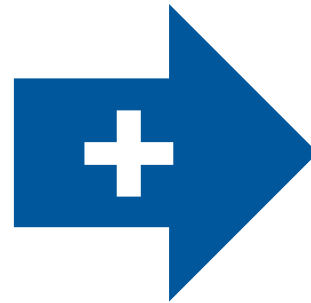
Units that have not been produced to date in the region, but are needed to accommodate current population
(often referred to as housing shortage)



3

HOUSING FOR THE HOMELESS

Units needed to house those who are currently experiencing homelessness



Current Methodology – 5 components

4

SECOND AND VACATION HOMES

Units that are expected to be lost to 2nd and vacation homes and will not be available for year-round occupancy



5

DEMOGRAPHIC CHANGE

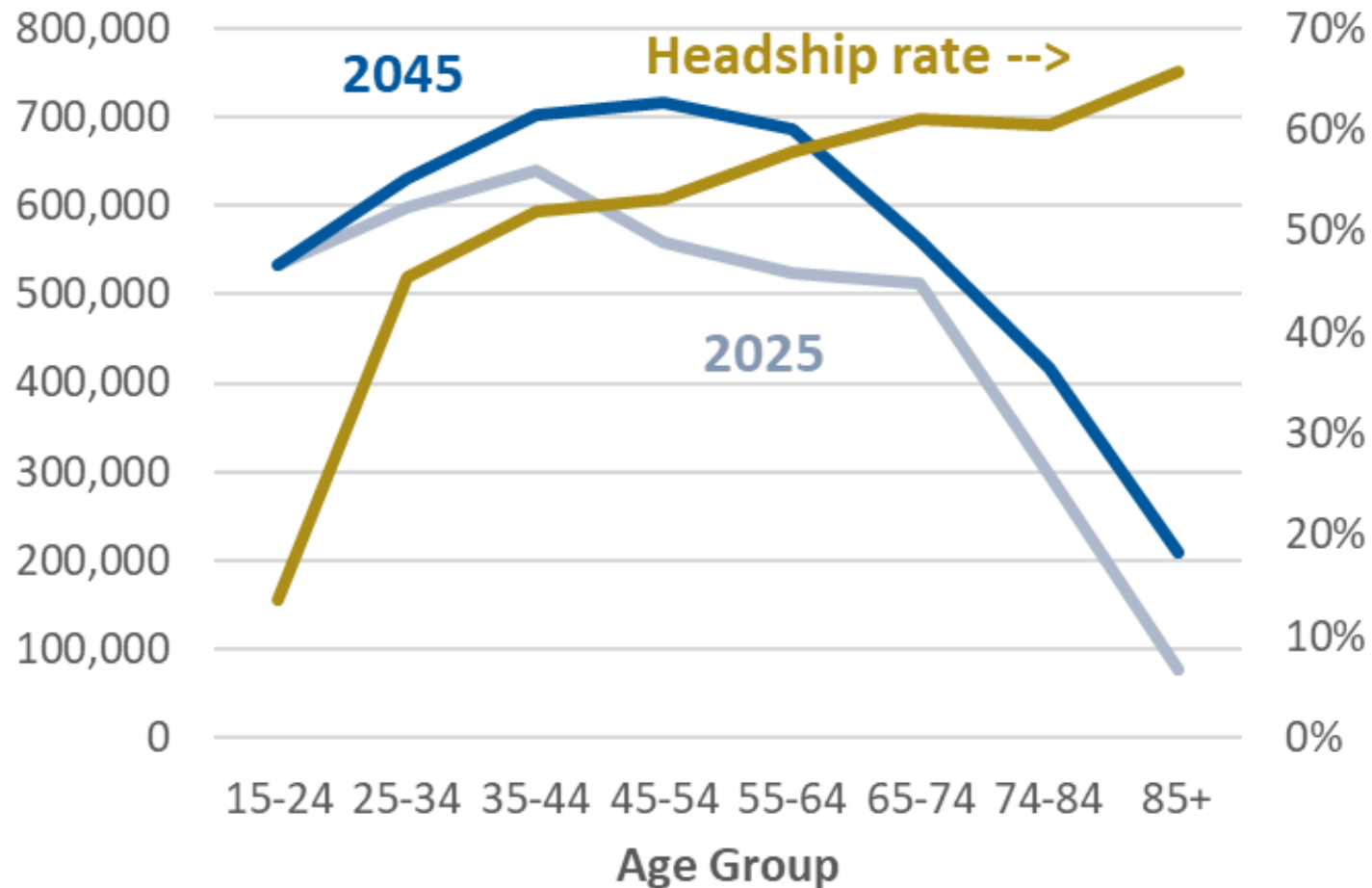
Household size is forecasted to decrease, the same number of people will require more units of housing in the future



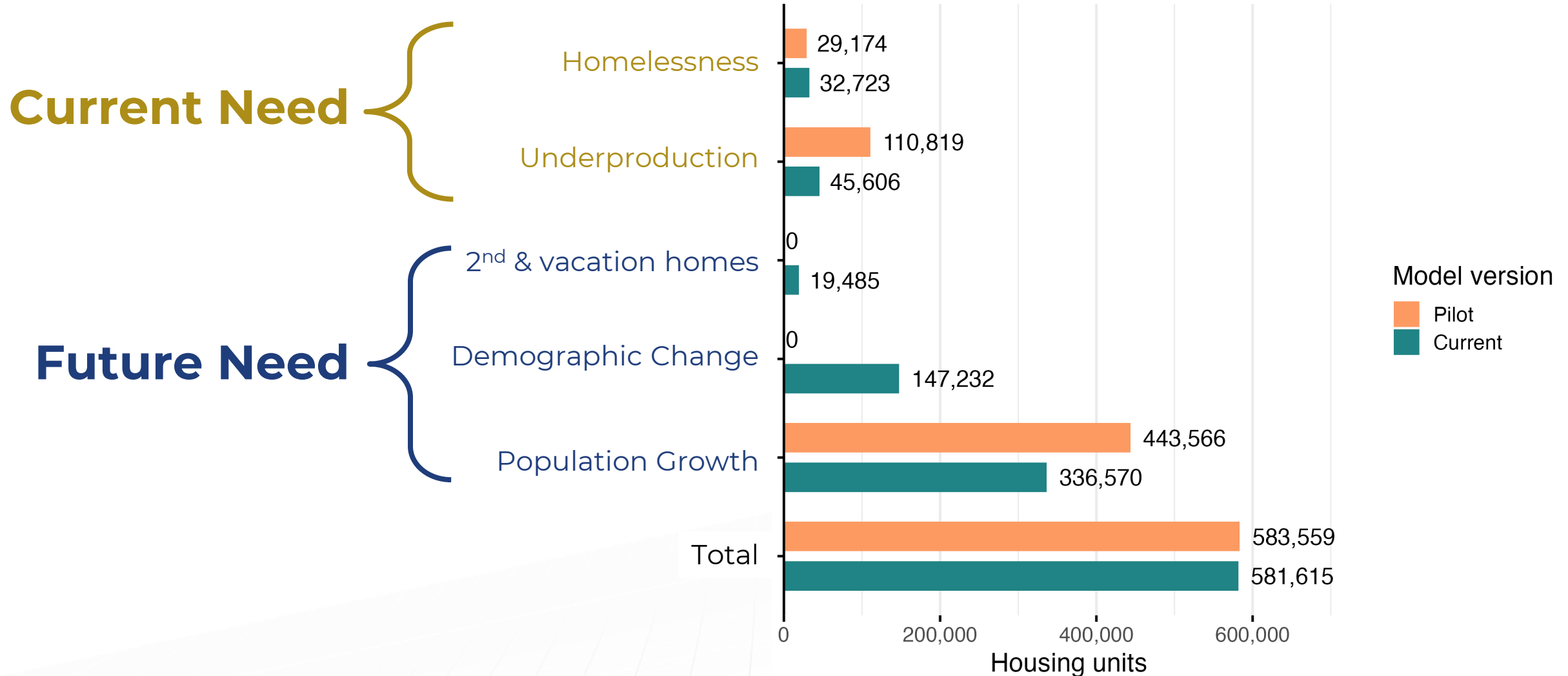
Distinction between Population Growth and Demographic Change



Oregon Population and Headship



Statewide Components of Need Compared to Pilot Results

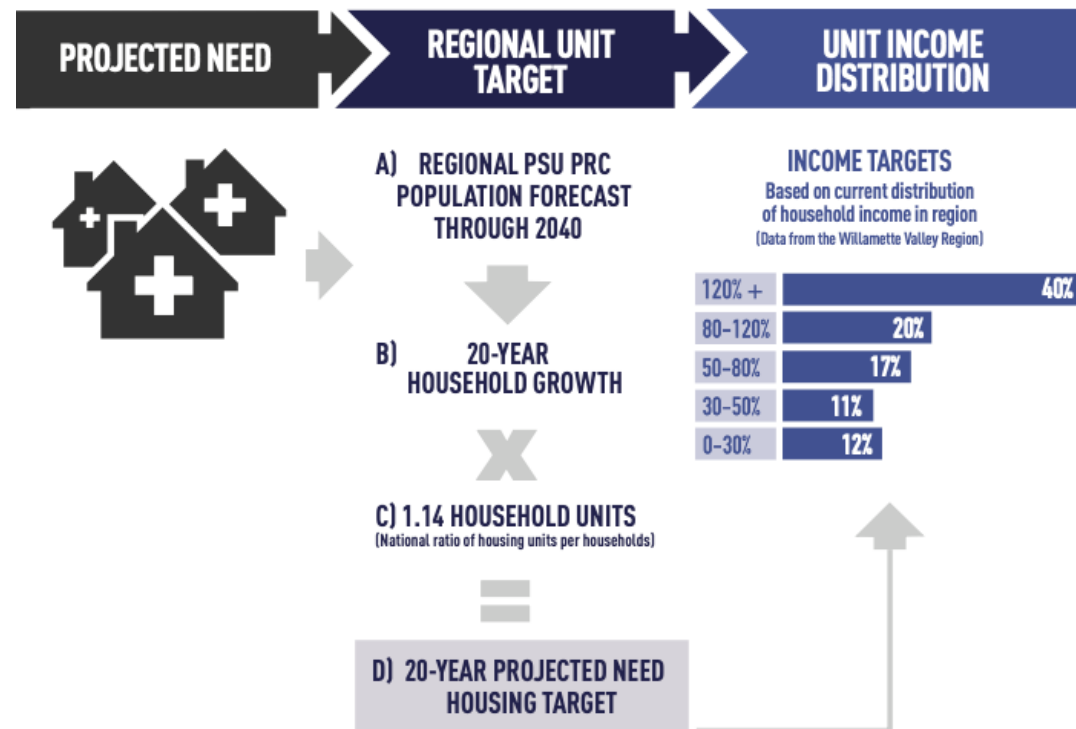


Methodology Changes: Population Growth



Pilot Methodology

Changes with Current Methodology

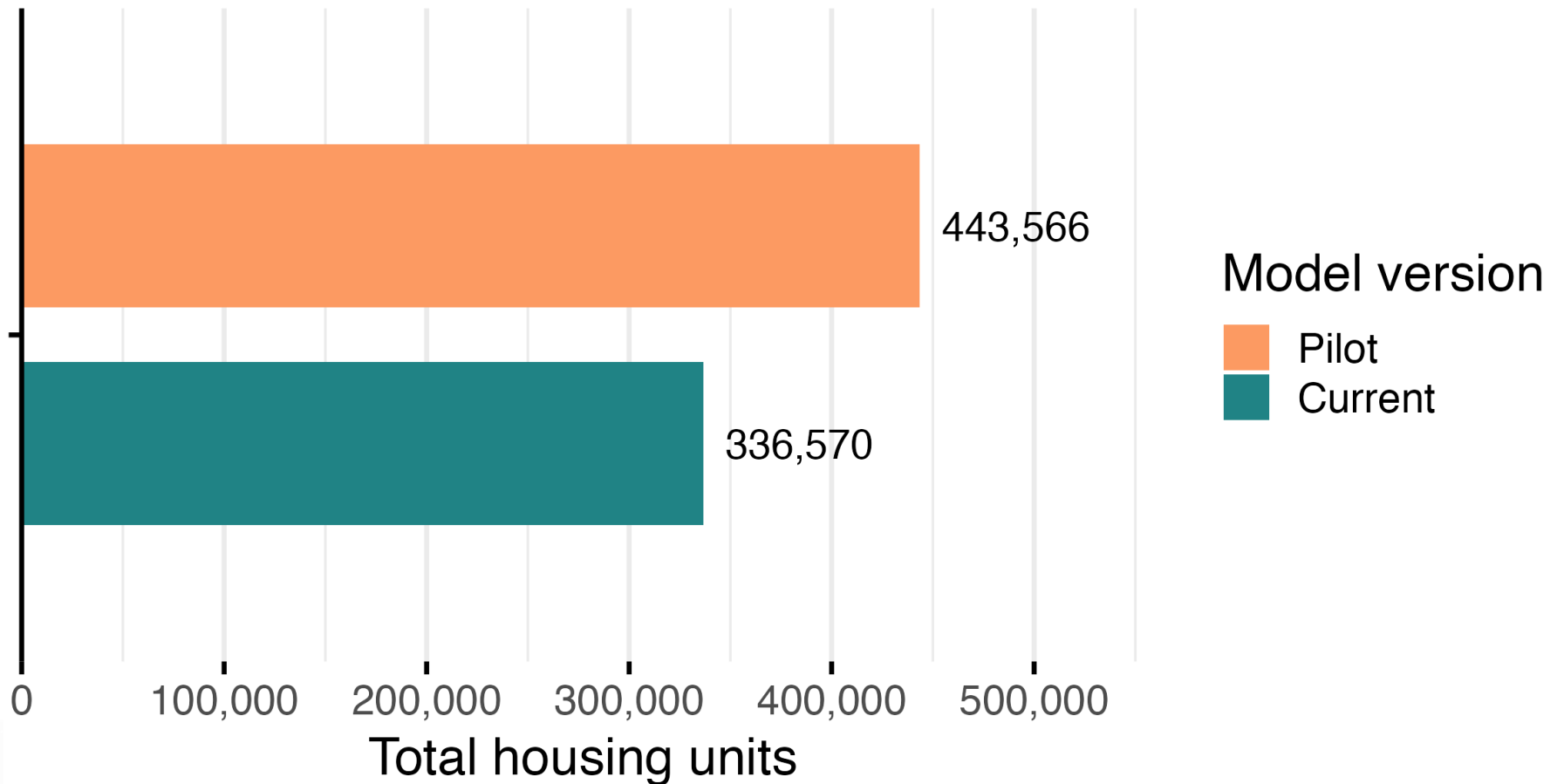


1. Convert PRC **population forecast** (minus group quarters) to households using the most recent regional average household size
2. Target **one unit per household** plus a 5% vacancy rate in each region
3. Distribute the units based on the **updated income bins** (current regional income distribution)

Methodology Changes: Population Growth



Population Growth



Methodology Changes: Demographic Change



Pilot Methodology

Not Included
in Pilot

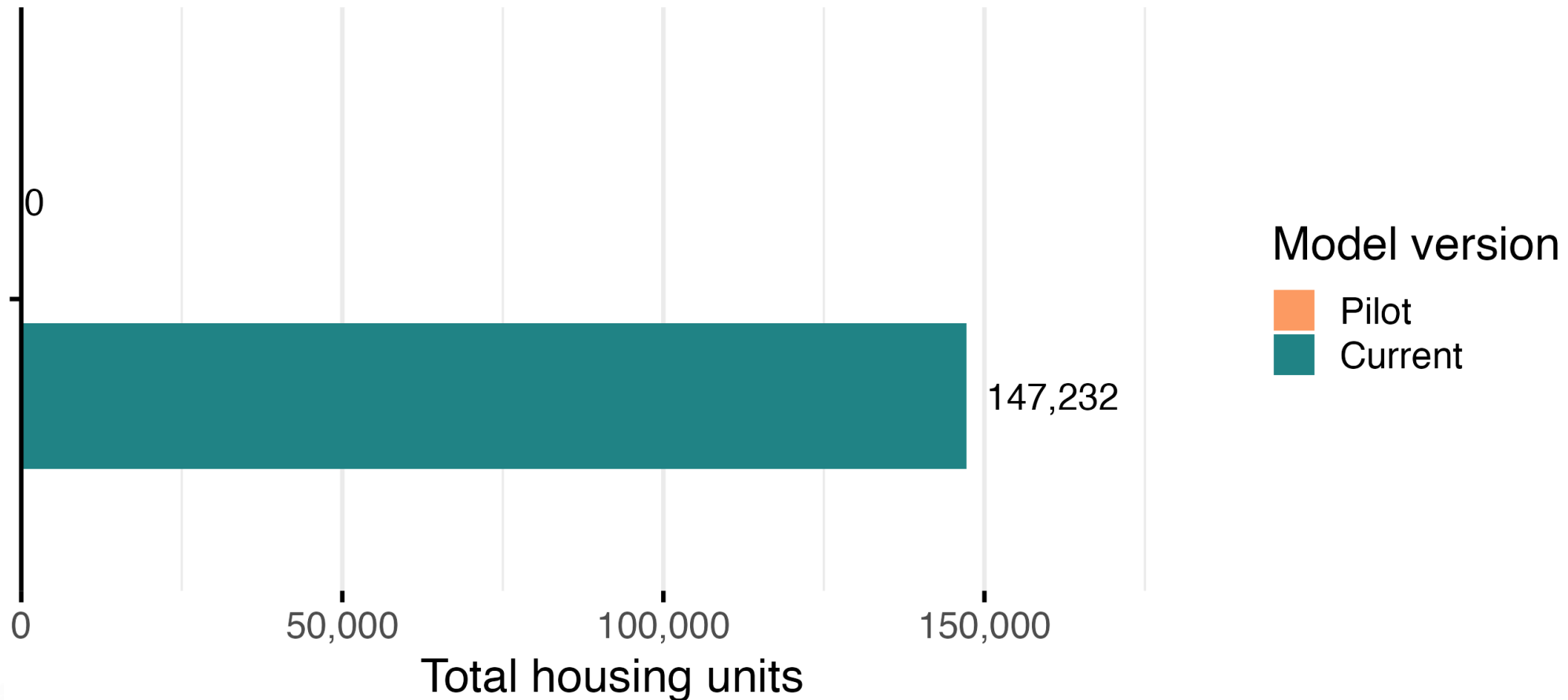
Changes with Current Methodology

1. To account for **demographic change**, the total future population (*minus group quarters*) is determined for each region using the PRC forecast
2. PUMS data joined with PRC population forecasts by cohort are used to calculate **average household sizes** for each region in 2025 and 2045 (*with 2045 sizes smaller due to aging demographics*)
3. Average household sizes by region are then used to **convert the PRC 2025 and 2045 forecast populations to households**. The difference between the two time points is the added households by region.
4. These added households are **converted to needed housing units** and then planning for a 5% vacancy rate

Methodology Changes: Demographic Change



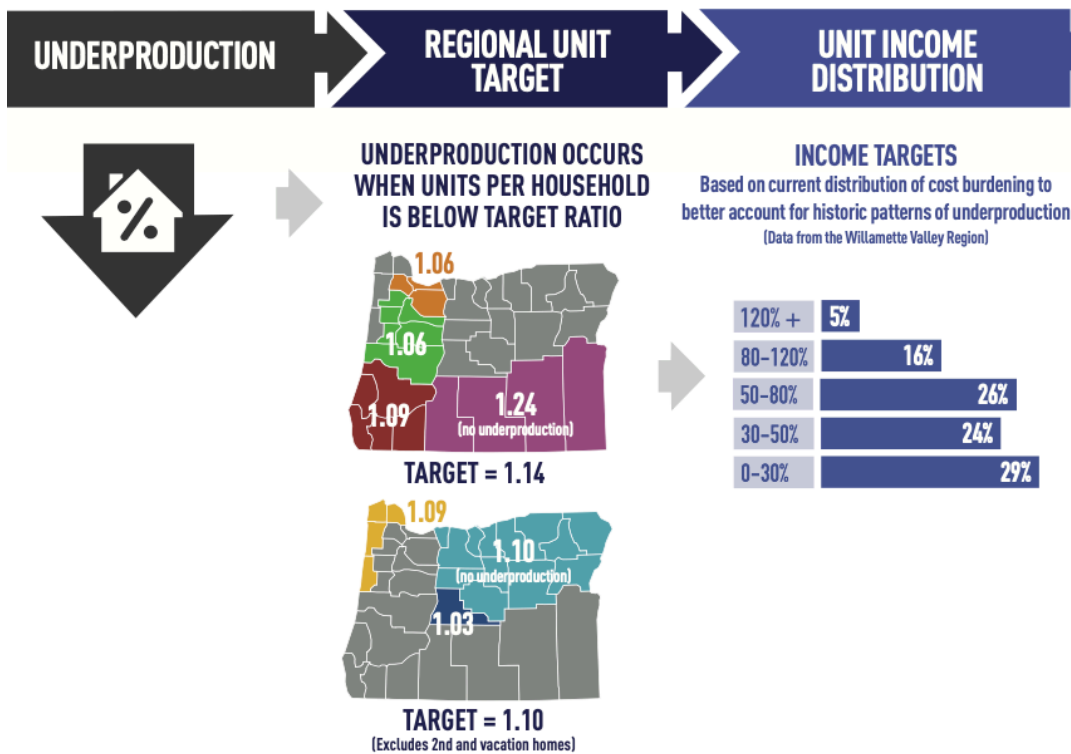
Demographic Change



Methodology Changes: Underproduction



Pilot Methodology



Changes with Current Methodology

1. Change the methodology to use the **Up for Growth approach**. This is a more nuanced approach than a standard target ratio and is considered a national best practice.
2. The UFG approach calculates **missing households** that have not formed (but are likely to), removes uninhabitable units from the supply, removes second and vacation homes that are not available for year-round occupancy, and then targets a 5% vacancy rate.

$$\begin{array}{c} \text{Housing} \\ \text{Underproduction} \\ \downarrow \end{array} = \left[\begin{array}{c} \text{Households} \\ + \\ \text{Missing} \\ \text{Households} \end{array} \right] \times 1.05 \begin{array}{c} - \\ \text{Total Housing Units} \\ - \\ \text{2nd and Vacation Homes} \\ - \\ \text{Uninhabitable Units} \end{array}$$

(1+ Target Vacancy Rate)

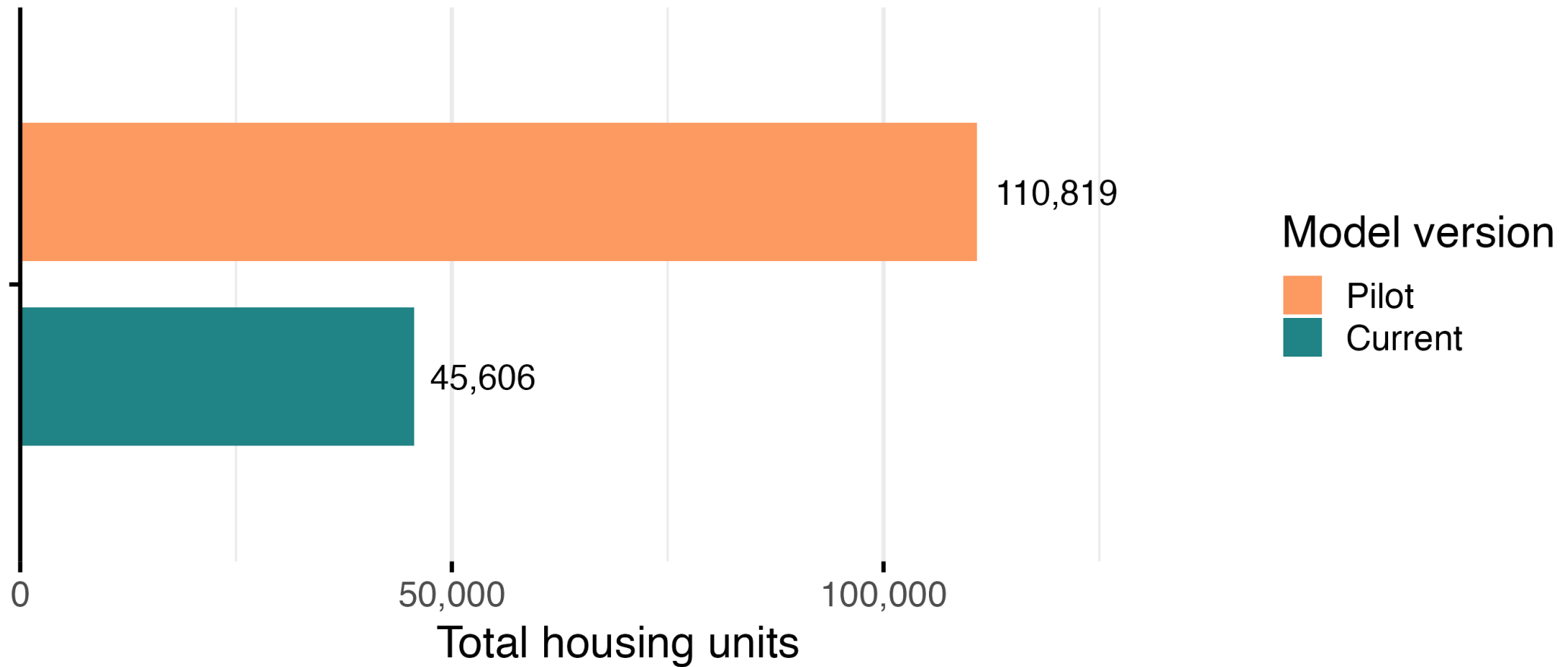
TARGET NUMBER OF HOUSING UNITS

UNITS THAT ARE RENTER OR OWNER OCCUPIED

Methodology Changes: Underproduction



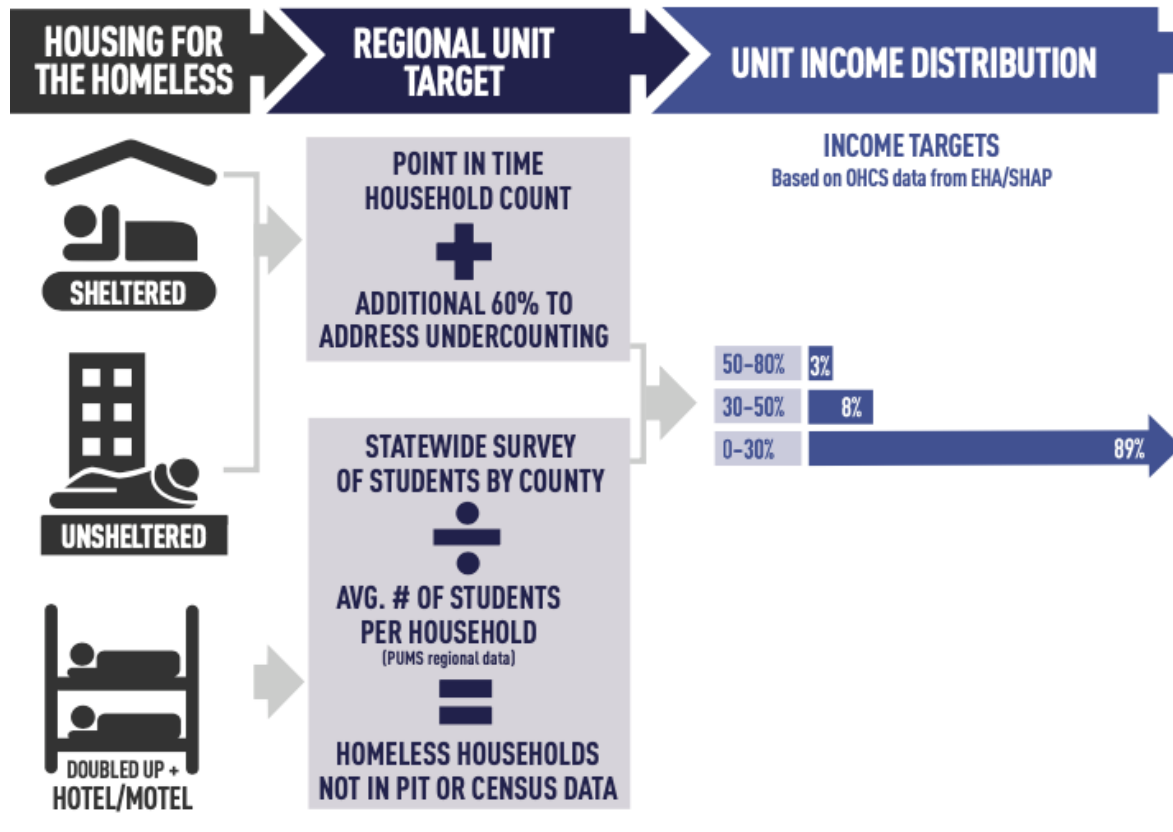
Underproduction



Methodology Changes: Homelessness



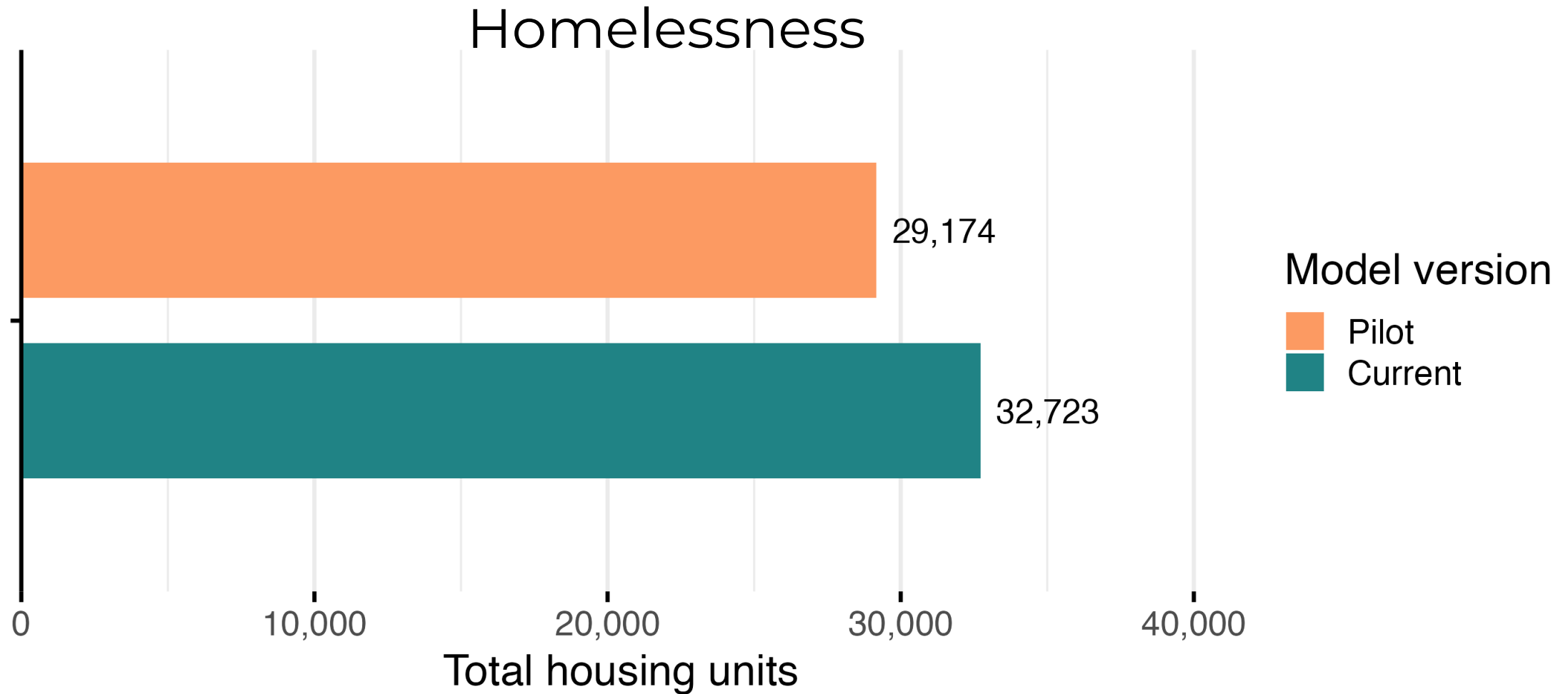
Pilot Methodology



Changes with Current Methodology

- None
- Will update data when PIT and McKinney Vento updates are available

Methodology Changes: Homelessness



Methodology Changes: Units Lost to 2nd and Vacation Homes



Pilot Methodology

Not Included in
Pilot

Changes with Current Methodology

As a part of determining future housing need, the recent trend indicates a growing number of second and vacation homes across the state. These units are no longer available for year round occupancy, and as unit are purpose built or converted, they need to be replaced in order to achieve the desired number of units per household.

1 Calculate change in # of 2nd and vacation homes per region

Using a reference timeframe of 2000 to 2020, the change in the number of 2nd and vacation homes is calculated for each region

2 Determine how much housing is needed to offset this expected loss in units

This change is then calculated as a percent of total housing production in that same time period, essentially representing an estimate of how much additional production is required to offset the loss in units

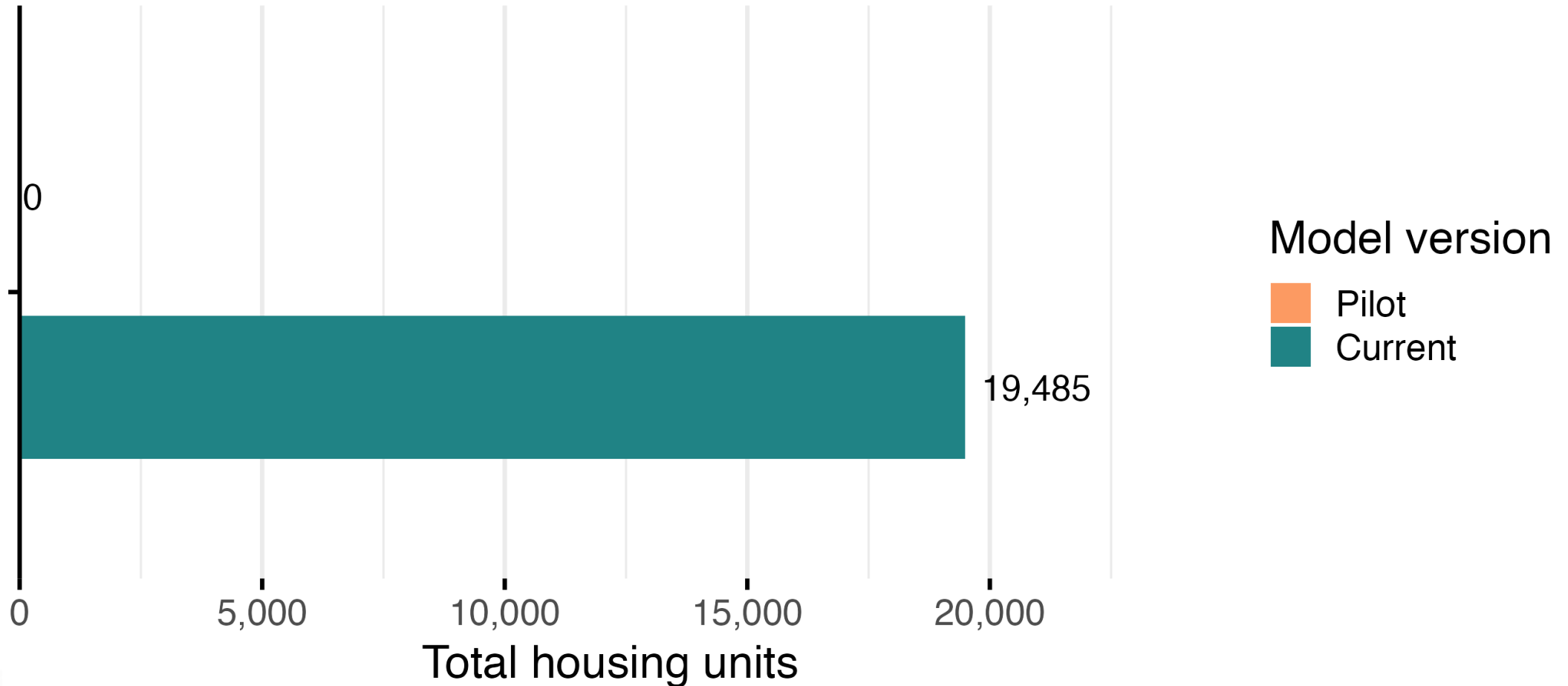
3 Apply the ratio to forecasted housing unit growth

This percentage is then applied to the forecasted housing unit growth for each region over a 20-year time horizon

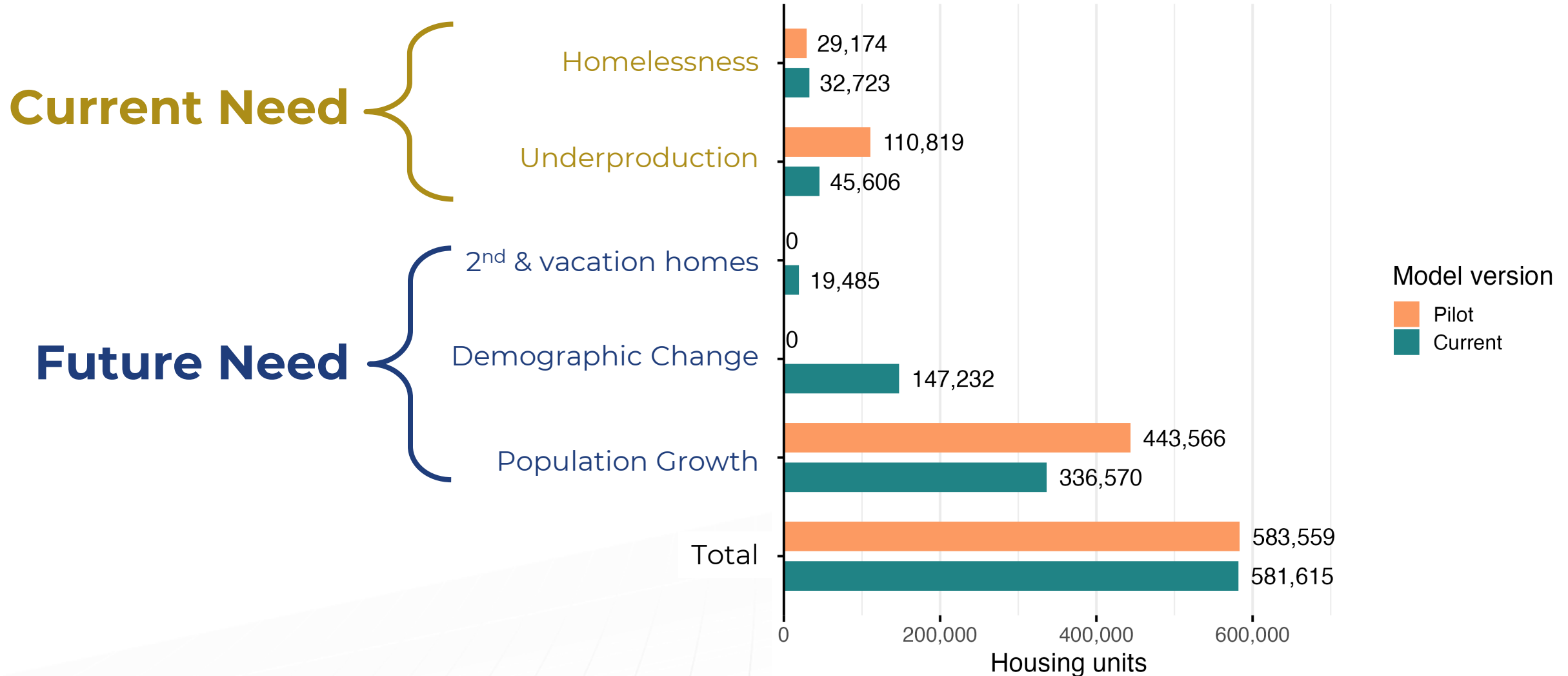
Methodology Changes: Units Lost to 2nd and Vacation Homes



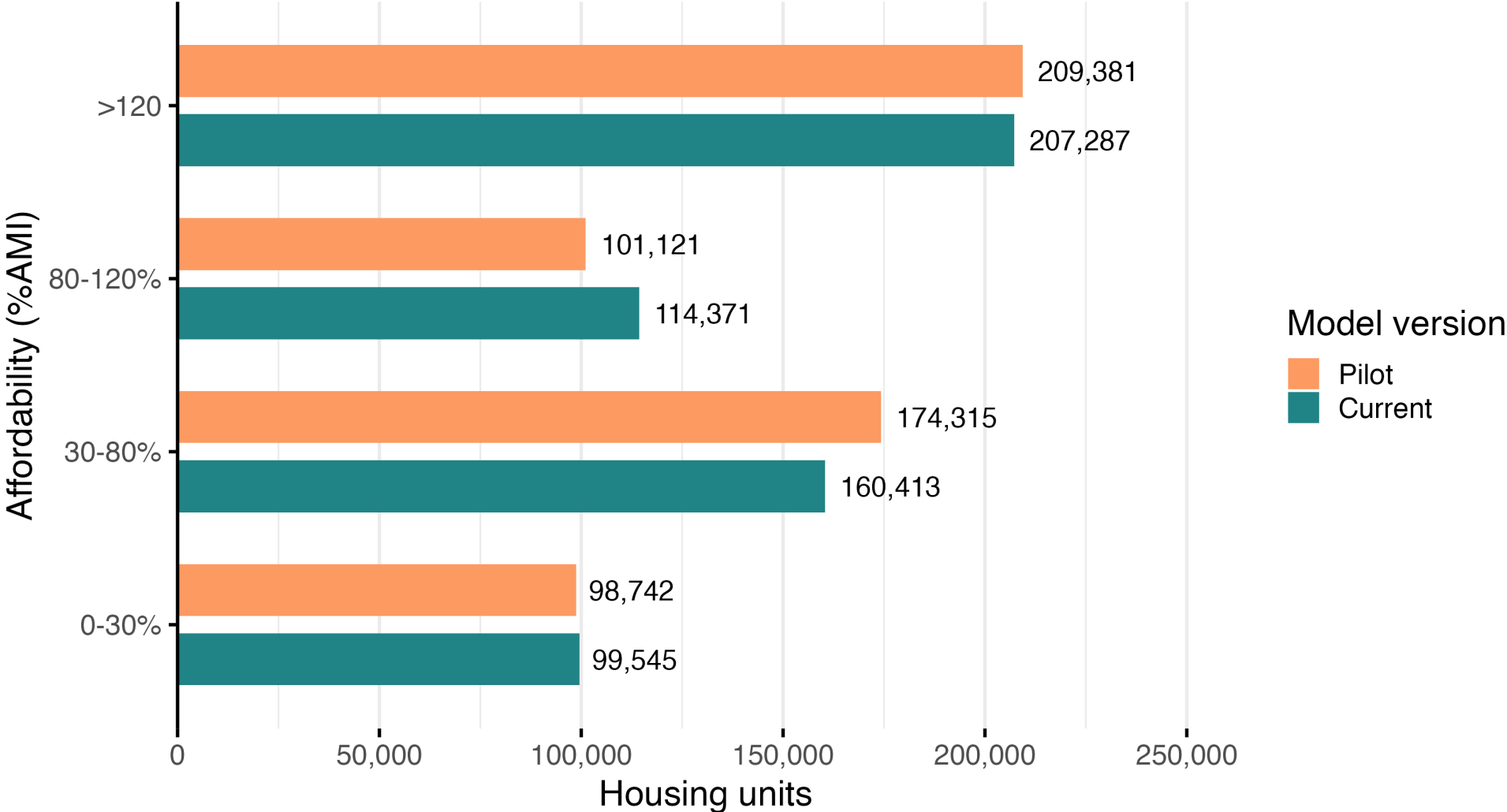
Units lost to 2nd and Vacation Homes



Statewide Components of Need Compared to Pilot Results



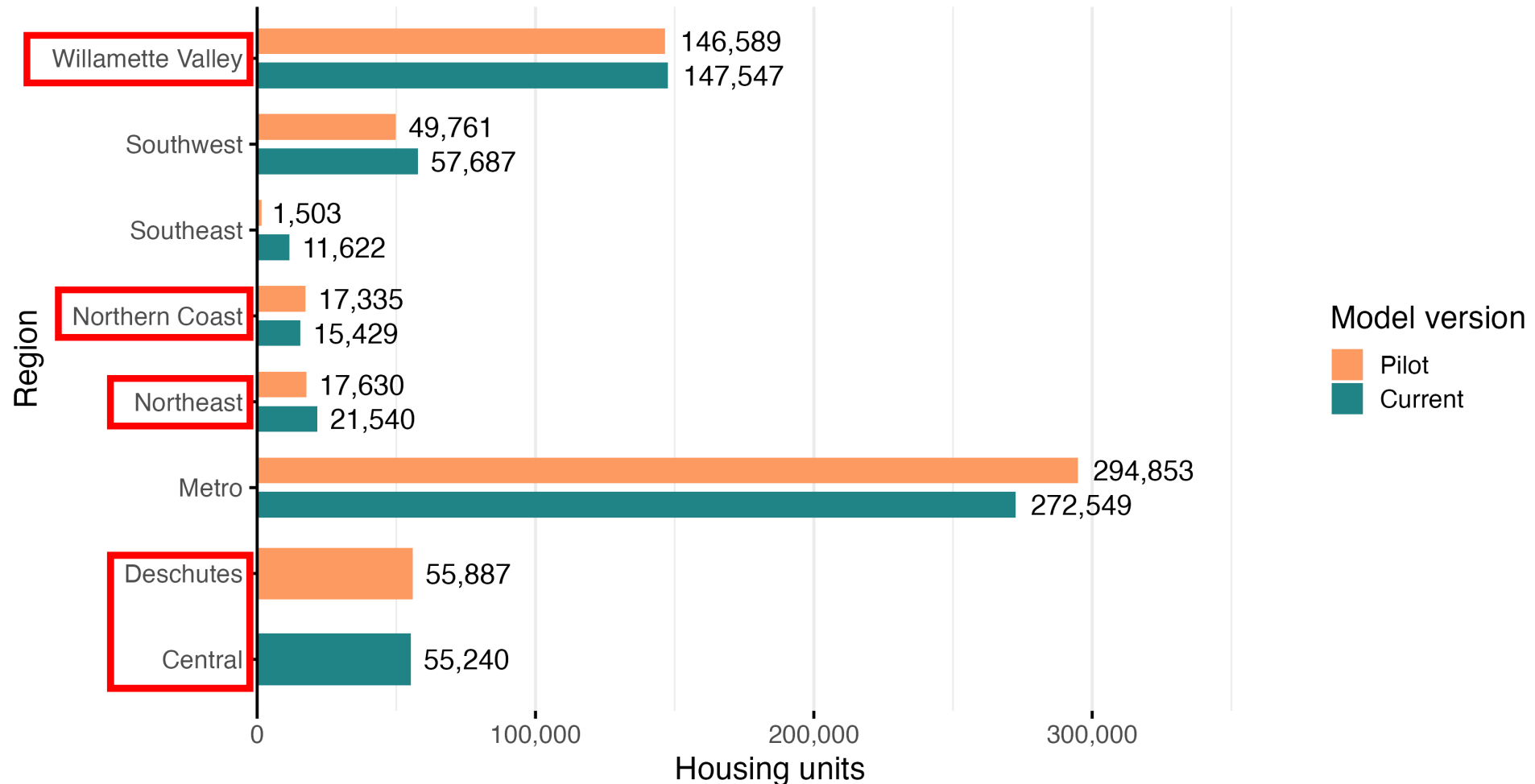
Comparison of Total Statewide Need by Income Target for Pilot vs. Current



Regional Results



Current Regional Totals Compared to Pilot



Note: Only Metro, Southeast, and Southwest regions are directly comparable between the pilot and current version

Target Setting





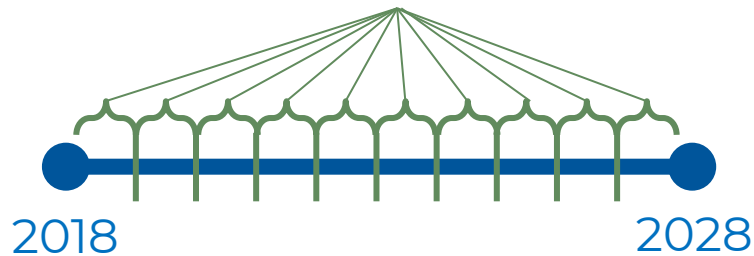
Statewide and Regional Targets

- Policy objective is to prioritize and front load the current need as a 10-year target
 - 78k units statewide of current need = 7,800 units per year
- Remaining future need of 503k is distributed over 20 years, for a target of 25k a year

CURRENT NEED

78,000 units over 10 years

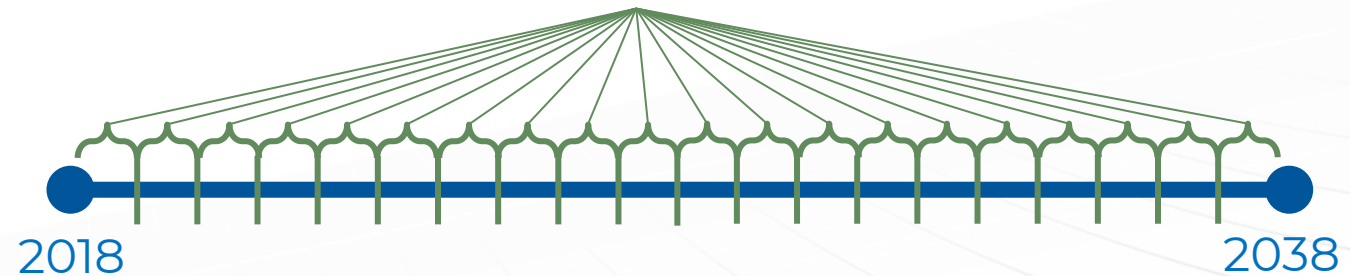
7,800
units per year



FUTURE NEED

503,000 units over 20 years

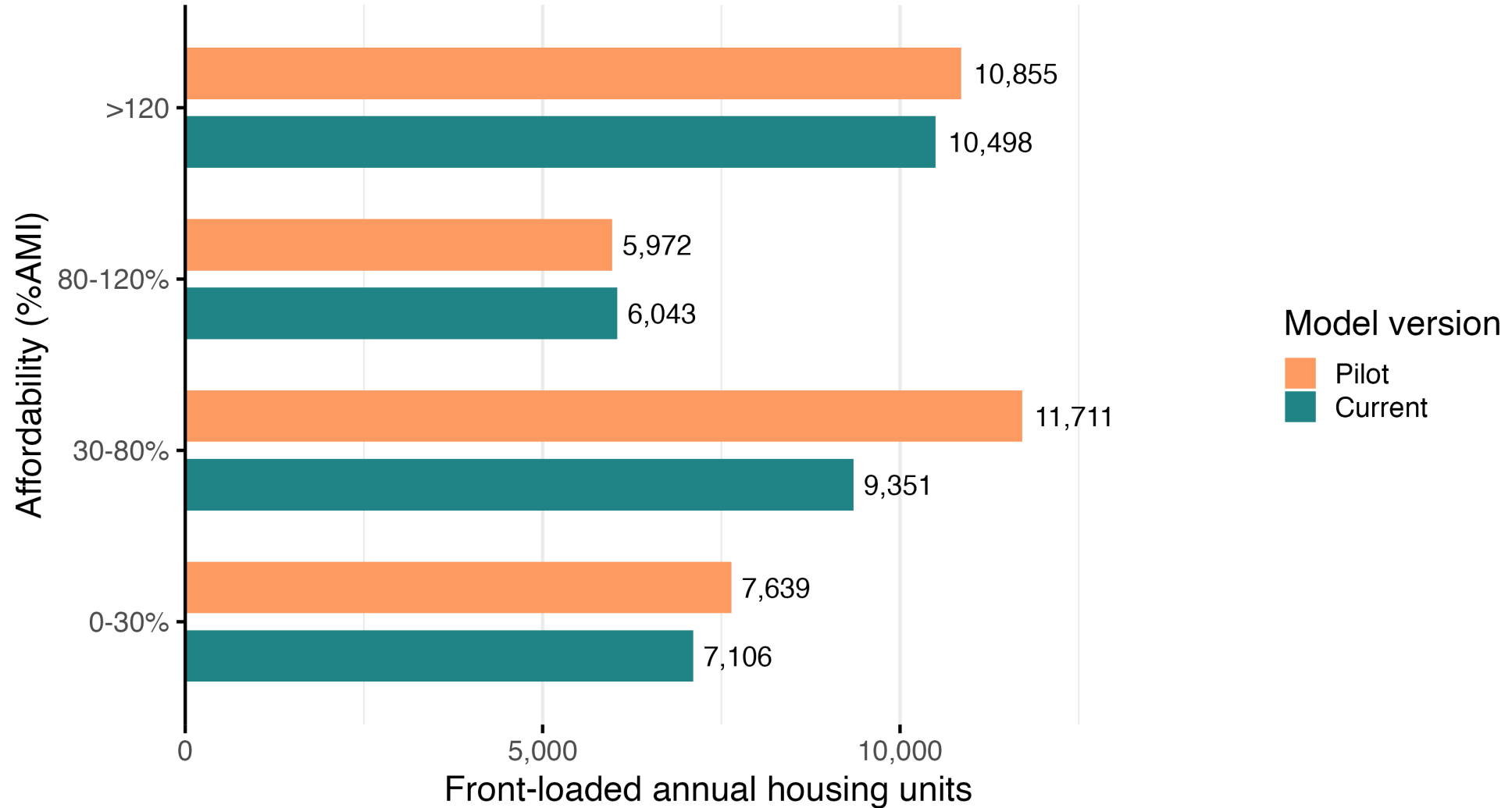
25,000
units per year



CURRENT TOTAL ANNUAL STATEWIDE TARGET IS 33K UNITS

(Pilot methodology annual target was 36k)

Annual Statewide Targets with Front Loading – Pilot (36k) vs. Current (33k)



Updating regional and local allocations



- In order to help produce estimates that do not jump around from year to year, the regional totals are expected to be smoothed using the past few years of data
- This is challenging currently due to the change in PUMA regions in 2022 as well as 2020 data not being available due to unreliability
- Options will be explored and refined once the first statewide official total is produced using 2023 data

Allocating to UGBs and Cities



Step 1. Regional Need Inside vs. Outside UGBs



1. Future population growth outside of UGBs is determined for each of the regions over 20 years
2. Units are removed for population growth, demographic change, and 2nd and vacation homes from the regional total
3. The remaining units are then allocated to UGBs inside the region

Step 2. Allocating Regional Need to UGBs



Each component of need is allocated from the regional total (after excluding areas outside of UGBs) to each of the UGBs in the region using a set of policy variables and weights

Current Need

UNDERPRODUCTION

Current Population – 50% weight
Current Jobs – 50% weight



HOMELESSNESS

Current Population – 50% weight
Current Jobs – 50% weight



Future Need

POPULATION GROWTH

Population Growth Forecast – 50% weight
Current Jobs – 50% weight



DEMOGRAPHIC CHANGE

Current Population – 50% weight
Current Jobs – 50% weight

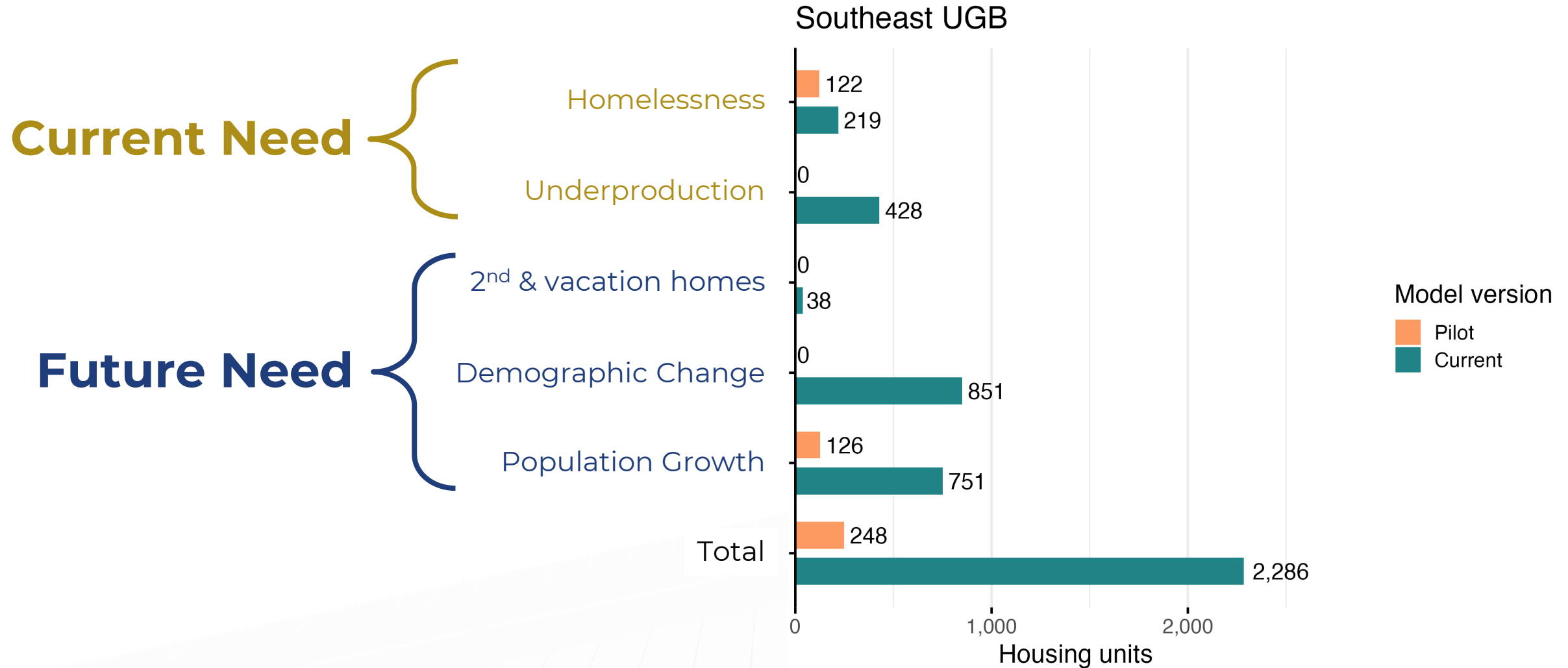


UNITS LOST TO 2ND AND VACATION HOMES

Allocated based on each UGBs
current share of the regional total

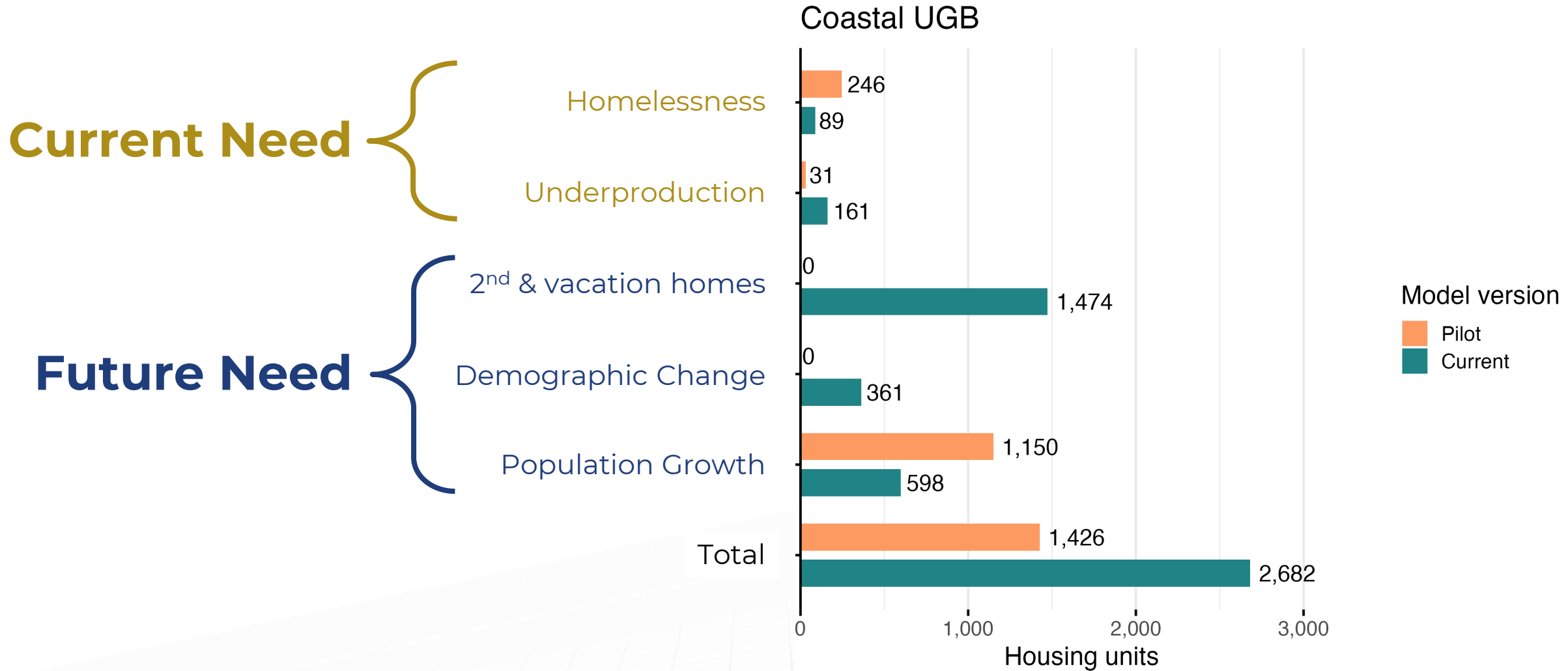


Example Allocation to Southeast UGB





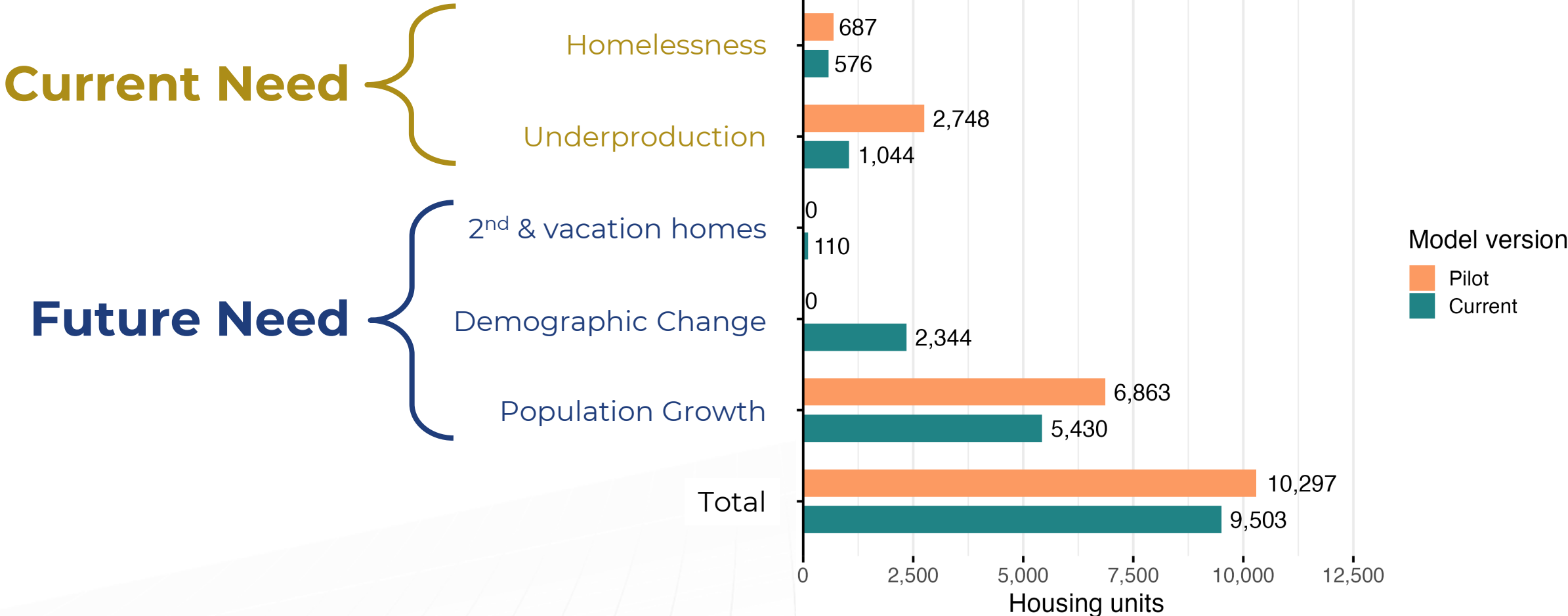
Example Allocation to Coastal UGB



Example Allocation to Valley UGB



Willamette Valley UGB



Step 3. Distributing from UGB to Cities

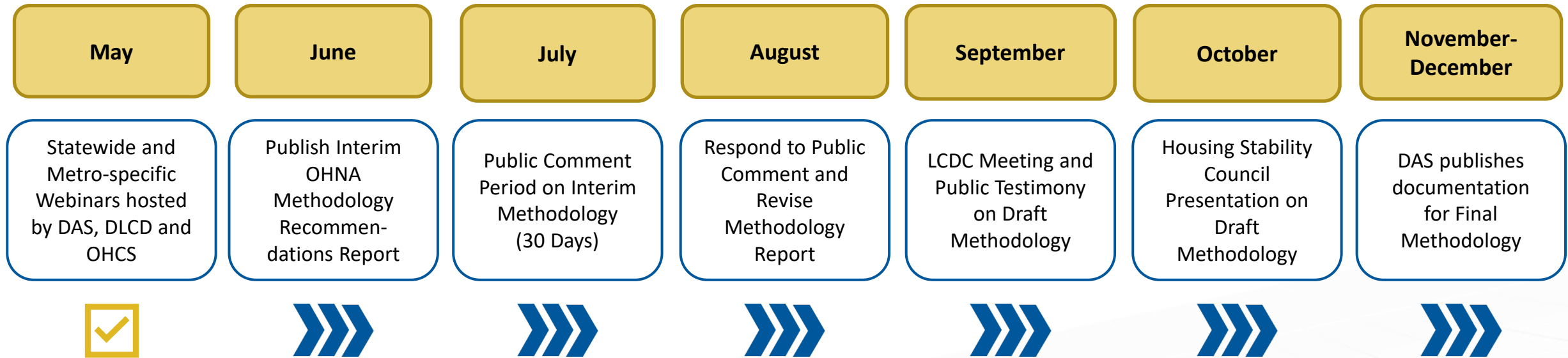


- Metro will have its own methodology to distribute units from the UGB to cities and unincorporated areas
- The methodology will be presented at an upcoming webinar on May 20 from 3–4:30pm

Next steps



Timeline for Methodology



*survey link for feedback on methods will be sent post-webinar

HCS.OHNA@hcs.oregon.gov to provide public comment