



**GLADSTONE PLANNING COMMISSION AGENDA
GLADSTONE CIVIC CENTER, 18505 PORTLAND AVENUE
Tuesday, October 20, 2020**

Per the Governor's Executive Order 20-16, regarding compliance with Oregon's public meeting laws, the City of Gladstone is abiding by social distancing requirements during the coronavirus pandemic. This public hearing will be conducted virtually using the Zoom platform.

Join Zoom Meeting

<https://zoom.us/j/92306484375?pwd=eVROU29QbUQwN1NmWHdvdFp1VnoxQT09>

Meeting ID: 923 0648 4375

Passcode: 855464

One tap mobile

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6:30 P.M. CALL TO ORDER

ROLL CALL

CONSENT AGENDA

All items listed below are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items unless a commission member or person in the audience requests specific items be removed from the Consent Agenda for discussion prior to the time the commission votes on the motion to adopt the Consent Agenda.

1. Approval of September 15, 2020 Meeting Minutes

REGULAR AGENDA

2. Monthly Planning Report – September 2020
3. **PUBLIC HEARING:** Gladstone 2021-2041 Housing Needs Analysis.

BUSINESS FROM THE PUBLIC - Visitors: This is an opportunity for members of the audience to bring to the Commission's attention any item not otherwise listed on the Agenda. Comments will be limited to three (3) minutes per person. Speakers may not yield their time to others and must fill out a speaker card available in the back of the room prior to making a comment.

BUSINESS FROM THE PLANNING COMMISSION

ADJOURN



CONSENT AGENDA

GLADSTONE PLANNING COMMISSION MEETING MINUTES of September 15, 2020

Meeting was called to order at approximately 6:30 P.M. (via Zoom)

ROLL CALL:

Chair Michael Milch, Commissioner Andriel Langston, Commissioner Natalie Smith, Commissioner Les Poole, Commissioner Malachi de AElfweald, Commissioner Patrick Smith, Commissioner Darren Williams

ABSENT:

None

STAFF:

Tami Bannick, City Recorder; Joy Fields, Senior Planner; Councilor Mersereau, Council Liaison

CONSENT AGENDA:

1. Approval of August 18, 2020 Meeting Minutes

Chair Milch said he noticed that the minutes were very detailed, very specific, and captured a lot of discussion so that if there is any discussion in the future about why a decision was made he thought the minutes captured them very well.

Commissioner Natalie Smith made a motion to approve the Consent Agenda. Motion was seconded by Commissioner de AElfweald. Motion passed unanimously.

REGULAR AGENDA:

2. Monthly Planning Report – August 2020:

Ms. Fields went over the report. She said they had one customer service contact at the counter, 44 phone calls/emails, two building permits with land use review, no pre-application conferences, and no administrative decisions. The building permits included a repair from fire and an installation of solar panels.

Commissioner de AElfweald asked if there were any land use permits that became invalidated due to the wildfires how they would deal with that. Ms. Fields said that the City of Gladstone was not included in any evacuation areas (other than level 1/being ready). She said Clackamas County will be considering how they will be moving forward with permits in the future related to the fires. She said it would be a decision made by the City Council. Commissioner de AElfweald asked that if the County does come up with rules on how they are going to manage that if she could bring those to the Planning Commission so they can make a proposal to the City on how they could do something similar. Ms. Fields agreed.

Chair Milch said some of the items they had hearings on were recommendations to the City Council – he asked if Ms. Fields would be the staff person when they hold hearings in the near future. She said she is coordinating with Ms. Betz on that – she will be attending the Council meeting on October 13th regarding the re-zoning/land use permit that was discussed last month.

Commissioner de AElfweald made a motion to approve the August 2020 Planning Report. Motion was seconded by Commissioner Poole. Motion passed unanimously.

3. PUBLIC HEARING – FILE Z0321-20-M:

This is to consider partition of 0.55-acre property into three parcels, including accessing the two newly created parcels from Glen Echo Avenue and the third parcel from Portland Avenue – 18245 Portland Avenue.

Chair Milch opened the public hearing.

He went over the public hearing procedure.

He asked if any member of the Planning Commission intended to abstain from participation in this hearing for any reason – none did. He asked if any member of the Planning Commission has a conflict of interest regarding this issue – none did.

He asked if anyone had any ex parte contact, including visits to the site, or any contacts they've had with people involved or people who have an opinion about this issue that were outside of the normal hearing process. Commissioner Langston had no ex parte contact. Commissioner Natalie Smith had no ex parte contact and she has driven past the site. Commissioner de AElfweald had no ex parte contact. Commissioner Poole had no ex parte contact and he has visited the site. Commissioner Patrick Smith had no ex parte contact and he has driven by the site multiple times. Commissioner Williams had no ex parte contact and he has been by the site many times. Chair Milch had no ex parte contact and has driven by the site hundreds of times and visited it last week. Chair Milch asked if there were any challenges to any of the declarations or anyone who believes that a Commissioner should not participate in this hearing – there were none.

Chair Milch reminded everyone that in this kind of land use hearing if you testify you must raise all issues you wish to address at this hearing. If your issue is not raised at this hearing it cannot be raised later in any appeal. Your comments should state why the application should or should not be approved and include your proposed modifications you believe are necessary for approval according to the standards. Because this is the initial evidentiary hearing state law grants any party the right to request a continuance of this hearing or ask that the record remain open after the hearing is closed. If you do not raise specific issues at the final evidentiary hearing or by the close of the record or fail to provide statements or evidence to allow the local government or its designee to respond to the issue you will not be able to appeal the decision to the Land Use Board of Appeals based on that particular issue. Failure of the applicant to raise constitutional or other issues relating to proposed conditions of approval with sufficient specificity to allow the local government or its designee to respond to the issue precludes an action for damages in circuit court.

Ms. Fields went over the staff report. The parcel is at the intersection of Portland Avenue and Glen Echo Avenue. The proposal is to divide the parcel into three lots. The current zoning for that parcel is R-7.2 and it is a low-density residential property in the Comprehensive Plan. The property is not subject to environmental overlays (it does not have any known wetlands per their data), although the Glen Echo wetland is down the road. Public notice was sent to adjacent property owners within 250 feet of the subject property and Department Heads. They received comments from Clackamas County and a combined comment from Engineering and Public Works. They also received comments from a neighbor who has concerns regarding the safety of the road. The R-7.2 zoning district creates the framework for dividing this parcel and it requires a minimum lot area of 7,200 square feet. For a two-family or multi-family dwelling the minimum lot area is 3,600 feet per dwelling unit. The proposed partition includes one lot that is 7,200 square feet (Lot 1), Lot 2 is proposed at 7,209 square feet, and Lot 3 is proposed for 8,009 square feet. The Gladstone Municipal Code (GMC) is set up so that development standards are often required at the partition/land division timeline, so in the staff report she went through all the applicable

development standards that apply to this partition. The partition of land requires street frontage improvements, ADA accessibility requirements, water/sanitary sewer, and things that may not come into play until the buildings are actually constructed. However, the only time to address it, per the zoning regulations, is during the land division process. There are fourteen special conditions – thirteen of those are addressing Section 17.42.030, which is that any supplemental design and construction specifications adopted by the City shall be met. Item #14 is the pre-construction conference for the applicants to meet with the City to ensure that all the lighting, water, sewer, right-of-way, easements, and street improvements and their construction plans meet the requirements of the City. A lot of the development standards address parking, pedestrian circulation, streets, and roads and the connection to streets and roads. There is an odd situation here because Glen Echo is inside the City limits of Gladstone, but it is a County road. The applicant received a driveway permit from Clackamas County to access the properties off of Glen Echo, however, the ultimate goal of having an unobstructed sidewalk on both sides, easements that allow for public utilities and public use of the sidewalk, ADA ramps at the intersection of Portland Avenue, driveway aprons, and easements for the road to be wide enough are shown on the design that was submitted by the applicant. The proposal includes two off-street parking spaces per two-family dwelling – the code requires 1.5 so they are proposing extra parking. She went over the frontage improvements that are identified on their site plan. The applicant is proposing to address storm water and erosion control during the building permit process and are proposing to use the existing utility pole to add a streetlight near the intersection of Portland Avenue/Glen Echo. Once the property is partitioned and there is a new property line the accessory structure that is currently there will have to be removed. She anticipates that water/sewer may have to be addressed at the building permitting process stage because there is an existing house that is accessed off of Portland Avenue. Section 17.64.030 provides the parameters for building sites, including the lot size, width, shape, and orientation. She went over the size of the parcels. Since parcel 3 is a corner lot the GMC requires a minimum of 60 feet to ensure there is adequate space for developing a residential unit – because this parcel already has an existing dwelling unit on it that is one thing for the Planning Commission to consider when they are reviewing this partition (does it meet the intent and the minimum lot depth). The parcel depths all exceed 100 feet. All lots have the 20-foot minimum street frontage. She went over accessibility and said that none of the lots are through lots.

Staff recommendation is to approve the proposed project with the 14 special conditions of approval.

Commissioner de AElfweald asked for clarification on page 3-20, regarding 17.64.060, there was a comment regarding title requirement - about existing on or after the effective date, it said it didn't apply because it was years after the ordinance.

Ms. Fields agreed that “years after” would be after the date. She said the lot area requirements of the GMC are met, they are all above 7,200 square feet, there is no open space requirement for this type of development, so she thinks she read it wrong and apologized. She said it is not applicable because there is no dedicated open space in the Comprehensive Plan on this spot, there is no dedicated open space or required yard space that is required for this type of development, and the lot area is met. She can see that the reasoning is incorrect in the finding and she can clarify that before there is a decision for Chair Milch to approve.

Commissioner Williams asked if the only thing that is not according to code is the frontage on Glen Echo for the lot size. Ms. Fields said the frontage on Lot 3 has a bulb out on Glen Echo, which makes the corner lot narrower than 60 feet, however, there is a little extension from Lot 2 into Lot 3 so the resulting lot width for this piece of Lot 3 is only 51.76 feet. The other side is 71.7 feet. The code says: “to ensure there is enough space to meet the 20-foot street set-back on both sides to

allow the corner lot to be developable”. This corner lot is already developed with an existing home, so the intent of the 60-foot road frontage on corner lots would be to ensure there is enough space to be developed. The setbacks show a five-foot setback on the sides – the GMC says that the setback shall be 20% of the average lot width or 15 feet, whichever is less, and in no case shall the setback be less than 5 feet, so it meets the no less than 5 feet, but it doesn’t quite meet the setbacks. Setbacks can be addressed tonight or during the building permitting process. Commissioner Williams said he likes how they utilized the space for additional parking.

Chair Milch asked if tonight is the Planning Commission’s bite at the apple and beyond this, when it gets to permitting, it would be done at the staff level and coordinated with City staff – Ms. Fields confirmed that. Any modifications/additions made to the conditions of approval would go with the final decision and the final land use decision is referred back to during the building permitting process and they are unable to get their final occupancy until all of the special conditions of approval are met, so that is where special condition of approval #14 comes into play.

APPLICANT TESTIMONY:

Bruce Goldson, Theta Engineering, said the existing house is to remain. The additional parking affords them with opportunities to avoid parking on the street. He has worked with Clackamas County regarding their concerns pertaining to Glen Echo. There may be some sidewalk adjustments made on Portland Avenue to avoid obstruction and make it the proper width. The duplexes are what the applicant would like to build. The bump-out is necessary to achieve their minimum lot areas for all three parcels. He feels the road will be much safer so he’s not sure what the concerns of the neighbor are. The existing utility pole they would like to use for a streetlight is located on the opposite side of Portland Avenue – it would light the intersection. There was discussion regarding work that was done on an adjacent property last year.

The applicants, Zach and Jason Francis, said the auxiliary structure will be taken down.

PUBLIC COMMENTS:

Commissioner Patrick Smith said a letter came in via Ms. Betz – it mentions issues with the storm drain being inadequate and a speed sign that is hidden in shrubbery. He doesn’t feel these issues are in the purview of the Planning Commission. Chair Milch agreed that the issues don’t have anything to do directly with this application. City staff should follow up regarding these issues.

APPLICANT REBUTTAL:

None.

Commissioner de AElfweald made a motion to close the public hearing. Motion was seconded by Commissioner Patrick Smith. Motion passed unanimously.

DISCUSSION:

Ms. Fields said that staff is recommending approval of the proposed partition.

Chair Milch asked how the Commissioners felt about the 60-foot frontage. Commissioner de AElfweald said they are looking at two options. One is either Lot 3 has the proper setback on this lot so that future development could happen or two, Lot 2 doesn’t have enough space to meet the R-7.2 guidelines. He would prefer that Lot 2 have the amount of space that is required by the guidelines because Lot 3 is already built out. Commissioner Langston agreed. Chair Milch asked if it’s typical to look at a weighted average of the width of the site to meet a minimum requirement – Ms. Fields said that usually when it’s clearly stated that the minimum is 60-foot road frontage that is the case, but it is also the case that it says that it is the situation, for corner lots to ensure that

future development can take place. She feels that since in this case it's already developed, they are following the intent of the ordinance if they approve it as proposed. Future development would not be allowed to have a driveway onto Glen Echo or this parcel because of distance to an intersection. There appears to be enough space in the back for a dwelling currently and if one was to be replaced it would have to meet setback requirements and it would have enough space to do so where the current house is. Chair Milch asked if the Commissioners agreed with the recommendation that this condition has been met by the proposed siting. There were no objections.

Chair Milch asked if any Commissioners had concerns regarding the five-foot setbacks between properties. Commissioner de AElfweald said they are generally for service access and he feels that the four duplexes have enough service access as they are, but he doesn't think the five-foot on the other side provides a lot of benefit considering it's the back of the other house rather than the side. He doesn't think service utilities would be trying to use that side of the building for access or that they would be trying to put a road through that section either. He does not have concerns about that setback on that side. Commissioner Langston agreed. Commissioner de AElfweald said they might want to make sure that the section in the middle is accessible for utility service if that is where the gauges/meters are going to be.

Chair Milch asked if there were any other concerns about any of the other conditions.

Commissioner de AElfweald congratulated the applicants on the parking – he is really pleased to see that there are four off-street parking spaces. Commissioner Poole said the parking is well covered. He asked if the City had any plans that could be correlated with this in terms of street improvements coming up – Ms. Fields said that Glen Echo is a County road. The additional right-of-way that would be required for the County would also meet the needs of the City if the City were to take over the ownership of the road. The sidewalk is an improvement to what is currently there. She is not sure of anything regarding City intent that would be contrary to what is being proposed, especially since it's a County road.

Commissioner de AElfweald said it also provides good access for the Fire Department. Chair Milch said that having two duplex properties in the R-7.2 zone is part of the goal of the HB-2001; to allow the missing middle-type housing. He said they fit better here than they might in other neighborhoods.

Commissioner Langston made a motion to approve the three-lot partition application Z0321-20-M and recommend the following findings and following 14 conditions in support of approval. Motion was seconded by Commissioner Williams. Ms. Bannick took a roll call vote: Commissioner Langston – yes. Commissioner Natalie Smith – yes. Commissioner de AElfweald – yes. Commissioner Poole – yes. Commissioner Williams – yes. Commissioner Patrick Smith – yes. Chair Milch – yes. Motion passed unanimously.

4. REVIEW OF ACCESSORY DWELLING UNIT (ADU) ZONING UNDER OREGON CITY MUNICIPAL CODE:

Chair Milch said there were some people who expressed an interest in having accessory dwelling units (ADU's) in their homes. There was a concern that the 400 square foot maximum that is currently in the code would not work for them. Chair Milch looked at the code from Oregon City. Their code says the gross floor area of an ADU shall not be more than 800 square feet or 60% of the gross floor area of the principle dwelling unit, whichever is less. Conversion of an existing basement to an ADU shall be exempt from these size limits provided that no new floor area will be added with the conversion. He feels this addresses some of the issues that had come up in earlier discussions.

Commissioner de AElfweald said that an attic would theoretically have the same issue. Commissioner Poole said the 400 square feet is totally unworkable, but the formula with the 60% or 800 square feet would make sense. Regarding Oregon City's code, he likes what he's seeing. Commissioner Langston agreed. Commissioner de AElfweald said issues might come up with split level homes. Chair Milch said the same issues would apply to walk-out basements as well. He said Oregon City's code has a good definition of what an ADU is. He added that Oregon City's website has some nice full-color explanatory information about ADU's – what they are, what they are not, photographs, examples of different types, etc. Commissioner de AElfweald said it seemed like Oregon City's definition of an ADU is more limited than Gladstone's (theirs is residential only).

Chair Milch just wanted to expose the Planning Commission to some of the language that's out there that might be helpful to them as they look ahead.

Commissioner de AElfweald said they will want to discuss the topic of foundations as well.

BUSINESS FROM THE PUBLIC:

None.

BUSINESS FROM THE COMMISSION:

Commissioner de AElfweald:

He said in regard to the wildfire emergency alert system that a lot of people got confused because the Clackamas County alert system sent out multiple alerts to Gladstone residents saying that they had moved to Level 2, but it wasn't actually them – it was their neighbors. A lot of people thought they were being upgraded and they weren't. He doesn't know if that is something they can improve, but maybe there is something they can do as far as a City alert system that people can subscribe to. Maybe as a City they should be planning ahead for next year's wildfire season. Commissioner Natalie Smith said that the imminent/extreme alerts that she received on her cell phone clearly stated what areas were effected. Chair Milch said the City has its own emergency preparedness committee. Commissioner Langston said that the City did an amazing job of keeping people informed/updated on Twitter and it minimized the amount of hysteria that was being caused during that time. He commended whoever was responsible for providing that information. Chair Milch agreed. Ms. Bannick said they worked very hard and tried their very best to make sure that residents were aware that they didn't increase in their levels.

Commissioner Poole:

He said he has been working with some folks who were displaced, and his thoughts are with them. One of his friends has been struggling since losing her home. He got a call tonight that she has found some accommodations at the Adventist Campgrounds – he thinks it's great the community has come together, and we need to take care of our neighbors.

Commissioner Williams:

He thinks that putting the duplexes in across from the other duplexes is a great use of the space. He thinks that with their ability to provide great parking it's going to be a nice feature for the City. Chair Milch said during the Housing Needs Analysis meeting recently they used the term “partially vacant land” – land that already has a house on it, but it's large enough to be sub-divided into smaller parcels that could be developed and this was an example of that. He said we're moving in the direction of fulfilling our housing needs for the long term through what they approved tonight.

Commissioner Patrick Smith:

He asked Ms. Bannick if there was a link to the Thursday meeting on the City’s website – she said it should be posted on the website and she will make sure that it is sent out to all the Commissioners tomorrow. He asked Chair Milch if he could include a discussion regarding parking into a future agenda. Chair Milch said he would. He said he has had discussions with the Library Board and the Library Task Force to emphasize the importance of trying to get a decision on where parking for the new library would best go. He said the City has not made a decision as to whether the current library is going to be used for parking in the future. He said that parking is a big issue and he will try to come up with some reading material for the Commission to look at.

Commissioner Natalie Smith:

She asked if the meeting on Thursday, September 17th is a required meeting for the Planning Commission – Chair Milch said it is. It begins at 5:30 p.m. He said that hearing the public comments would be helpful for them in making decisions in the future.

Councilor Mersereau:

He said he appreciates the comments and involvement by the Planning Commission, and it sounds like they are doing a good job. He was concerned about the Portland Avenue project, but he believes it’s pretty well covered.

ADJOURN:

Commissioner Patrick Smith made a motion to adjourn the meeting. Motion was seconded by Commissioner Natalie Smith. Motion passed unanimously.

Meeting adjourned at approximately 8:05 P.M.

Minutes approved by the Planning Commission this _____ day of _____, 2020.

Michael Milch, Chair



REGULAR AGENDA



City of Gladstone Monthly Report September 2020

PUBLIC CONTACTS/PLANNING ACTIONS

CUSTOMER CONTACT/ Planning Actions	January	February	March	April	May	June	July	August	September	YEAR TOTALS
Customer Service Counter Contacts	5	10	1	0	0	0	1	1	0	18
Customer phone/email Contacts	43	66	62	34	49	83	53	44	56	490
Building Permits with Land Use Review	5	4	11	3	0	4	1	2	6	36
Pre-application Conferences	1	0	0	0	0	0	0	0	1	2
Administrative Decisions	2	1	1	0	0	1	0	0	1	6

PLANNING COMMISSION ACTIONS/DECISIONS

- Held Public Hearing for three lot partition on Glen Echo (Z0321-20) – approved partition.

CITY COUNCIL LAND USE ACTIONS/DECISIONS

PRE-APPLICATION CONFERENCES

- ZPAC 078-20 – conditional use process for a potential day care

ADMINISTRATIVE PERMITS

- Z0378-20 – sign for Oregon Vacuums on 82nd Dr.

BUILDING PERMITS WITH LAND USE REVIEW

SEPTEMBER

Date	Address	Building Permit #	Description
9/10/2020	580 Collins Crest	B0382920	Fire Damage repair
9/10/2020	540 E Arlington St	B0309320	Remodel
9/18/2020	435 W. Berkeley	B0418820	Demo of a garage
9/24/2020	735 W Clarendon St	B0430720	Tenant improvement (Shell building Z079-19)
9/24/2020	19575 River Rd	B0414320	Shed
9/29/2020	430 W. Arlington	B0442819	ICSB Building (Z0425-19)

FUTURE ITEMS/PROPERTY UPDATES

Date	Topic
10/20/2020	Gladstone Severely Rent Burdened Public Hearing - to be held prior to Planning Commission Meeting
10/20/2020	Gladstone Housing Needs Analysis Public Hearing

City of Gladstone

2021-2041 Housing Needs Analysis

October 2020

Prepared for: City of Gladstone

Draft Report



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Executive Summary

The primary goals of this Housing Needs Analysis was to (1) project the amount of housing needed to accommodate future housing needs in Gladstone, (2) evaluate the existing supply of residential land within Gladstone to determine if it is adequate to meet that need, and (3) fulfill state planning requirements for a twenty-year supply of residential land.

How much housing will Gladstone need?

In Gladstone, growth in housing will be driven by growth in households. The number of households in Gladstone’s city limits is forecast to grow from 4,573 to 4,894 households, an increase of 321 households between 2021 and 2041. To accommodate new households in Gladstone’s city limits, the City will plan for 321 new dwelling units. Historically, about 72% of Gladstone’s housing was single-family detached. To meet the City’s future housing needs, Gladstone will plan for more single-family attached housing and multifamily housing (of all types). Exhibit 1 presents Gladstone’s housing forecast.

Exhibit 1. Gladstone Housing Forecast and Future Housing Mix, Gladstone City Limits, 2021 to 2041
Source: ECONorthwest.

Housing Type:	Housing Mix:	Housing Forecast:
Single-Family Detached Units 	40%	128
Single-Family Attached Units 	10%	32
Duplex, Triplex, Quadplex Units 	10%	32
Multifamily Units 	40%	128

How much buildable residential land does Gladstone have?

Gladstone has a limited residential land supply available for new housing development. Of Gladstone’s 16 unconstrained buildable residential acres, about 9% are in tax lots classified as vacant and 91% are in tax lots classified as partially vacant.

Exhibit 2. Buildable Acres in Vacant and Partially Vacant Tax Lots by Plan Designation, Gladstone City Limits, 2020

Source: Metro; ECONorthwest analysis. Note: values may not sum due to rounding.

Plan Designation	Total buildable acres	Buildable acres on vacant lots	Buildable acres on partially vacant lots
Residential			
Low Density Residential	14	1	13
Medium Density Residential	1	0	1
Total	16	1	14

How much land will be required for housing?

Gladstone does not have sufficient land to accommodate development in the low-density, medium-density, and high-density plan designations.

- Low Density residential has a deficit of capacity of 30 dwelling units, meaning the City has an approximate deficit of six gross acres of low-density land, at an average density of 5.2 dwelling units per gross acre.
- Medium Density residential has a deficit of capacity of 90 dwelling units, meaning the City has an approximate deficit of 10 gross acres of medium-density land, at an average density of 8.9 dwelling units per gross acre.
- High Density residential has a deficit of capacity of 125 dwelling units, meaning the City has an approximate deficit of five gross acres of high-density land, at an average density of 24.9 dwelling units per gross acre.

Exhibit 3. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Gladstone City Limits, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Residential Plan Designation	Capacity (Dwelling Units)	Demand (Dwelling Units)	Comparison (Capacity minus Demand)	Land Deficit (Gross Acres)
Low Density	66	96	(30)	(6)
Medium Density	10	100	(90)	(10)
High Density	-	125	(125)	(5)
Total	76	321	(245)	-

What are the conclusions of Gladstone’s Housing Needs Analysis?

Gladstone has an unmet need for affordable housing (for renters and homeowners). About 44% of Gladstone’s households are cost burdened. About 62% of renters are cost burdened and 31% of owners are cost burdened, meaning they spend more than 30% of their incomes on housing costs. In addition, a majority of Gladstone’s residents commute outside of the city to get to their jobs—meaning they are also spending a portion of their incomes on transportation costs (further impacting household budgets). Gladstone’s share of cost-burdened households is slightly more than other communities in Clackamas County.

Based on a comparison of Gladstone’s demand for housing (321 new dwelling units between 2021 and 2041) and capacity for housing on buildable residential lands in the city, this report finds that Gladstone has a deficit of housing capacity in each of its residential plan designations.

Gladstone is unable to meet the requirement in OAR 660-007 to provide opportunity for the development of housing at an overall average density of 8 dwelling units per net acre. Gladstone’s overall average net density on vacant land is 5.3 dwelling units per net acre. Given that 14 of Gladstone’s vacant acres are in the low-density plan designation, it is not surprising that Gladstone’s average density is below the eight dwelling units per net acre required in OAR 660-007.

Gladstone’s problem is not the allowed densities in its plan designations but the lack of buildable land. **If Gladstone had enough vacant land or had enough redevelopment to meet the land deficits shown in Exhibit 65, the average development density would be 9.1 dwelling units per net acre.**

1. Introduction

This report presents Gladstone’s Housing Needs Analysis for the 2021 to 2041 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing), OAR 660 Division 7, and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

In 2019, Gladstone received a baseline Housing Needs Analysis as part of Clackamas County’s Regional Housing Needs Analysis. The baseline analysis was not a full housing needs analysis in that it did not incorporate local input on the analysis of needed housing and direction from decision makers about future housing policies. The baseline analysis did, however, provide information to begin those discussions. This report is a full Goal 10–compliant Housing Needs Analysis for Gladstone, based on the baseline analysis.

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

Framework for a Housing Needs Analysis

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

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing markets in Clackamas County and Gladstone are the result of the individual decisions of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in Gladstone between 2021 and 2041. These housing types include single-family detached, single-family attached, and multifamily (including duplexes, triplexes, and quadplexes, in addition to buildings with more

than five units). This report discusses these housing types in detail, as well as the range of affordability issues that will affect Gladstone households in the 2021 to 2041 period.

The complex nature of the housing market, demonstrated by the unprecedented boom-and-bust during the past decade, does not eliminate the need for some type of forecast of future housing demand and need. This includes resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need. Thus, we start our housing analysis with a framework for thinking about housing and residential markets and how public policy affects those markets.

Statewide Planning Goal 10

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

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).¹ Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households. Jurisdictions located in the Metro Urban Growth Boundary (UGB) are also required to comply with Metropolitan Housing in OAR 660-007 and Title 7 of Metro’s Urban Growth Management Functional Plan in the Metro Code (3.07 Title 7).

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

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy.
- (b) Government-assisted housing.²
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.

¹ ORS 197.296 only applies to cities with populations over 25,000.

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

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

Gladstone must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This Housing Needs Analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes. In addition, this analysis assumes that Gladstone will meet the requirements of House Bill 2001 to allow “missing-middle” housing types (including duplexes, triplexes, quadplexes, town houses, and cottage clusters) in zones where single-family detached housing is allowed. In addition, this analysis assumes that Gladstone will implement the policies necessary to do so by June 30, 2022 (as required in the Bill).

The Metropolitan Housing Rule

OAR 660-007 (the Metropolitan Housing Rule) is designed to “assure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land within the Metropolitan Portland (Metro) urban growth boundary.” OAR 660-0070-005(12) provides a Metro-specific definition of needed housing:

"Needed Housing" defined. Until the beginning of the first periodic review of a local government's acknowledged comprehensive plan, "needed housing" means housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.

The Metropolitan Housing Rule also requires cities to develop residential plan designations:

(1) Plan designations that allow or require residential uses shall be assigned to all buildable land. Such designations may allow nonresidential uses as well as residential uses. Such designations may be considered to be "residential plan designations" for the purposes of this division. The plan designations assigned to buildable land shall be specific so as to accommodate the varying housing types and densities identified in OAR 660-007-0030 through 660-007-0037.

OAR 660-007 also specifies the mix and density of new residential construction for cities within the Metro UGB:

“Provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing or justify an alternative percentage based on changing circumstances” (OAR 660-007-0030 (1)).

OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Gladstone’s average density target is eight dwelling units per net buildable acre.³

³ OAR 660-024-0010(6) defines net buildable acres as “43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.”

Metro Urban Growth Management Functional Plan

The Metro Urban Growth Management Functional Plan describes the policies that guide development for cities within the Metro UGB to implement the goals in the Metro 2040 Plan.

Title 1: Housing Capacity

Title 1 of Metro's Urban Growth Management Functional Plan is intended to promote efficient land use within the Metro UGB by increasing the capacity to accommodate housing capacity. Each city is required to determine and maintain its housing capacity based on the minimum number of dwelling units allowed in each zoning district that permit residential development.

Title 1 requires that a city adopt minimum residential development density standards by March 2011. If the jurisdiction did not adopt a minimum density by March 2011, the jurisdiction must adopt a minimum density that is at least 80% of the maximum density.

Title 1 provides measures to decrease development capacity in selected areas by transferring the capacity to other areas of the community. This may be approved as long as the community's overall capacity is not reduced.

Metro's 2017 *Compliance Report* concludes that Gladstone is in compliance for the City's Title 1 responsibilities.

Title 7: Housing Choice

Title 7 of Metro's Urban Growth Management Functional Plan is designed to ensure the production of affordable housing in the Metro UGB. Each city and county within the Metro region is encouraged to voluntarily adopt an affordable housing production goal.

Each jurisdiction within the Metro region is required to ensure that their comprehensive plans and implementing ordinances include strategies to:

- Ensure the production of a diverse range of housing types;
- Maintain the existing supply of affordable housing, increase opportunities for new affordable housing dispersed throughout their boundaries; and
- Increase opportunities for households of all income levels to live in affordable housing (3.07.730).

Metro's 2017 *Compliance Report* concludes that Gladstone is in compliance for the City's Title 7 responsibilities.

Title 11: Planning for New Urban Areas

Title 11 of Metro's Urban Growth Management Functional Plan provides guidance on the conversion of land from rural to urban uses. Land brought into the Metro UGB is subject to the provisions of section 3.07.1130 of the Metro Code, which requires lands to be maintained at

rural densities until the completion of a concept plan and annexation into the municipal boundary.

The concept plan requirements directly related to residential development are to prepare a plan that includes:

- 1) A mix and intensity of uses that make efficient use of public systems and facilities;
- 2) A range of housing for different types, tenure, and prices that addresses the housing needs of the governing city; and
- 3) Identify goals and strategies to meet the housing needs for the governing city in the expansion area.

Organization of This Report

The rest of this document is organized as follows:

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

2. Buildable Lands Inventory

This chapter provides a summary of the residential buildable lands inventory (BLI) for Gladstone. This buildable lands inventory analysis complies with statewide planning Goal 10 policies that govern planning for residential uses. The detailed methodology used to complete the buildable lands inventory is presented in Appendix A.

Oregon Administrative Rules provide guidance on conducting residential BLIs:

OAR 660-008-0005(2):

“Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered “suitable and available” unless it:

- (a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
- (b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;*
- (c) Has slopes of 25 percent or greater;*
- (d) Is within the 100-year flood plain; or*
- (e) Cannot be provided with public facilities.*

First, the analysis established the residential land base (parcels or portion of parcels with appropriate zoning), then it classified parcels by buildable status, identified/deducted environmental constraints, and lastly summarized total buildable area by plan designation. The results of the BLI presented in this chapter reflect updates since the 2019 analysis completed for Gladstone as part of the Clackamas County Regional Housing Need Analysis.

Definitions

ECONorthwest completed a BLI for Gladstone and relied on the following key definitions. Detailed descriptions of these definitions are included in Appendix A, but they are based on the general definitions below.

- **Vacant land.** Tax lots that have no structures or have buildings with very little improvement value are considered vacant. The status of vacant lots was verified in aerial imagery and via City staff review.
- **Partially vacant land.** Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land after removing constraints and developed land from the total acreage. This was refined through visual inspection of recent aerial photos and recent permit information provided by City staff.

- **Public or exempt land.** Lands in public or semipublic ownership are considered unavailable for residential development. This includes lands in federal, state, county, or city ownership as well as lands owned by churches and other semipublic organizations and properties with conservation easements. These lands are identified using Metro's definitions and categories and are verified by City staff.
- **Developed land.** Lands not classified as vacant, partially vacant, or public/exempt are considered developed.
- **Buildable land.** As described in the statute definition above, buildable residential land is the portions of vacant or partially vacant lots that have development capacity, less development constraints.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted the following constraints from the buildable lands inventory and classified those portions of tax lots that fall within the following areas as constrained, unbuildable land:

- *Lands within floodplains and floodways.* Flood Insurance Rate Maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways and 100-year floodplains, as well as lands identified in Metro's Title 3 Stream and Floodplain Protection Plan.
- *Land within natural resource protection areas.* The combined regional and national wetlands shapefile, available from Metro RLIS, was used to identify areas within wetlands. Riparian corridors and other natural resource areas identified in Metro's Title 13 shapefile were also considered undevelopable for the purposes of this inventory.
- *Land with slopes over 25%.* Lands with slopes over 25% are considered unsuitable for residential development.

Buildable Lands Inventory Results

Land Base

The land base for the Gladstone residential BLI includes all tax lots in the city limits in residential plan designations. Per Goal 10, this includes all lots (or portions of lots) with residential and other nonemployment plan designations where residential uses are planned for and allowed by the implementing zones. This BLI includes lands in the following plan designations or zones:

- Low Density Residential
- Medium Density Residential
- High Density Residential
- Central Commercial
- General Commercial
- Open Space

Exhibit 4 shows the land base by generalized plan designation in the UGB. There are 3,271 tax lots in the land base, accounting for 863 acres.

Exhibit 4. Residential Tax Lots and Acres by Plan Designation, Gladstone City Limits, 2020
Source: Metro BLI; ECONorthwest analysis.

Generalized Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent
Residential				
Low Density Residential	2,071	63%	579	67%
Medium Density Residential	1,121	34%	173	20%
High Density Residential	70	2%	100	12%
Commercial				
Central Commercial	1	0%	0	0%
General Commercial	4	0%	8	1%
Other				
Open Space	4	0%	3	0%
Total	3,271	100%	863	100%

Development Status

We used the classifications from the Metro BLI (defined in the methods and definitions in Appendix A) to define an initial development status. Then, we used a rapid visual assessment method to confirm this development status using aerial imagery. After City staff reviewed the classifications, we applied the development constraints to calculate unconstrained buildable land.⁴

Exhibit 5 shows development status with constraints applied and the resulting buildable acres. Of the 863 total acres in the land base, 668 are committed acres, 179 are constrained acres, and 16 are buildable acres.

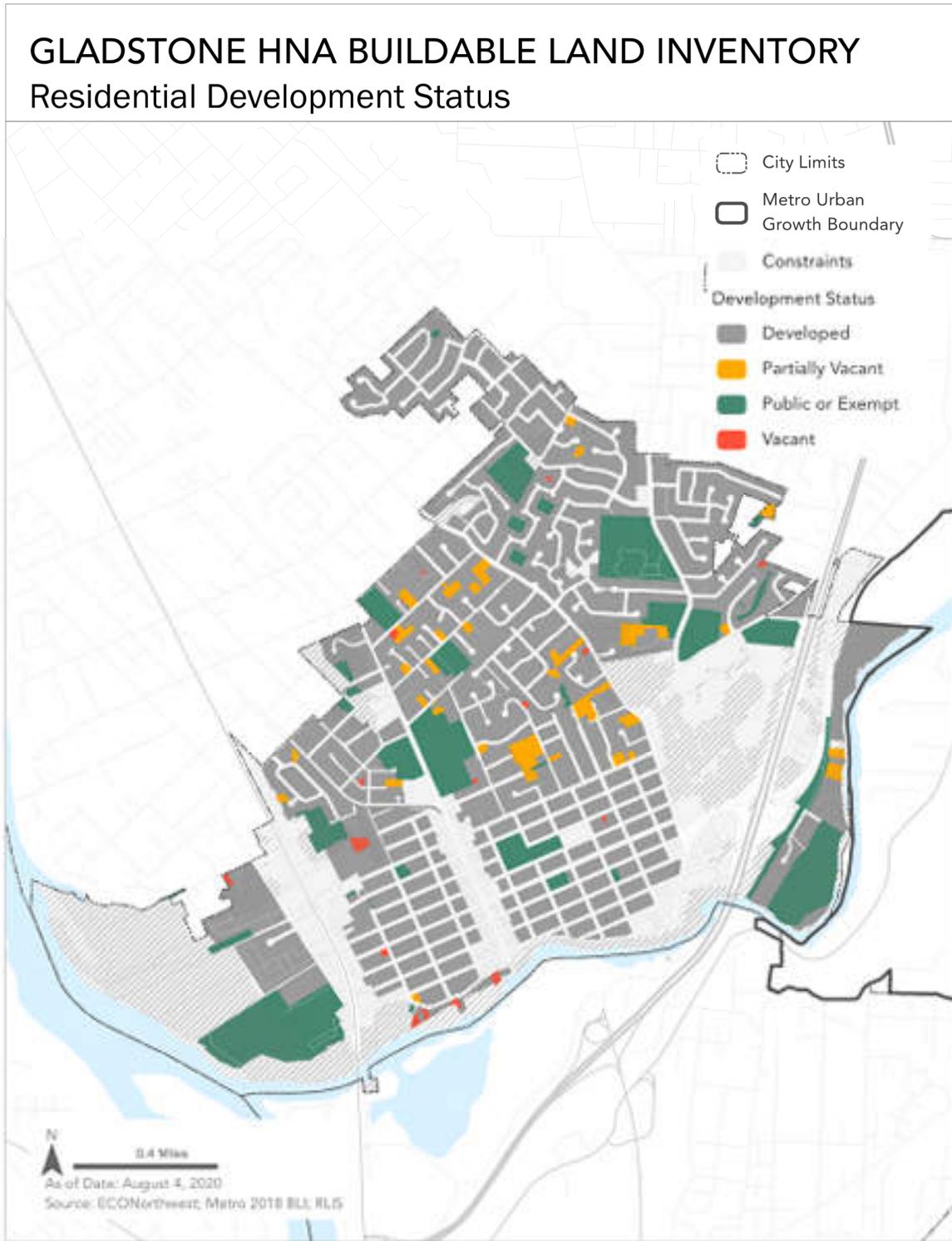
Exhibit 5. Development Status with Constraints, by Plan Designation, Gladstone City Limits, 2020
Source: Metro BLI; ECONorthwest analysis. Note: values may not sum due to rounding.

Generalized Plan Designation	Total acres	Committed acres	Constrained acres	Buildable acres
Residential				
Low Density Residential	579	441	123	14
Medium Density Residential	173	165	7	1
High Density Residential	100	55	45	0
Commercial				
Central Commercial	0	0	0	0
General Commercial	8	5	3	0
Other				
Open Space	3	3	1	0
Total	863	668	179	16

Exhibit 6 shows residential land by development status with constraints overlaid.

⁴ In the 2020 update of the BLI, we reviewed updated information for lots where development occurred since the 2019 BLI. City staff again verified the classifications based on local context.

Exhibit 6. Residential Land by Development Status, Gladstone City Limits, 2020



Vacant Buildable Land

Exhibit 7 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant and partially vacant land by plan designation. Of Gladstone’s 16 unconstrained buildable residential acres, about 9% are in tax lots classified as vacant and 91% are in tax lots classified as partially vacant.

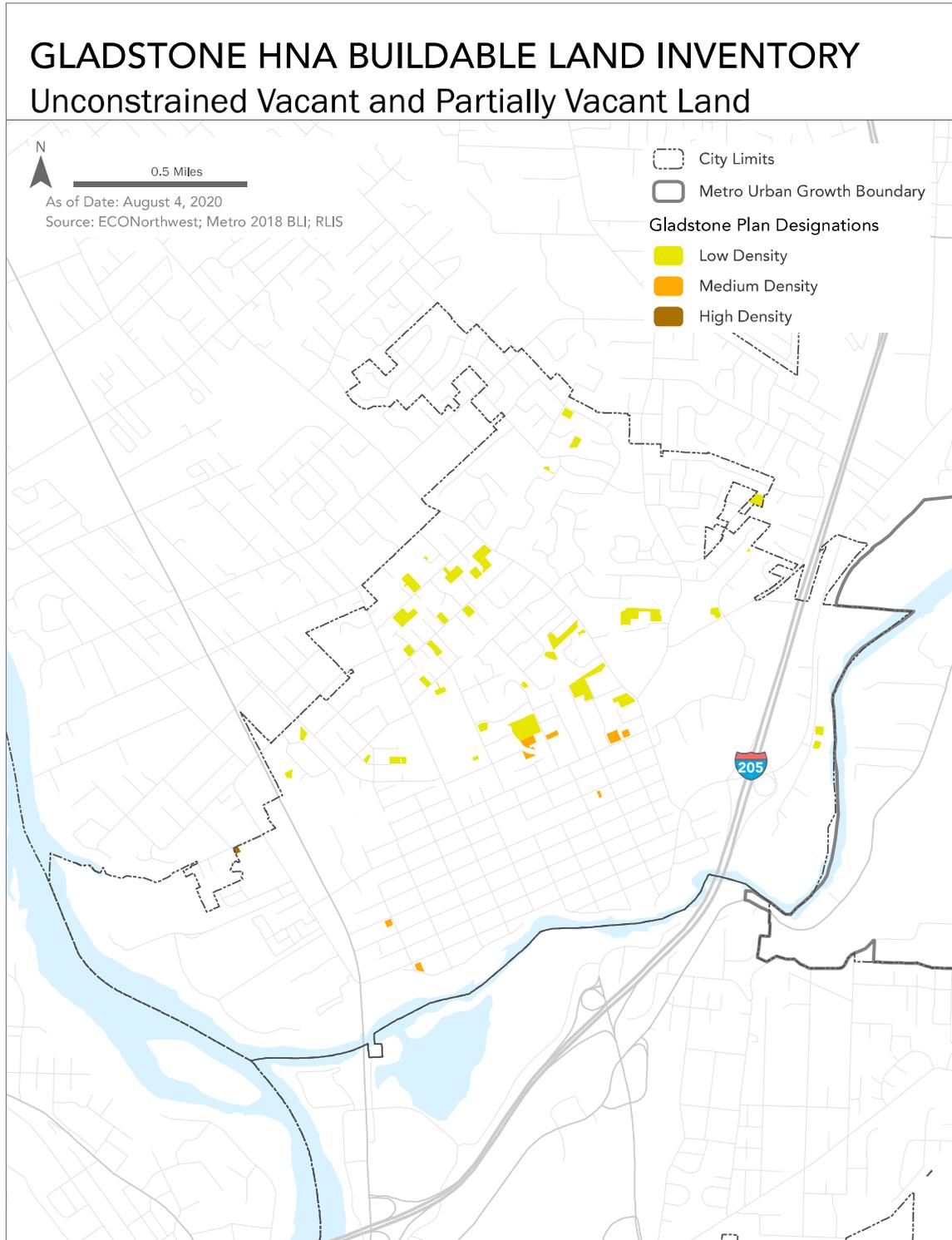
Exhibit 7. Buildable Acres in Vacant and Partially Vacant Tax Lots by Plan Designation, Gladstone City Limits, 2020

Source: Metro; ECONorthwest analysis. Note: values may not sum due to rounding.

Plan Designation	Total buildable acres	Buildable acres on vacant lots	Buildable acres on partially vacant lots
Residential			
Low Density Residential	14	1	13
Medium Density Residential	1	0	1
Total	16	1	14

Exhibit 8 shows Gladstone’s buildable vacant and partially vacant residential land.

Exhibit 8. Unconstrained Vacant and Partially Vacant Residential Land, Gladstone City Limits, 2020



3. Historical and Recent Development Trends

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

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

This Housing Needs Analysis examines changes in Gladstone's housing market from 2000 to 2017, as well as residential development from 2000 to 2019. We selected this time period because (1) the period provides information about Gladstone's housing market before and after the national housing market bubble's growth and deflation, as well as the more recent increase in housing costs, and (2) data about Gladstone's housing market during this period was readily available from sources such as the Census and RLIS.

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

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

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

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Multifamily** is separated into two subgroups of attached structures other than single-family detached units, manufactured units, or single-family attached units. The two

subgroups are defined as (1) duplexes, triplexes, and quadplexes and (2) multifamily buildings with five or more units.

In Gladstone, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above, as these housing types are regulated in the Gladstone Development Code in the same manner as any other housing type.

Data Used in This Analysis

Throughout this report, we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from two Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the United States. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the United States. From 2012–2016 to 2013–2017, the ACS sampled an average of 3.5 million households per year, or about 3% of the households in the nation. The ACS collects detailed information about households, such as demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.
- Metro’s **RLIS** database, which provides tax lot data for jurisdictions within the three-county metro area (including Clackamas County). We use RLIS tax lot data as a proxy for building permit data for Gladstone.
- **Zillow** databases, which are online platforms providing real estate and property owner data. We use these sources to collect housing sale price data in aggregate and by property.

In general, this report uses data from the 2012–2016 and 2013–2017 ACS. Much of the background data in this report was collected as part of the Clackamas County Regional Housing Needs Analysis, when 2012–2016 data was the most up-to-date data from the ACS. When creating Gladstone’s full Housing Needs Analysis, some critical data was updated in the 2013–2017 ACS as necessary,

Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points, this report includes population, income, and housing price data from the Oregon Office of Economic Analysis, the Oregon Bureau of Labor and Industries, the United States Department of Housing and Urban Development, RLIS, Costar, and Zillow. It also uses the Oregon Department of Housing and Community Services' Affordable Housing Inventory and Oregon's Manufactured Dwelling Park Inventory.

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

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

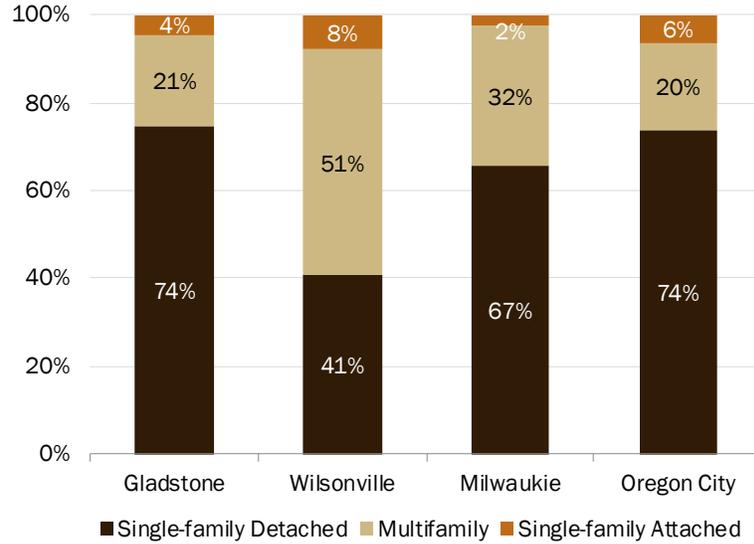
⁵ A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." <https://www.census.gov/library/publications/2009/acs/state-and-local.html>

Housing Mix

About three-quarters of Gladstone’s housing stock was single-family detached housing.

Exhibit 9. Housing Mix, Gladstone, Wilsonville, Milwaukie, Oregon City, 2013–2017

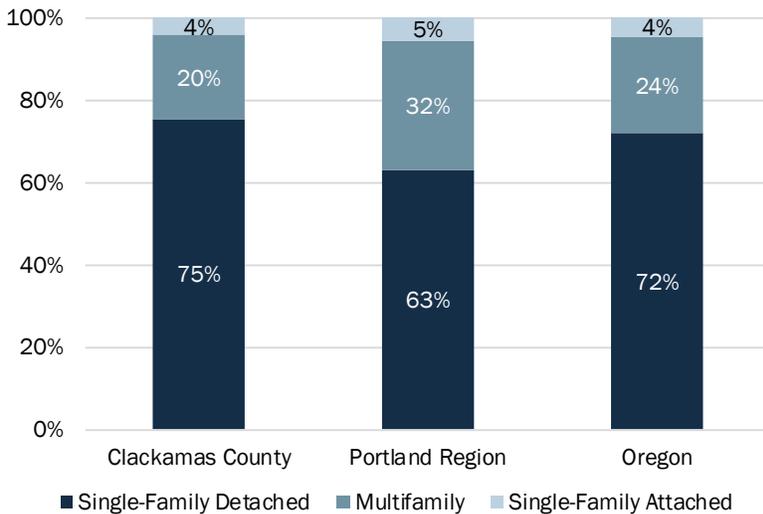
Source: U.S. Census Bureau, 2013–2017 ACS Table B25024.



Gladstone’s housing mix was similar to Clackamas County’s and Oregon’s housing mix.

Exhibit 10. Housing Mix, Clackamas County, Portland Region, Oregon, 2013–2017

Source: U.S. Census Bureau, 2013–2017 ACS Table B25024.



Housing Development

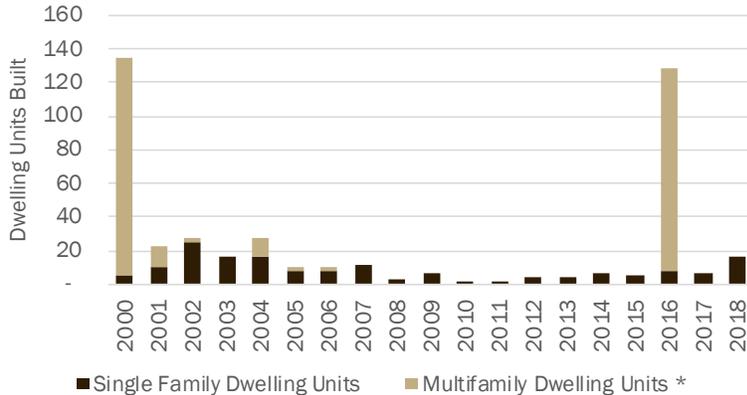
Over the 2000 to 2018 period, Gladstone had construction of 440 dwelling units, with an annual average of 24 units built.

Of these 440 units, about 37% were single-family dwelling units and 63% were multifamily dwelling units.

Exhibit 11. New Residential Dwelling Units Built, Gladstone, 2000 through 2020

Source: RLIS.

Note: data was pulled in May of 2020.



Housing Density

This section shows historic densities for new residential construction by housing type and by plan designation/zone. To conduct the analysis, we used the RLIS database. RLIS data is a proxy for building permit data, with an analysis period of 2000 to 2018.

The analysis shows that between 2000 and 2020, single-family housing averaged 4.7 units per net acre while multifamily housing averaged 16.5 units per net acre. Overall, in that period, Gladstone's average housing density was 8.7 units per acre.

Exhibit 12. Average Density of New Residential Construction Permitted by Type of Unit and Plan Designation, Gladstone, 2000 through 2020

Source: RLIS. Note: DU is dwelling unit.

Plan Designations / Zone	Single Family Dwelling Units			Multifamily Dwelling Units			Total, Combined		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Residential	154	32	4.8	155	6	24.5	309	39	8.0
Low Density	93	25	3.8	12	1	10.5	105	26	4.1
Medium Density	61	8	7.9	8	0	17.0	69	8	8.4
High Density	-	-	-	135	5	28.6	135	5	28.6
Commercial	4	1	3.7	123	10	11.7	127	12	11.0
Community Commercial	3	0	8.7	-	-	-	3	0	8.7
General Commercial	1	1	1.3	-	-	-	1	1	1.3
Industrial	-	-	-	123	10	11.7	123	10	11.7
Total	158	33	4.7	278	17	16.5	436	50	8.7

Housing Tenure

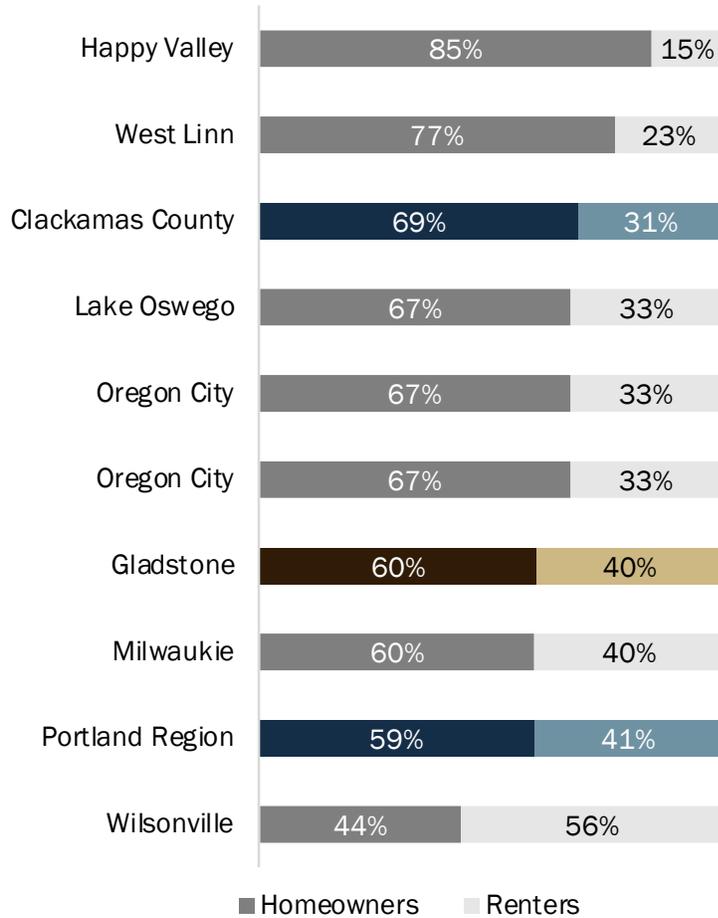
Housing tenure describes whether a dwelling is owner- or renter-occupied.

Approximately 60% of Gladstone residents are homeowners, which is comparable to the Portland region.

Within Clackamas County, 36% of cities have a homeownership rate of 71% or more, 50% of cities have a homeownership rate between 60% and 70%, and 14% of cities have a homeownership rate under 60%.

Exhibit 13. Housing Tenure, Clackamas County and Cities within the County, 2012–2016

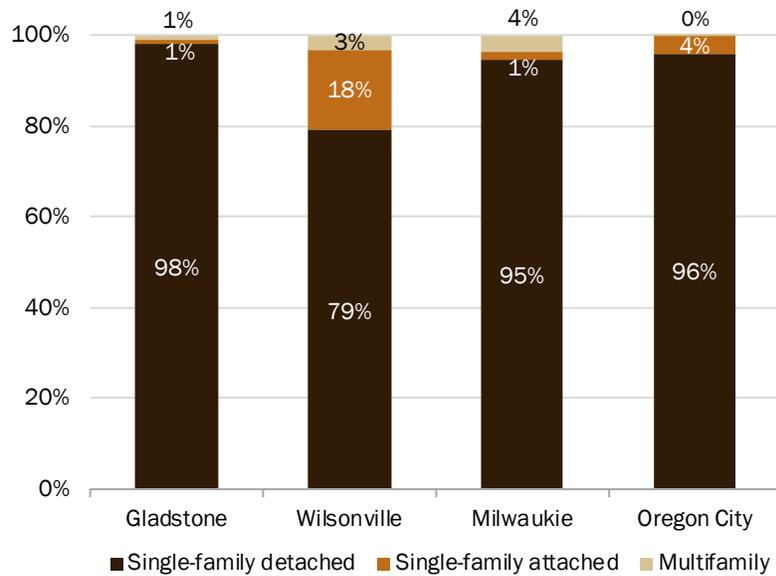
Source: U.S. Census Bureau, 2012–2016 ACS Table B25032.



Nearly all Gladstone homeowners lived in single-family detached housing.

Exhibit 14. Types of Units Occupied by Homeowners, Gladstone, Wilsonville, Milwaukie, Oregon City, 2012–2016

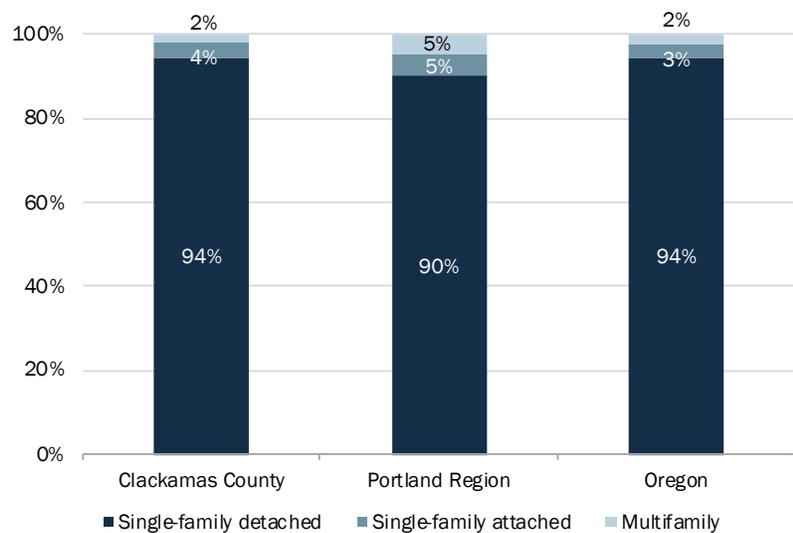
Source: U.S. Census Bureau, 2012–2016 ACS Table B25032.



Similar to Gladstone, nearly all homeowners in Clackamas County, the Portland region, and Oregon, lived in single-family detached housing.

Exhibit 15. Types of Units Occupied by Homeowners, Clackamas County, Portland Region, Oregon, 2012–2016

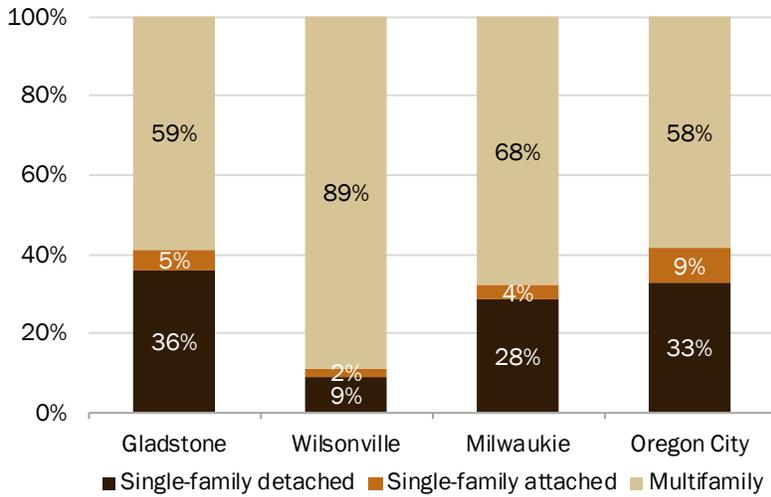
Source: U.S. Census Bureau, 2012–2016 ACS Table B25032.



In Gladstone, nearly 60% of renters lived in multifamily housing.

Exhibit 16. Types of Units Occupied by Renters, Gladstone, Wilsonville, Milwaukie, Oregon City, 2012–2016

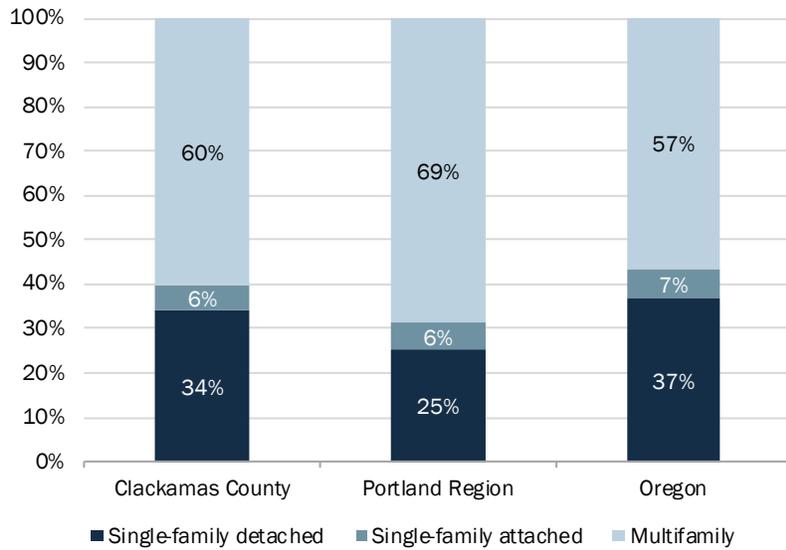
Source: U.S. Census Bureau, 2012–2016 ACS Table B25032.



Similar to Gladstone, nearly 60% of renters in Clackamas County lived in multifamily housing.

Exhibit 17. Types of Units Occupied by Renters, Clackamas County, Portland Region, Oregon, 2012–2016

Source: U.S. Census Bureau, 2012–2016 ACS Table B25032.



Vacancy Rates

The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. Enumerators are obtained using information from property owners and managers, neighbors, rental agents, and others.

According to the 2013–2017 Census, vacancy rates by jurisdiction are:⁶

- Oregon: 9.3%
- Portland Region 5.5%
- Clackamas County: 6.0%
- Gladstone: 5.7%

Government-Subsidized Housing

Governmental agencies and nonprofit organizations offer a range of housing assistance to low-income and moderate-income households in renting or purchasing a home. Data for government-subsidized housing developments derives from the Oregon Department of Housing and Community Services:⁷

Gladstone had 58 government-subsidized, affordable units as of 2020.

Exhibit 18. Government-Subsidized Housing, Gladstone, April 2020

Source: Oregon Housing and Community Services.

Development Name	Total Units	Total Affordable Units	Population Served
18320 Scott Ct	1	1	Family
18325 Tryon Ct	1	1	Family
18345 Tryon Ct	1	1	Family
18365 Tryon Ct	1	1	Family
250 E Jersey St	1	1	Family
260 E Jersey St	1	1	Family
960 Donna Lynn Way	1	1	Family
Arlington Triplex	3	3	Family
Fairfield 4-Plex	4	4	Family
River Glen Apts	44	44	Family and senior
Totals	58	58	

⁶ Source: U.S. Census Bureau, 2013–2017 ACS, Table B25032.

⁷ Oregon Housing and Community Services. (2018). Affordable Housing Inventory in Oregon. Retrieved from: <http://www.oregon.gov/ohcs/Pages/research-multifamily-housing-inventory-data.aspx>.

Manufactured Homes

Manufactured homes provide a source of affordable housing. They also provide a form of homeownership that can be made available to low-income and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Homeowners living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

OAR 197.480(4) requires cities to inventory mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. This section presents the inventory of mobile and manufactured home parks for individual cities within Clackamas County, as applicable and as of 2020.

As of 2020, Gladstone had two manufactured home parks within its UGB.

Of the total 99 spaces within these communities, only one space was vacant as of June 2020.

Exhibit 19. Inventory of Mobile/Manufactured Home Parks, Gladstone UGB, June 2020

Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone
Hollyview Court	1180 82nd Drive	Family	19	1	LI
Tri City Mobile Park	19575 River Rd	Family	80	0	MR
Totals			99	1	

4. Demographic and Other Factors Affecting Residential Development in Gladstone

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

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

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

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

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

Demographic and Socioeconomic Factors Affecting Housing Choice⁸

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

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

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

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

⁸ The research in this chapter is based on numerous articles and sources of information about housing, including:

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

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

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

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

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

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

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

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

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

National Trends⁹

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports and conclusions from the *State of the Nation's Housing* report from the Joint Center for Housing Studies of Harvard University. The Harvard report (2019) summarizes the national housing outlook as follows:

If housing costs continue to rise faster than incomes, growth of households—and of housing demand—is likely to slow. As it is, the market has only produced enough homes to match the pace of household growth, let alone cover replacement and second-home demand and allow normal levels of vacancies. If current housing supply trends persist, house prices and rents will continue to rise at a healthy clip, further limiting the housing options for many. To ensure that the market can produce homes that meet the diverse needs of the growing US population, the public, private, and nonprofit sectors must address constraints on the development process. And for the millions of families and individuals that struggle to find housing that fits their budgets, much greater public efforts will be necessary to close the gap between what they can afford and the cost of producing decent housing.

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

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its ninth year of gains in 2018 with 1.25 million units added to the national stock. There were about 374,000 multifamily starts in 2018, an increase after a two-year slump in 2015 and 2016, putting multifamily growth at its highest rate since 1988. The supply of sale homes in 2018 averaged 4.0 months, below what is considered balanced (six months), and lower-cost homes are considered especially scarce. The *State of the Nation's Housing* report cites lack of skilled labor, higher land prices, and land use regulations as constraints on new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased to 64.4% in 2017–2018, up half a percentage point from the prior year. Trends suggest the recent homeownership increases are among

⁹ These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2019," (2) Urban Land Institute, "2019 Emerging Trends in Real Estate," and (3) the U.S. Census.

householders of all age groups; however, homeownership rates continue to remain below historic levels from 30 years ago. Homeownership rates of those aged 65 and older have remained strong, 2.9 percentage points above 1988 levels, and homeownership rates among young adults have begun stabilizing after years of decline.

- **Housing affordability.** In 2017, about 31.5% of American households spent more than 30% of their income on housing. This figure is down from the prior year and continues to improve relative to its 2010 peak, bolstered by a considerable drop in the owner share of cost-burdened households. The share of cost-burdened renter households, however, continues to remain above that of homeowners, and renter households now exceed the number of cost-burdened homeowners by more than 3 million. Low-income households face an especially dire hurdle to afford housing. With such a large share of households exceeding the traditional standards for affordability, policymakers are focusing efforts on the severely cost burdened. Among those earning less than \$15,000, 72% of households paid more than half of their income on housing.
- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 12 million units between 2018 and 2028. Much of the demand will come from baby boomers, millennials,¹⁰ and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand in mid-priced single-family houses is affordable to a larger buyer pool.
- **Growth in rehabilitation market.**¹¹ Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (and 40% at least 50 years old), Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended—generating 2.2% of national economic activity (in 2017).
- Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

¹⁰ According to the Pew Research Center, millennials were born between the years of 1981 and 1996 (inclusive). Read more about generations and their definitions here: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

To generalize, and because there is no official generation of millennial, we define this cohort as individuals born between 1980 and 2000.

¹¹ These findings are copied from the Joint Center for Housing Studies. (2019). Improving America's Housing, Harvard University. Retrieved from: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

- **Changes in housing preference.** Housing preference will be affected by changes in demographics—most notably being the aging of baby boomers, housing demand from millennials, and growth of immigrants.
 - *Baby boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the baby boomer generation will affect the housing market. In particular, baby boomers will influence housing preference and homeownership trends. Preferences (and needs) will vary for boomers moving through their sixties, seventies, and eighties (and beyond). They will require a range of housing opportunities. For example, “aging baby boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities.”¹² Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

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

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.¹⁶ Despite this trend, as millennials age over the next 20 years, they will begin forming households and families. In 2020, the oldest millennials were in their late thirties and the youngest were in their late teens. By 2040, millennials will be between forty and sixty years old.

¹² Urban Land Institute. *Emerging Trends in Real Estate, United States and Canada.* 2019.

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

¹⁴ *Ibid.*

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

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

At the beginning of the 2007–2009 recession, millennials only started forming their own households. Today, millennials are driving much of the growth in new households, albeit at slower rates than previous generations. As this generation progresses into their homebuying years, they will seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level, single-family homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2017, they only represented 22% of single-family units.

Millennials' average wealth may remain far below boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2020, millennials comprised 38% of home buyers, while Gen Xers comprised 23% and boomers 33%.¹⁷ "By the year 2061, it is estimated that \$59 trillion will be passed down from boomers to their beneficiaries," presenting new opportunities for millennials (as well as Gen Xers).¹⁸

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current population survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was stanchied by the effects of the Great Recession. After a period of declines, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the United States from abroad, down from 1.3 million immigrants in 2016–2017 but higher than the average annual pace of 850,000 during the 2009–2011 period. However, if recent federal policies about immigration are successful, growth in undocumented and documented immigration could slow and cause a drag on household growth in the coming years.
- *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between Whites and Blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. From 1988 to 2018, the difference in homeownership rates between Whites and Blacks rose by 3.9 percentage points to 30.1%. Alternatively, the gap between White and Latinx homeownership rates and

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

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

White and Asian homeownership rates both decreased during this period but remained sizable at 26.0 and 16.0 percentage points, respectively. Although homeownership rates are increasing for some minorities, minority households are more likely to live in high-cost metro areas. This, combined with lower incomes relative to White households, leads to higher rates of cost burden for minority homeowners—30% for Blacks and Latinx, 27% for Asians, and 20% for Whites in 2017.

- **Changes in housing characteristics.** The U.S. Census Bureau’s Characteristics of New Housing Report (2018) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:¹⁹
 - *Larger single-family units on smaller lots.* Between 1999 and 2018, the median size of new single-family dwellings increased by 18% nationally (from 2,028 sq. ft. to 2,386 sq. ft.) and 17% in the western region (from 2,001 sq. ft. in 1999 to 2,341 sq. ft. in 2018). Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by more than half, from 15% in 1999 to 7% in 2018. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 28% of new one-family homes completed in 2018. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2009 and 2018, the percentage of lots less than 7,000 sq. ft. increased from 25% to 32%.
 - *Larger multifamily units.* Between 1999 and 2018, the median size of new multifamily dwelling units increased by 5.4% nationally. In the western region, the median size decreased by 2.0%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 36% in 2018, and it increased from 25% to 29% in the western region.
 - *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 96% in 2018. The share of new multifamily units with two or more bathrooms decreased from 55% of new multifamily units to 44%. As of 2018, 92% of new single-family houses in the United States had garages for one or more vehicles (from 89% in 2000).
 - *Shared amenities.* Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs),²⁰ cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared

¹⁹ U.S. Census Bureau, Highlights of Annual 2018 Characteristics of New Housing. Retrieved from: <https://www.census.gov/construction/chars/highlights.html>

²⁰ Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: U.S. Department of Housing and Urban Development. (2001). *Understanding SRO*. Retrieved from: <https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf>

amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.²¹

State Trends

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

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. Middle housing provides a range of housing choices at different price points within a community. This type of housing is often called “missing-middle” housing.

House Bill 2003 (HB2003) envisions an Oregon housing planning system that shifts from a singular focus (on ensuring adequate available land) to a more comprehensive approach that also achieves the critical goals to (1) support and enable the construction of sufficient units to accommodate current populations and projected household growth and (2) reduce geographic disparities in access to housing (especially affordable and publicly supported housing). In that, HB 2003 required the development of a methodology for projecting *regional* housing need and allocating that need to local jurisdictions. It also expanded local government responsibilities for planning to meet housing need by requiring cities to develop and adopt housing production strategies.

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

²¹ Urbsworks. (n.d.). Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon. Retrieved from: https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

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

It identified the following issues that describe housing need statewide:²²

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, one in two Oregon households pays more than one-third of their income toward rent, and one in three pays more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon’s economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinx, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of 20, many of whom have earned a college degree or some level of higher education.
- In 2019, minimum wage in Oregon²³ was \$11.25, compared to \$12.50 in the Portland Metro and \$11.00 for nonurban counties.

Oregon also developed its *Statewide Housing Plan* in 2018. The Plan identified six housing priorities to address in communities across the State over the 2019 to 2023 period (summarized below). It includes relevant data to help illustrate the rationale for each priority.²⁴

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

²² These conclusions are copied directly from the report: Oregon’s 2016–2020 Consolidated Plan. Retrieved from: <http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf>.

²³ The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. Retrieved from: <https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx>

²⁴ Priorities and factoids are copied directly from the report: Oregon Housing and Community Services (November 2018). Breaking New Ground, Oregon’s Statewide Housing Plan, Draft. <https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf>

- Summary of the Issue: In Oregon, 26% of people of color live below the poverty line, compared to 15% of the White population.
- 2019–2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency, and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing, and economic prosperity.
- **Homelessness.** Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon’s children and veterans.
 - Summary of the Issue: According to the Point-in-Time count, approximately 15,800 Oregonians experienced homelessness in 2019, an increase of 13% since 2017. During that same time period, Oregon’s unsheltered population increased while the sheltered population fell. Nearly one-third (31%) of the state’s total population experiencing homelessness was chronically homeless. In 2019, Oregon’s per capita rate of individuals experiencing homelessness was higher than many other states.²⁵
 - 2019–2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85%. We will also collaborate with partners to end veterans’ homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.
 - Summary of the Issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
 - 2019–2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.
 - Summary of the Issue: Statewide, over 85,000 new affordable units are needed to house those households earning below 30% of median family income (MFI). The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.

²⁵ Oregon Housing and Community Services. (2019). 2019 Point-in-Time Count. Retrieved from: <https://www.oregon.gov/ohcs/DO/docs/11-21-2019-PIT-Brief.pdf>

- 2019–2023 Goal: OHCS will triple the existing pipeline of affordable rental housing—up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.
- **Homeownership.** Provide more low-income and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.
 - Summary of the Issue: In Oregon, homeownership rates for all categories of people of color are lower than for White Oregonians. For White non-Latinx Oregonians, the home ownership rate is 63%. For Latinx and non-White Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
 - 2019–2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.
 - Summary of the Issue: While housing costs may be lower in rural areas, incomes are lower as well: Median family income is \$42,750 for rural counties versus \$54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States, and median rents are 16% higher.
 - 2019–2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry, and local governments will flourish, leading to improved capacity, leveraging of resources, and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that May Affect Housing Need in Gladstone

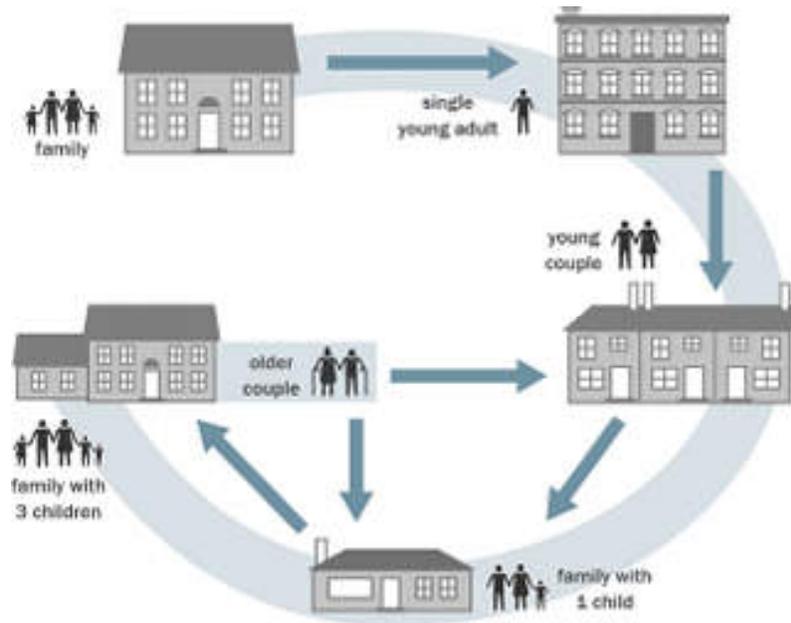
Demographic trends that might affect the key assumptions used in the analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

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

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

Exhibit 20. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

Gladstone added about 470 people to its population over the 2000 to 2019 period, growing by 4%.

Exhibit 21. Population, Gladstone, Wilsonville, Milwaukie, Oregon City, 1990–2019

Source: U.S. Decennial Census (2000) and Portland State University's Population Research Center estimates (2019).

			Change 2000 to 2019		
	2000	2019	Number	Percent	AAGR
Gladstone	11,438	11,905	467	4%	0.2%
Wilsonville	13,991	25,635	11,644	83%	3.2%
Milwaukie	20,490	20,535	45	0%	0.0%
Oregon City	25,754	35,570	9,816	38%	1.7%

Gladstone's population is projected to grow by 466 people between 2021 and 2041, at an average annual growth rate of 0.20%.

Exhibit 22. Forecast of Population Growth, Gladstone, 2021 to 2041

Source: Metro 2040 Population Distributed Forecast, created July 12, 2016.

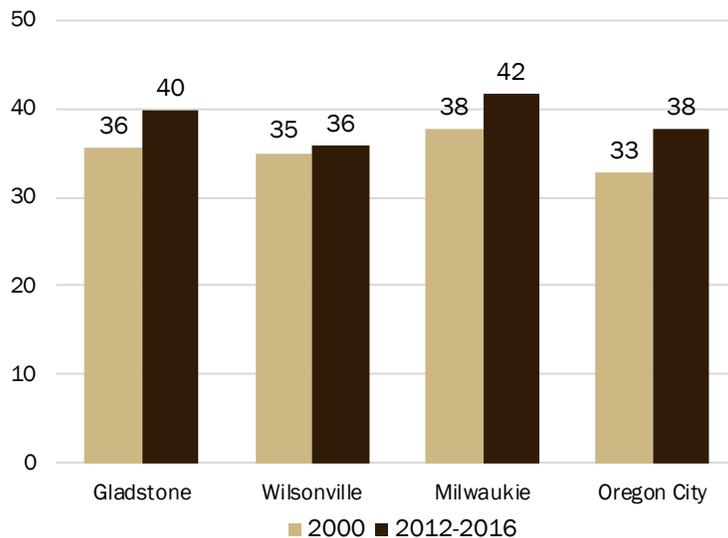
11,641	12,107	466	4% increase
Residents in 2021	Residents in 2041	New residents 2021–2041	0.20% AAGR

Aging Population

From 2000 to 2012–2016, the median age increased by four years in Gladstone.

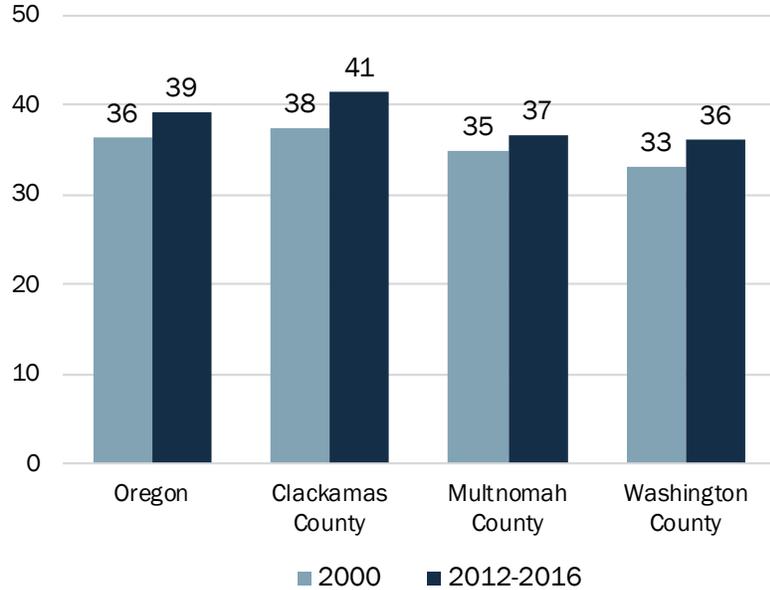
Exhibit 23. Median Age, Years, Gladstone, Wilsonville, Milwaukie, Oregon City, 2000 to 2012–2016

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2012–2016 ACS, Table B01002.



From 2000 to 2012-2016, Clackamas County's median age increased by three years.

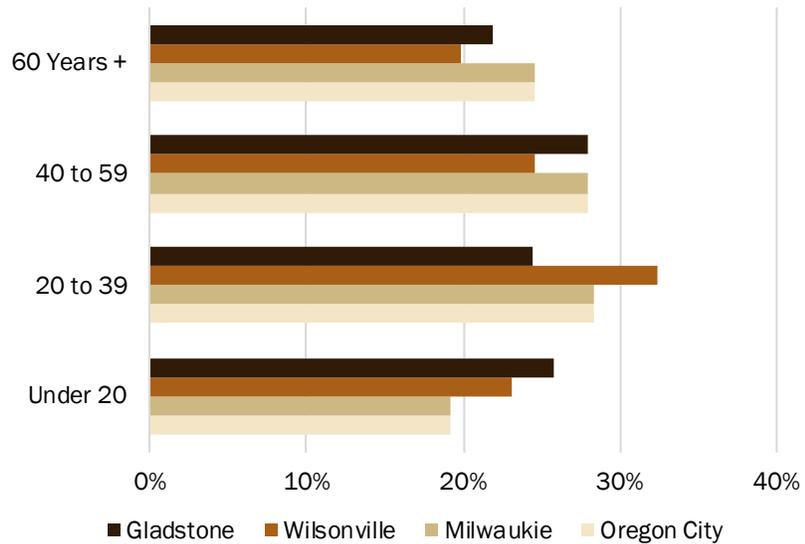
Exhibit 24. Median Age, Years, Oregon, Clackamas County, Multnomah County, Washington County, 2000 to 2012-2016
 Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2012-2016 ACS, Table B01002.



The majority of residents in Gladstone were between 20 and 59 years old.

Compared to other cities in Clackamas County (Wilsonville, Milwaukie, and Oregon City), Gladstone had the highest proportion of residents under 20 (26%).

Exhibit 25. Population Distribution by Age, Gladstone, Wilsonville, Milwaukie, Oregon City, 2012-2016
 Source: U.S. Census Bureau, 2012-2016 ACS, Table B01001.

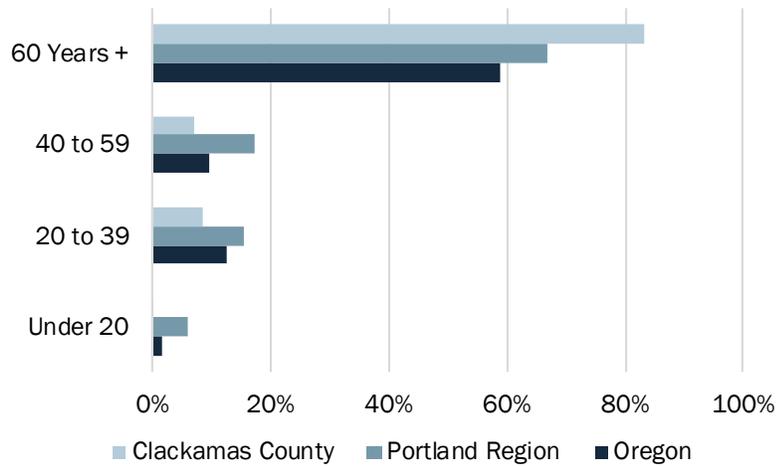


The population aged sixty and older in Clackamas County, and in larger regions, grew faster than any other age cohort. From 2000 to the 2012–2016 period, this group grew by 83% in Clackamas County, compared to 67% in the Portland region and 59% in Oregon (percent change). By 2040, this group will account for 27% of the population in Clackamas County.

Between 2000 and 2012–2016, all age groups in Clackamas County grew in size. The most substantial change was growth in residents aged 60 and older.

Exhibit 26. Population Growth by Age, Clackamas County, Portland Region, Oregon, 2000 to 2012–2016

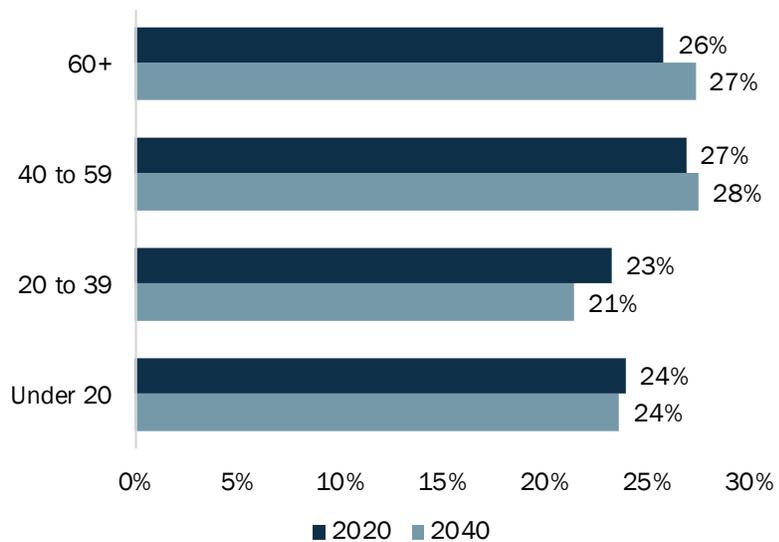
Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2012–2016 ACS, Table B01001.



By 2040, Clackamas County residents over the age of 40 will make up 55% of the county's total population.

Exhibit 27. Population Growth by Age Group, Clackamas County, 2020 to 2040

Source: Portland State University, Population Research Center, Clackamas County Forecast, June 2017.



Increased Ethnic Diversity

The U.S. Census Bureau forecasts that at the national level, the Latinx (e.g., Latino/a and Hispanic) population will continue growing faster than most other non-Latinx populations over the planning period. The Census forecasts that the Latinx population will increase 93% from 2016 to 2060 and foreign-born Latinx population will increase by about 40% in that same time.²⁶

Continued growth in the Latinx population will affect Gladstone's housing needs in a variety of ways. Growth in first-generation and, to a lesser extent, second-generation and third generation Latinx immigrants, will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that, Latinx households are twice as likely to include multigeneration households than the general populace.²⁷ As Latinx households integrate over generations, household size typically decreases, and housing needs become similar to housing needs for all households.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals,²⁸ the Latinx population accounted for 31.4% of the nation's net new household formations in 2019, up 2.8 percentage points from 2017. The rate of homeownership for Latinx households increased from 45.6% in 2015 to 47.5% in 2019. In that time (2015 to 2019), Latinx households were the only demographic that increased their rate of homeownership.

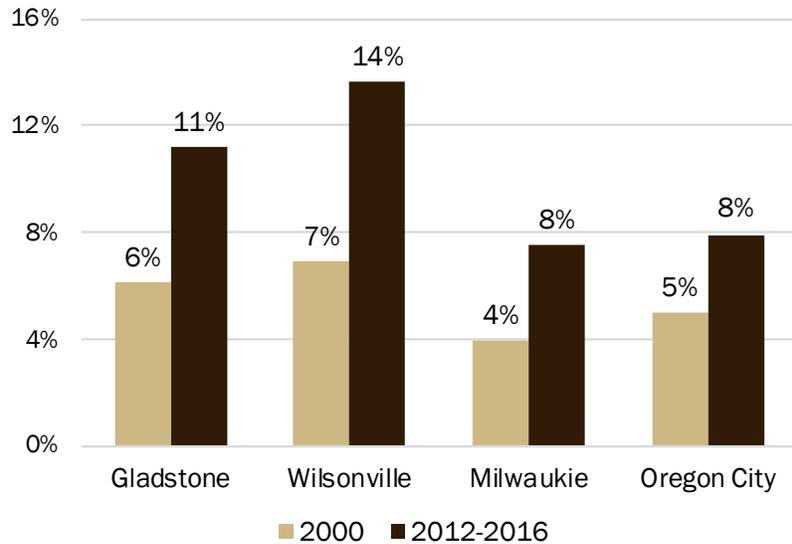
²⁶ U.S. Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7, https://www.census.gov/content/dam/Census/library/publications/2018/demo/P25_1144.pdf

²⁷ Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2013, Appendix 8. Retrieved from: <http://www.pewsocialtrends.org/2013/02/07/appendix-1-detailed-demographic-tables/>. National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report*. Retrieved from: <https://nahrep.org/shhr/>

²⁸ *Ibid.*

Between 2000 and 2012–2016, the share of the population that is Latinx increased by 5% in Gladstone.

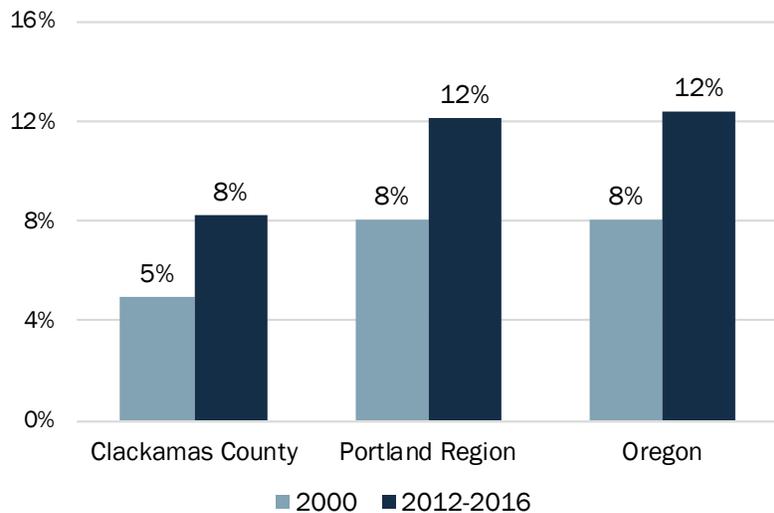
Exhibit 28. Latinx Population as a Percent of the Total Population, Gladstone, Wilsonville, Milwaukie, Oregon City, 2000 to 2012–2016
 Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



The share of Clackamas County's population that is Latinx increased by 3% between 2000 and 2012–2016.

Comparatively, the share of Latinx increased by 4% in the Portland region and Oregon.

Exhibit 29. Latinx Population as a Percent of the Total Population, Clackamas County, Portland Region, Oregon, 2000 to 2012–2016
 Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2012–2016 ACS Table B03002.



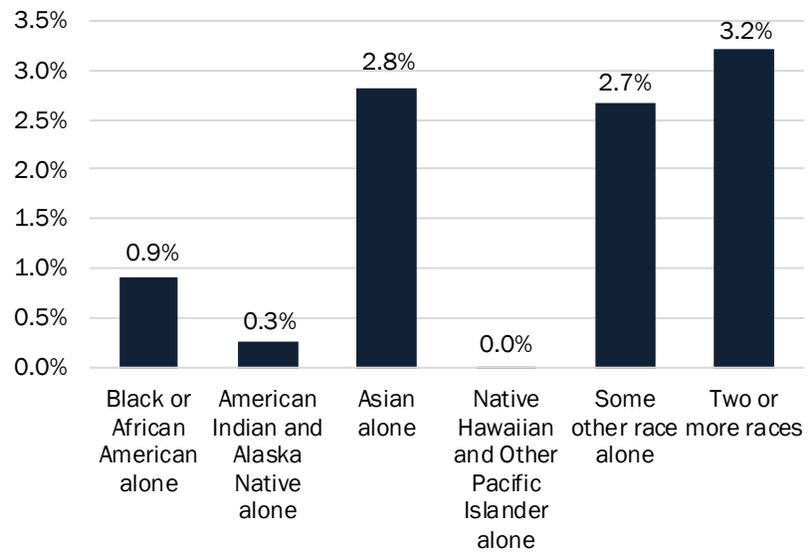
Racial Diversity

The non-White population is defined as the share of the population that identifies as another race other than “White Alone” according to Census definitions.

About 90% of Gladstone’s population identifies as White Alone. Persons identifying as Two or More Races make up 3.2% of Gladstone’s population.

Exhibit 30. Non-White Population as a Percent of Total Population, Gladstone, 2012–2016

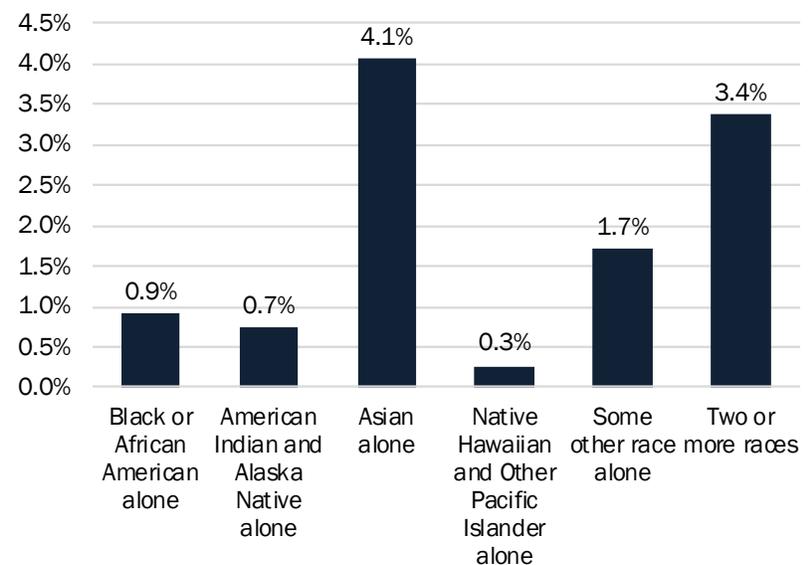
Source: U.S. Census Bureau, 2012–2016 ACS Table B02001.



About 89% of Clackamas County’s population identified as White. About 4% of Clackamas County’s population identified as Asian, followed by Two or More Races (3%), and Some Other Race (2%).

Exhibit 31. Non-White Population as a Percent of Total Population, Clackamas County, 2012–2016

Source: U.S. Census Bureau, 2012–2016 ACS Table B02001.

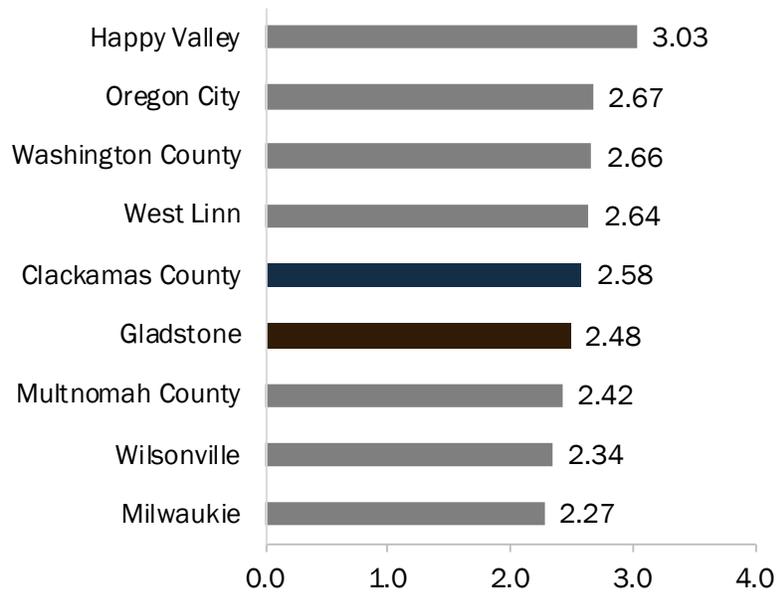


Household Size and Composition

In the 2013–2017 period, Gladstone’s average household size was similar to that of Clackamas and Multnomah Counties.

Exhibit 32. Average Household Size, 2013–2017

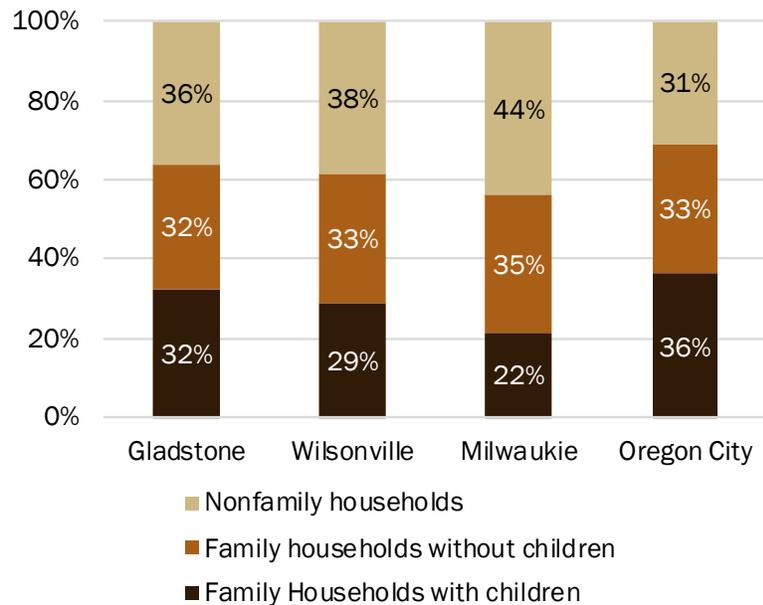
Source: U.S. Census Bureau, 2013–2017 ACS 5-year estimate, Table B25010.



About 36% of Gladstone’s households were nonfamily households (e.g., single-person households and households composed of unrelated roommates).

Exhibit 33. Household Composition, Gladstone, Wilsonville, Milwaukie, Oregon City, 2012–2016

Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table DP02.



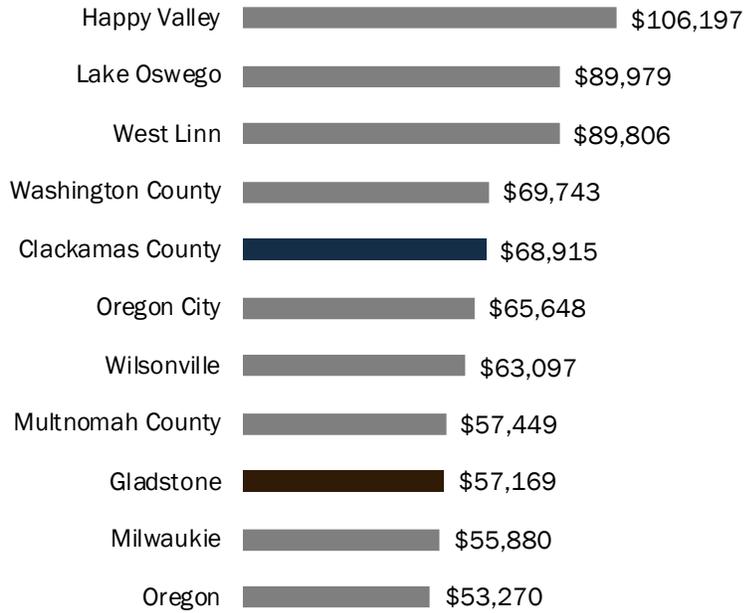
Income of Residents

In the 2012–2016 period, Gladstone’s median household income (MHI) was \$57,169.

While Gladstone’s MHI exceeded the statewide MHI by about \$4,000, the city’s MHI was lower than Clackamas County’s MHI.

Exhibit 34. Median Household Income, 2012–2016

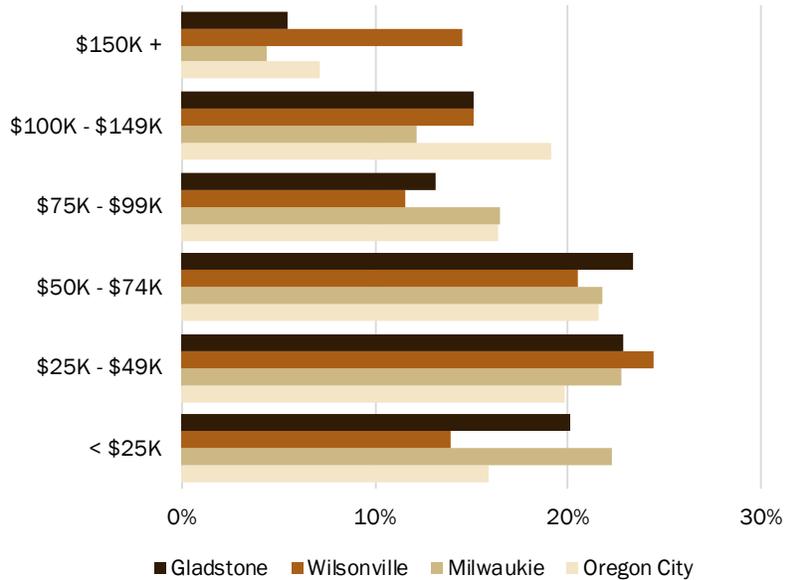
Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B25119.



About 43% of Gladstone’s households earned less than \$50,000 in the 2012–2016 period. Another 36% of households earned between \$50,000 and \$100,000, and 21% of households earned more than \$100,000.

Exhibit 35. Household Income, Gladstone, Wilsonville, Milwaukie, Oregon City, 2012–2016

Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B19001.



Commuting Trends

Each jurisdiction is part of the complex, interconnected economy of Clackamas County and the greater Portland region.

Gladstone is part of an interconnected regional economy.

More than 2,800 people commuted into Gladstone for work, and nearly 5,500 people living in Gladstone commuted out of Gladstone for work. About 221 people both live and work in the city.

Exhibit 36. Commuting Flows, Gladstone, 2015

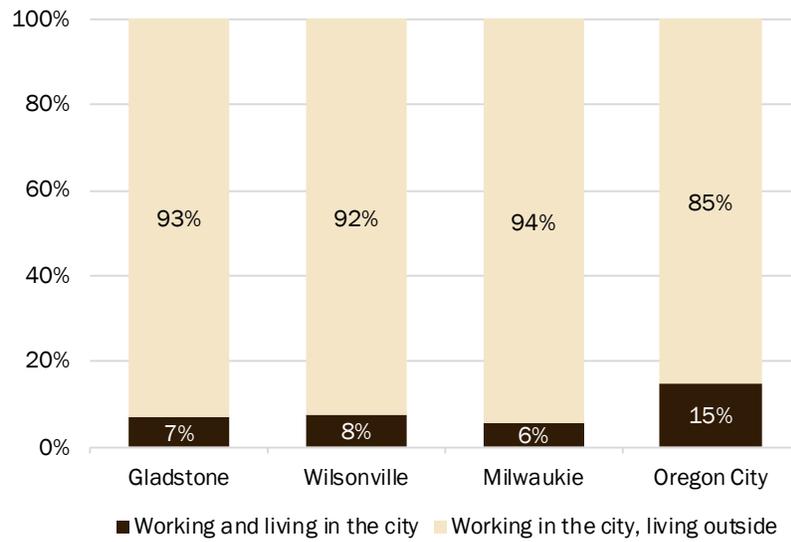
Source: U.S. Census Bureau, Census On the Map.



Less than 10% of people both lived and worked in Gladstone.

Exhibit 37. Commuting Flows of People Who Live and/or Work in Gladstone, Wilsonville, Milwaukie, Oregon City, 2015

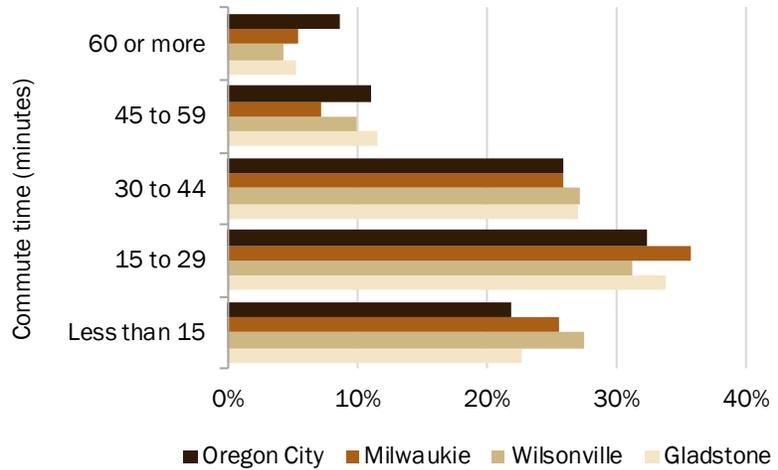
Source: U.S. Census Bureau, Census On the Map.



The majority of Gladstone residents had a commute time of less than 30 minutes.

Exhibit 38. Commute Time by Place of Residence, Gladstone, Wilsonville, Milwaukie, Oregon City, 2012–2016

Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B08303.

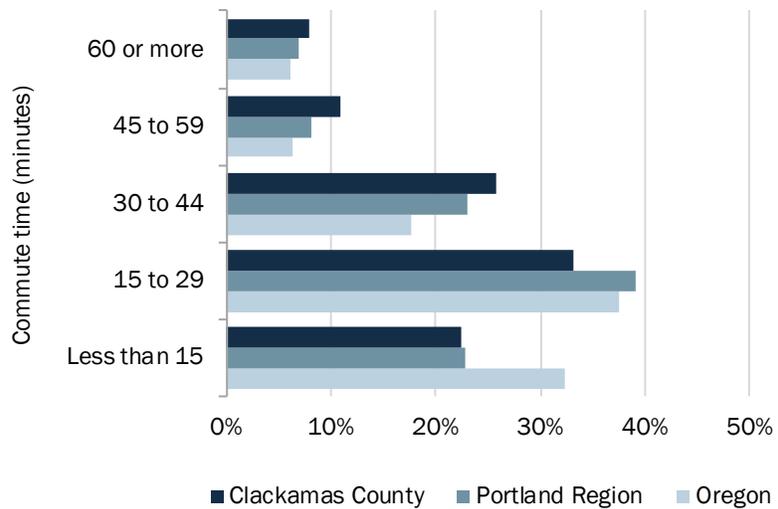


The majority of residents in Clackamas County, the Portland region, and Oregon had a commute time that took less than 30 minutes.

In Clackamas County, 56% of residents had a commute time of less than 30 minutes, compared to 62% for the Portland region and 70% for Oregon.

Exhibit 39. Commute Time by Place of Residence, Clackamas County, Portland Region, Oregon, 2012–2016

Source: U.S. Census Bureau, 2012–2016 ACS 5-year estimate, Table B08303.



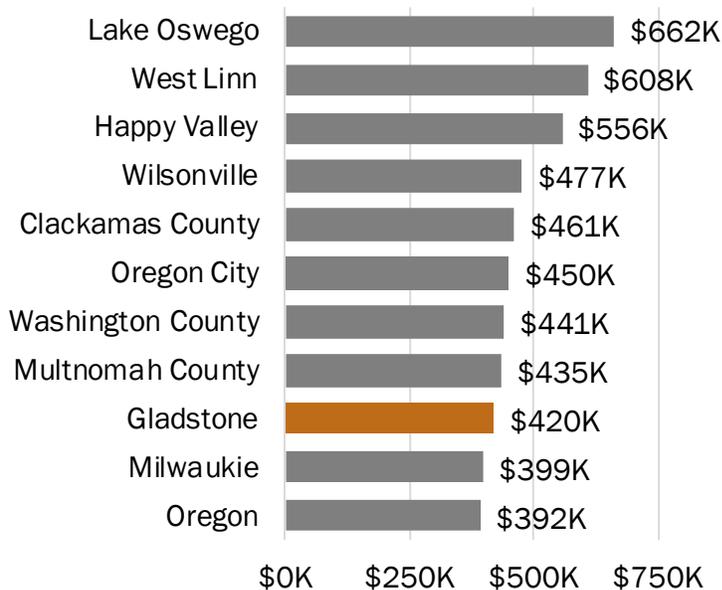
Regional and Local Trends Affecting Housing Affordability

This section describes changes in sales prices, rents, and housing affordability by jurisdiction.

Changes in Housing Costs

In June 2020, Gladstone's median home sales price was \$420,000, about \$28,000 above the statewide median.

Exhibit 40. Median Home Sale Price, June 2020
Source: Redfin.



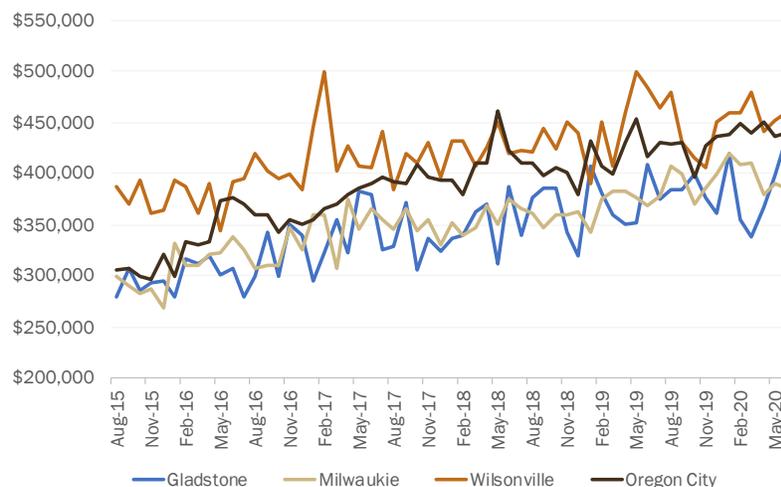
Median home sales prices in Gladstone have increased since August of 2015.

In June of 2020, Gladstone had a median home sales price of \$420,000.

Between August 2015 and June 2020, housing sales prices increased by \$145,000 (or 53%) in Gladstone.

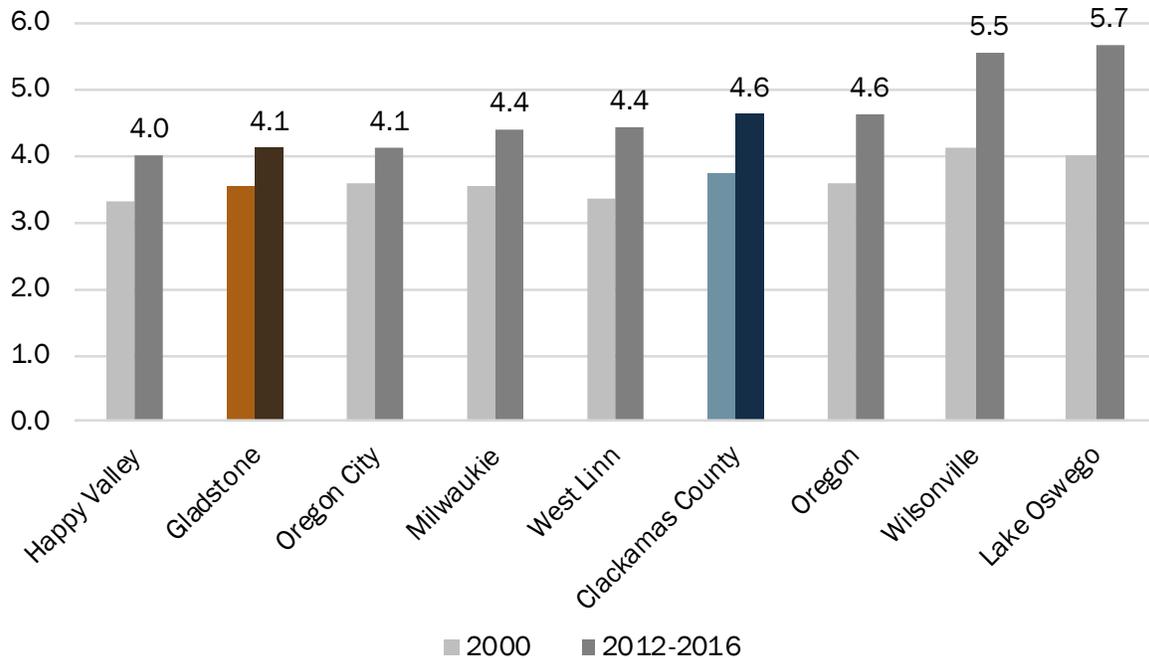
In comparison, sales prices increased by \$92,000 in Wilsonville, \$111,000 in Milwaukie, and \$120,000 in Oregon City.

Exhibit 41. Median Sales Price, Gladstone, Wilsonville, Milwaukie, Oregon City, August 2015–June 2020
Source: Redfin.



Since 2000, housing costs in nearly all Clackamas County geographies increased faster than incomes. In the 2012–2016 period, Gladstone had a similar ratio for home price to income as Happy Valley and Oregon City. Lake Oswego had the highest housing-to-income ratio. In Gladstone, median home values were 4.1 times larger than median household incomes, compared to 3.6 in 2000.

Exhibit 42. Ratio of Median Housing Value to Median Household Income, 2000 to 2012–2016²⁹
 Source: U.S. Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



²⁹ This ratio compares the median value of housing in Clackamas County (and other places) to the median household income.

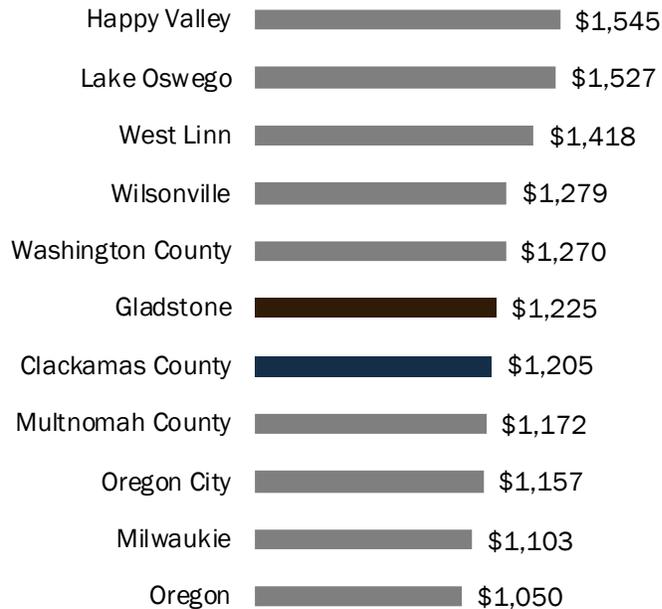
Rental Costs

The median gross rent in Gladstone was **\$1,225** for the 2014–2018 period.

Rent in Gladstone was **\$175** above Oregon’s median gross rent of **\$1,050**.

Exhibit 43. Median Gross Rent, Gladstone, Clackamas County, and Cities within the County, Multnomah County, Washington County, and Oregon, 2014–2018

Source: U.S. Census Bureau, 2014–2018 ACS 5-year estimate, Table B25064.

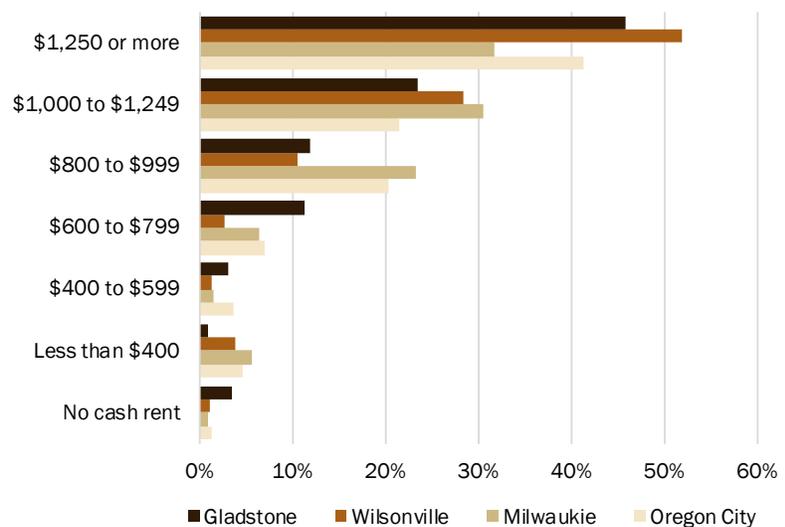


In Gladstone, the majority of renters paid more than **\$800** in rent per month.

About 46% of Gladstone renters paid **\$1,250** or more in monthly rent.

Exhibit 44. Gross Rent, Gladstone, Wilsonville, Milwaukie, Oregon City, 2014–2018

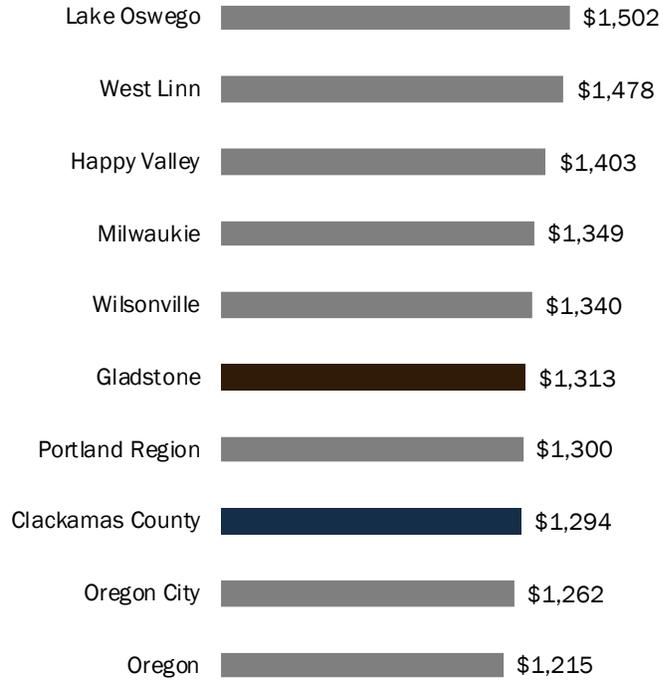
Source: U.S. Census Bureau, 2012–2016 ACS Table B25063.



In 2019, Gladstone's average effective multifamily rent was similar to that of the Portland region.

Exhibit 45. Average Effective Multifamily Rent, Gladstone and Comparison Areas, 2019

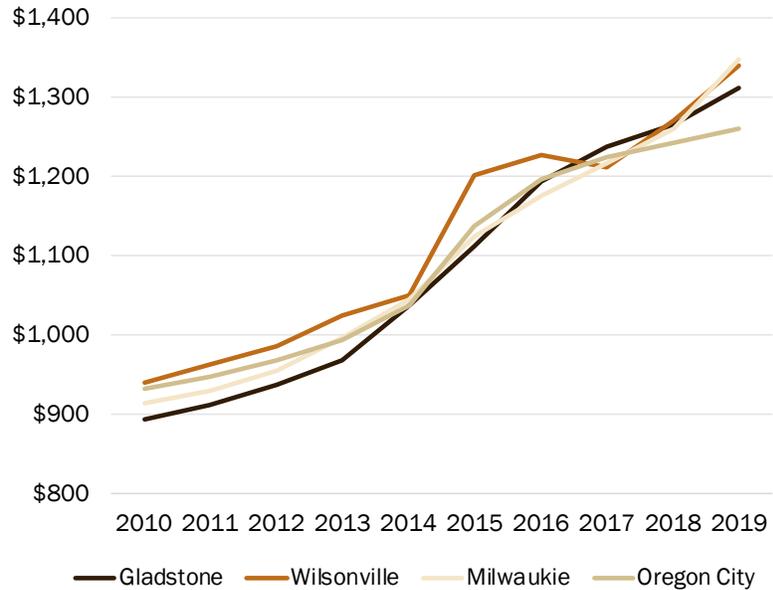
Source: Costar.



From 2010 to 2019, the average effective rent per unit grew from \$895 to \$1,313 in Gladstone (47% increase).

Exhibit 46. Average Effective Multifamily Rent, Gladstone, Wilsonville, Milwaukie, Oregon City, 2010 through 2019

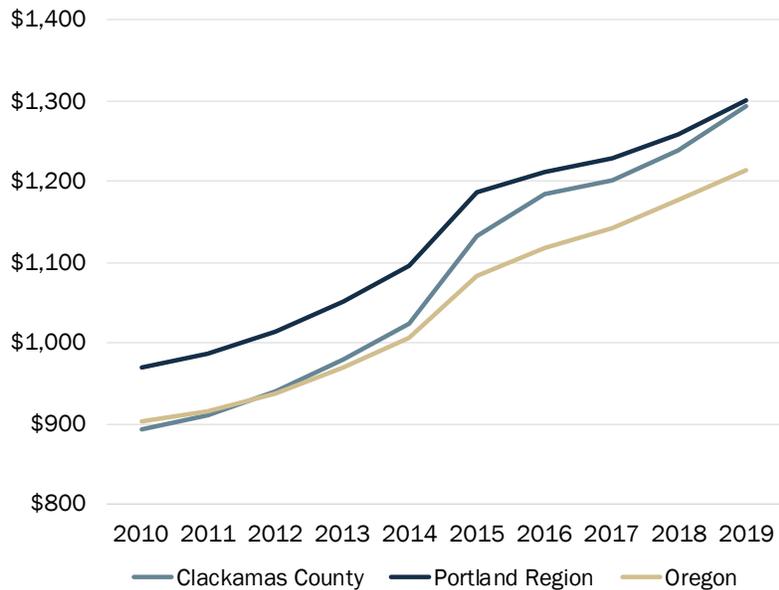
Source: Costar.



From 2010 to 2019, the average effective rent per unit went from \$894 to \$1,294 (a 45% increase) in Clackamas County, \$969 to \$1,300 in the Portland region, and \$902 to \$1,215 in Oregon.

Exhibit 47. Average Effective Multifamily Rent, Clackamas County, Portland Region, and Oregon, 2010 through 2019

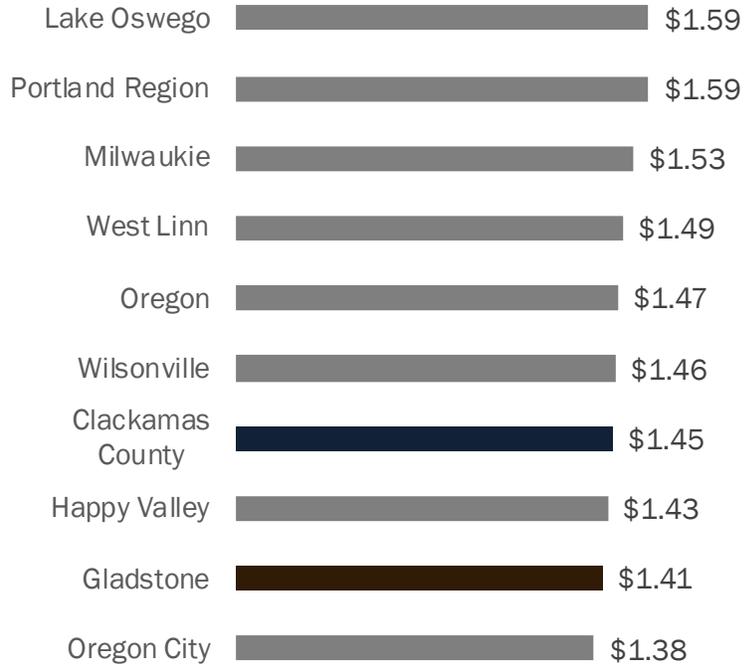
Source: Costar.



In 2019, Gladstone had one of the lowest average effective multifamily rents per square foot relative to comparison areas (at \$1.41 per square foot).

Exhibit 48. Average Effective Multifamily Rent per Square Foot, Gladstone and Comparison Areas, 2019

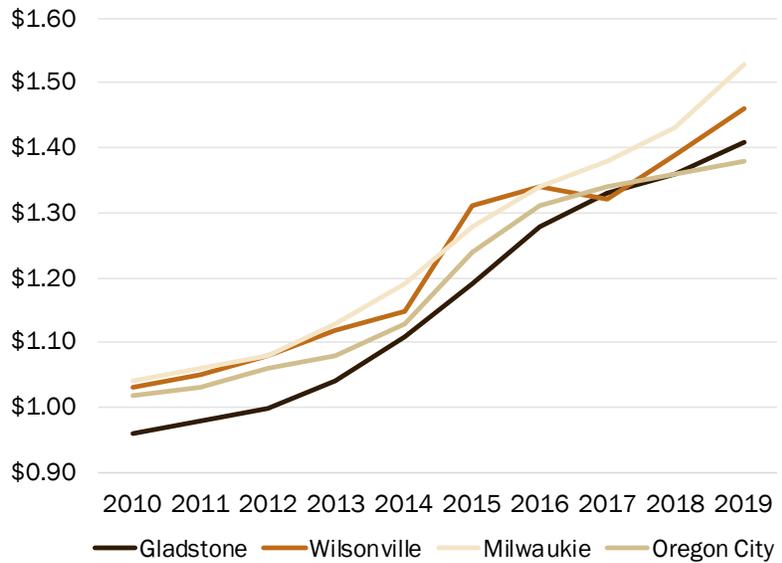
Source: Costar.



From 2010 to 2019, the average effective rent per square foot increased from \$0.96 to \$1.41 in Gladstone (an 47% increase).

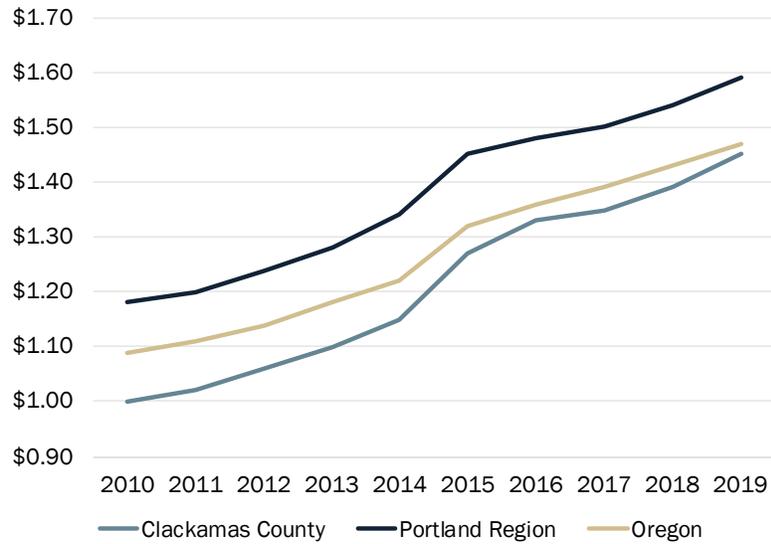
Exhibit 49. Average Effective Multifamily Rent per Square Foot, Gladstone, Wilsonville, Milwaukie, Oregon City, 2010 through 2019

Source: Costar.



From 2010 to 2019, the average effective rent per square foot increased from \$1.00 to \$1.45 (an 45% increase) in Clackamas County, \$1.18 to \$1.59 in the Portland region, and \$1.09 to \$1.47 in Oregon.

Exhibit 50. Average Effective Multifamily Rent per Square Foot, Clackamas County, Portland Region, Oregon, 2010 through 2019
Source: Costar.



Housing Affordability

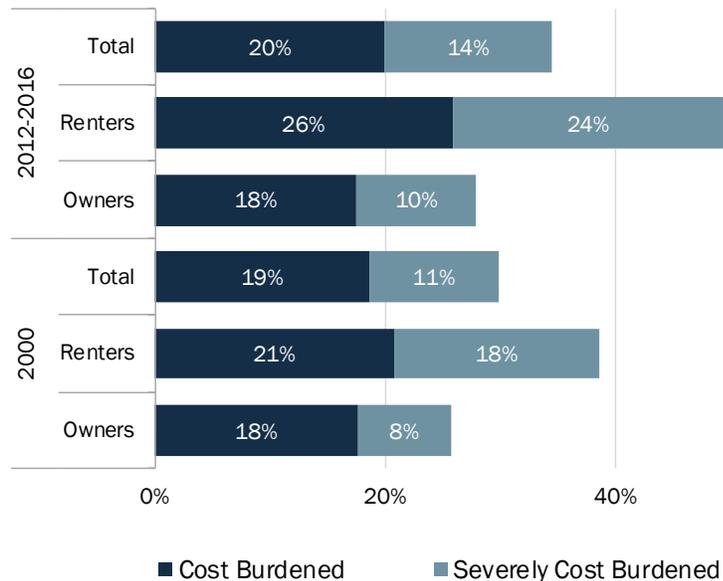
A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development’s guidelines indicate that households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

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

In Clackamas County the share of total cost-burdened households rose from 30% in 2000 to 34% in 2012–2016.

Exhibit 51. Housing Cost Burden by Tenure, Clackamas County, 2000, 2012–2016

Source: U.S. Census Bureau, 2000 Census Table H069, 2012–2016 ACS Tables B25091 and B25070.

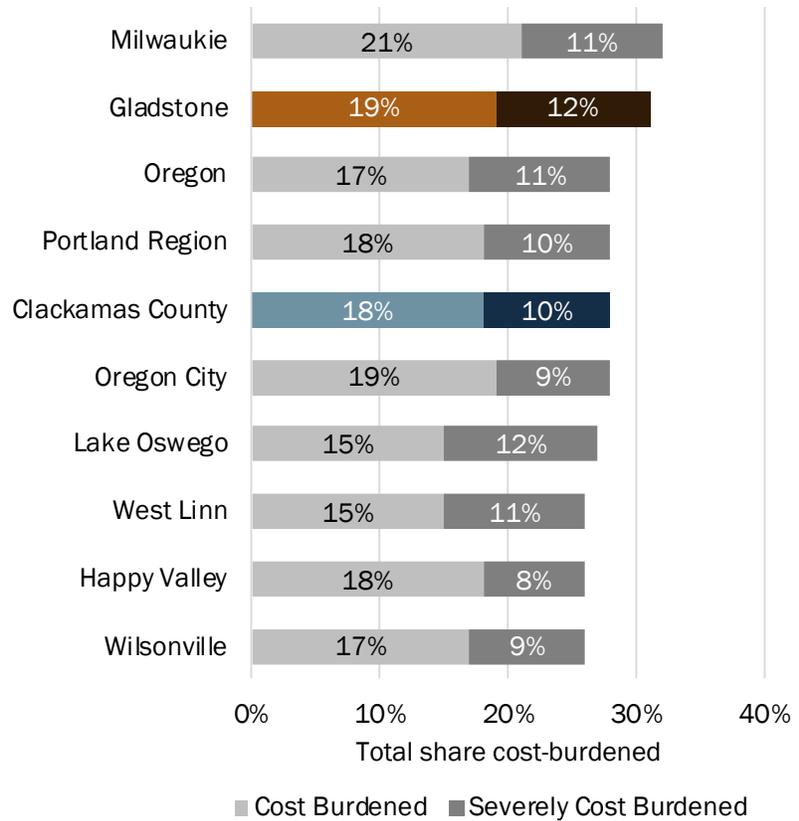


Gladstone had one of the highest relative shares of cost-burdened homeowner households.

In the 2012–2016 period, 31% of Gladstone homeowners were cost burdened or severely cost burdened.

Exhibit 52. Cost-Burden Rates for Homeowner Households, 2012–2016

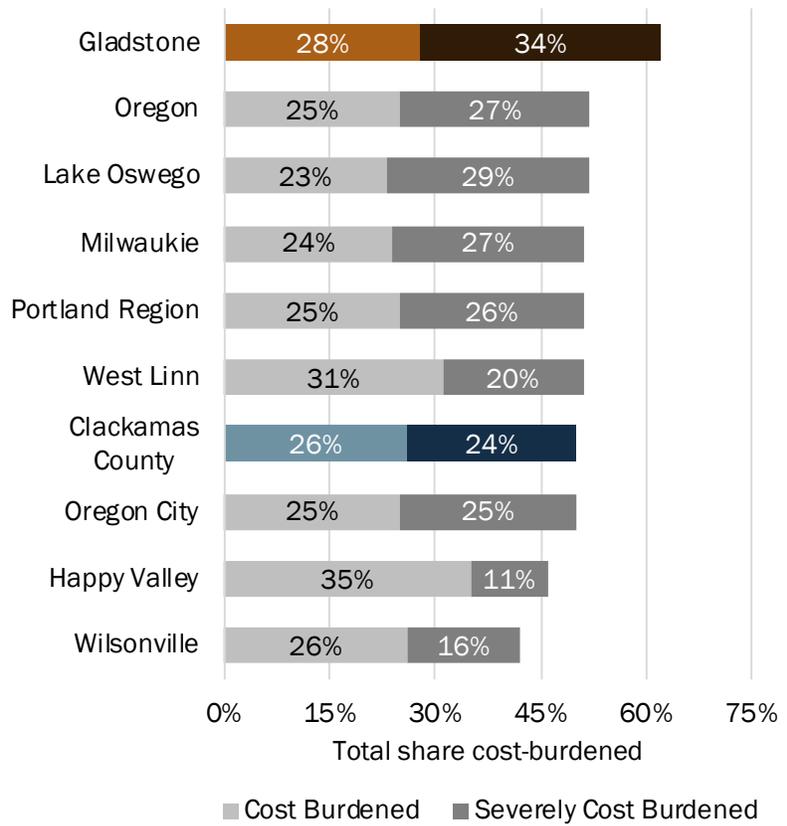
Source: U.S. Census Bureau, 2012–2016 ACS Table B25091.



In the 2012–2016 period, Gladstone had the highest relative share of cost-burdened renter households.

In Gladstone, 62% of renters were cost burdened or severely cost burdened.

Exhibit 53. Cost-Burden Rates for Renter Households, 2012–2016
 Source: U.S. Census Bureau, 2012–2016 ACS Table B25070.



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

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

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

Fair Market Rent for a 2-bedroom apartment in Clackamas County is \$1,495.

Exhibit 54. HUD Fair Market Rent (FMR) by Unit Type, Clackamas County,³⁰ 2020

Source: U.S. Department of Housing and Urban Development.

\$1,192	\$1,289	\$1,495	\$2,157	\$2,625
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least \$28.75 per hour to afford a 2-bedroom unit in Clackamas County.

Before taxes, a full-time job at \$28.75 per hour is an annual salary of \$59,800.

Exhibit 55. Affordable Housing Wage, Clackamas County, 2020

Source: U.S. Department of Housing and Urban Development. Oregon Bureau of Labor and Industries.

\$28.75/hour

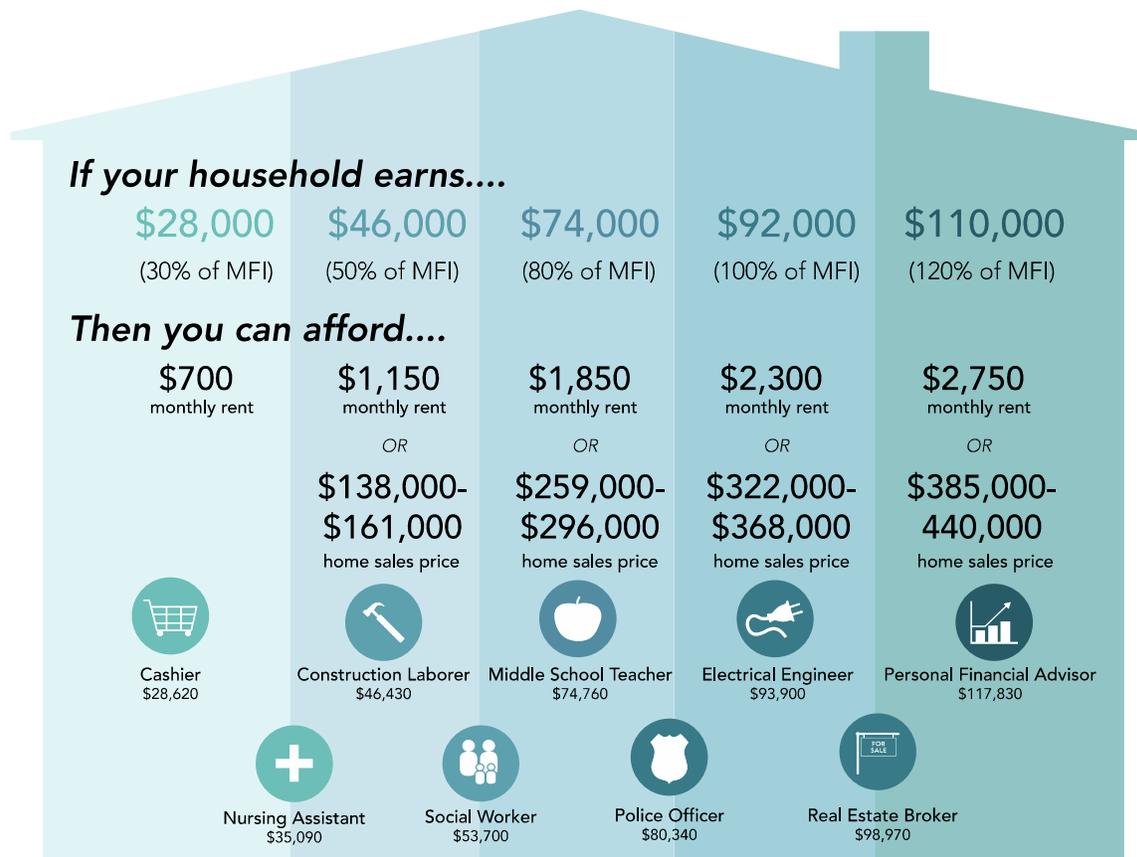
Affordable Housing Wage for two-bedroom Unit in Clackamas County

³⁰ HUD reports 2018 fair market rents and median family income from the Portland-Vancouver-Beaverton MSA for Clackamas County.

A Clackamas County household earning the median family income (MFI) of \$92,100 can afford \$2,300 in monthly rent or a home roughly valued between \$322,000 and \$368,000. A four-person household must earn nearly \$60,000 per year or 65% of MFI to afford the monthly rent on a two-bedroom apartment at Fair Market Rent of \$1,495.

Exhibit 56. Financially Attainable Housing, by Median Family Income (MFI) for Clackamas County (\$92,100), Clackamas County, 2020

Source: U.S. Department of Housing and Urban Development 2020. U.S. Census Bureau, 2014–2018 ACS Table 19001. Note: MFI is Median Family Income, determined by HUD for Clackamas County.



Gladstone’s households were relatively distributed across the income spectrum.

About 22% of Gladstone’s existing households earned less than 30% of median family income (MFI) and can afford monthly rents of about \$690 or below.

About 49% of Gladstone households earn less than \$60,000, the income needed to afford a 2-bedroom apartment at Fair Market Rent.

Exhibit 57. Share of Existing Households, by Median Family Income (MFI) for Clackamas County (\$92,100), Gladstone, 2014–2018

Source: U.S. Department of Housing and Urban Development, Clackamas County, 2020. U.S. Census Bureau, 2014–2018 ACS Table 19001.

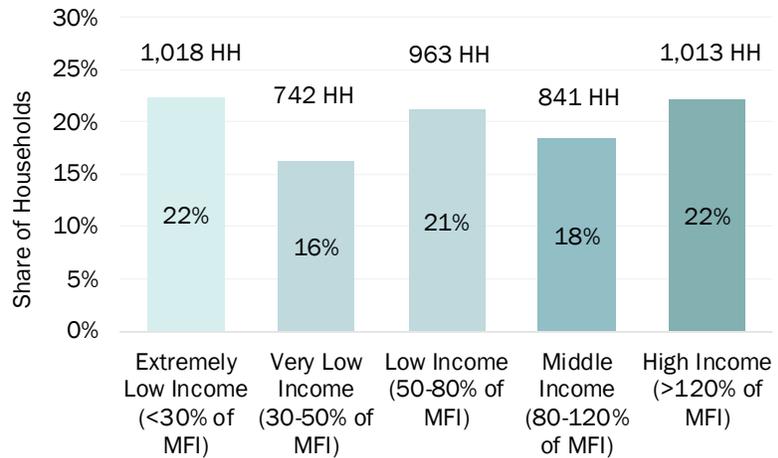
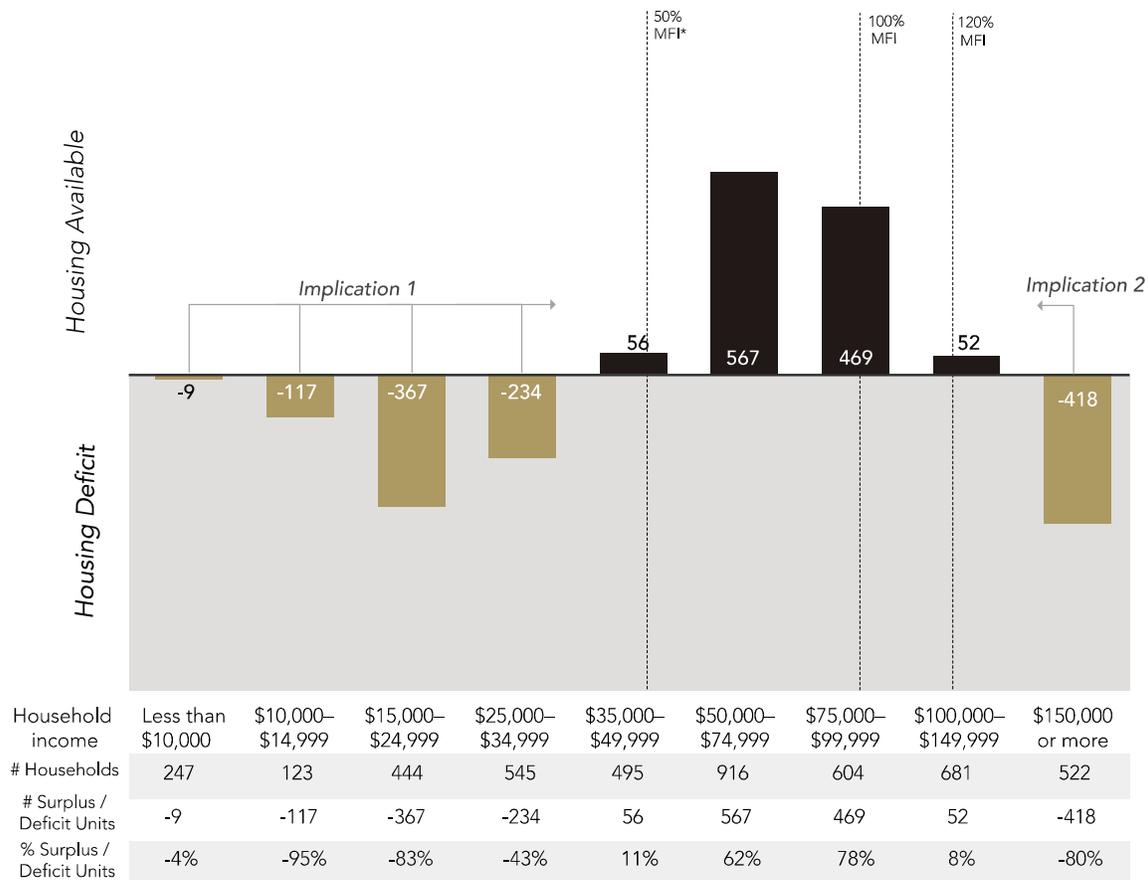


Exhibit 58 shows that Gladstone currently has a deficit of housing affordable to households earning less than \$35,000 per year. The housing types that Gladstone has a deficit of are more affordable housing types such as apartments, duplexes, triplexes, quadplexes, manufactured housing, town homes, and smaller single-family housing (e.g., small lots, cottages, etc.). About 418 high-income households in Gladstone are renting or buying down by occupying housing that costs less than what they can technically afford.

Exhibit 58. Affordable Housing Costs and Units by Income Level, Gladstone, 2020

Source: U.S. Census Bureau, 2014–2018 ACS. Note: MFI is Median Family Income, determined by HUD for the Portland MSA.



*Median Family Income for a family of four

Implication 1

Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost-burdened.

Implication 2

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of lack of higher-cost and higher-amenity housing that would better suit their preferences.

5. Housing Need in Gladstone

Project New Housing Units Needed in the Next Twenty Years

The results of the Housing Needs Analysis are based on (1) Metro’s official household forecast for growth in Gladstone over the twenty-year planning period, (2) information about Gladstone’s housing market relative to Clackamas County and the Portland region, and (3) the demographic composition of Gladstone’s existing population and expected long-term changes in the demographics of Clackamas County.

Forecast for Housing Growth

A twenty-year household forecast (in this instance for 2021 to 2041) is the foundation for estimating the number of new dwelling units needed. The forecast for Gladstone is based on Metro’s 2040 Household Distributed Forecast, 2016. Gladstone city limits will grow from 4,573 households in 2021³¹ to 4,894 households in 2041, an increase of 321 households.³²

Gladstone will have demand for 321 new dwelling units over the 20-year period, with an annual average of 16 dwelling units.

Exhibit 59. Forecast of Demand for New Dwelling Units, Gladstone City Limits, 2021 to 2041

Source: Metro’s 2040 Household Distributed Forecast, July 12, 2016. Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)
Household Forecast 2021	4,573
Household Forecast 2041	4,894
Total New Dwelling Units (2021-2041)	321
Annual Average of New Dwelling Units	16

³¹ Metro’s 2040 Household Distributed Forecast shows that in 2015 the Gladstone city limits had 4,481 households. The Metro forecast shows Gladstone growing to 4,877 households in 2040, an average annual growth rate of 0.34% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2021 (4,573 households) and 2041 (4,894 households).

³² This forecast is based on the Gladstone city limit official household forecast from Metro for the 2021 to 2041 period.

Housing Units Needed

Exhibit 59 and Exhibit 60 presents a forecast of new housing in Gladstone's city limits for the 2021 to 2041 period. This section determines the mix and density needed to meet State requirements (OAR 660-007) and meet the housing needs of Gladstone residents.

The preliminary conclusion for Gladstone is that, over the next twenty years, the need for new housing developed in Gladstone will generally include a wider range of housing types and housing that is more affordable. This conclusion is based on the following findings:

- Gladstone's housing mix, like Clackamas County's, is predominately single-family detached. In the 2014–2018 period, 72% of Gladstone's housing was single-family detached (including manufactured housing), 4% was single-family attached, and 24% was multifamily. In comparison, the mix of housing for the entire Portland region was 63% single-family detached, 5% single-family attached, and 32% multifamily (2013–2017).
- Demographic changes in Gladstone (and across the Portland region) suggest increases in demand for single-family attached housing and multifamily housing. The key demographic trends that will affect Gladstone's future housing needs are:
 - The aging of the baby boomers. In 2012–2016, 22% of Gladstone's population was over 60 years old. Between 2020 and 2040, the share of people over 60 years old is expected to stay relatively constant in Clackamas County, from 26% of the population to 27% of the population.³³ While the aging of baby boomers may have a smaller impact in Gladstone than other cities in the county because Gladstone has a smaller share of people over 60 years of age, the City will be affected by retirement and changing housing needs of baby boomers. For example, as these older residents' household size decreases, some may choose to downsize to smaller homes, while others may be unable to stay in their current homes because of health or other issues.
 - The aging of the millennials. In 2012–2016, 24% of Gladstone's population was between 20 and 40 years old. Between 2020 and 2040, millennials are expected to grow from 23% of Clackamas County's population to 21% of the population, a decrease of 2% in the share of the population.³⁴ Despite this forecasted trend, homeownership rates for millennials will increase as millennials continue to form their own households. Gladstone has a proportionate share of millennials to the county. As a result, the City may have increased demand for relatively affordable housing types, for both ownership and rent, over the planning period.
 - The continued growth in Latinx populations. From 2000 to the 2012–2016 period, the share of Gladstone's Latinx population increased from 6% to 11% of the population, an increase of 5% in the share of the population. In the same time, the share of Latinx

³³ Population Research Center, Portland State University, June 30, 2017.

³⁴ Population Research Center, Portland State University, June 30, 2017.

households increased by 3% in Clackamas County and 4% in the Portland region. Continued growth in Latinx households will increase the need for larger units (to accommodate larger, sometimes multigenerational households) and relatively affordable housing.

- Gladstone households have, on average, lower incomes than the Portland region. Gladstone’s median household income was \$57,169, about \$12,000 lower than Clackamas County’s median (2012–2016). In that time, approximately 43% of Gladstone households earned less than \$50,000 per year.
- About 44% of Gladstone’s households are cost burdened (paying 30% or more of their household income on housing costs).³⁵ About 63% of Gladstone’s renters are cost burdened and about 31% of Gladstone’s homeowners are cost burdened.
- About 40% of Gladstone’s households are renters, 59% of whom live in multifamily housing. Median rents in Gladstone are \$1,225 per month, which are comparable to the \$1,205 median rent for Clackamas County as a whole. A household must earn \$44,100 to afford a monthly rent of \$1,225 per month without cost burdening themselves. In the 2014–2018 period, about 38% of Gladstone’s households earned less than \$44,100 and about 24% of Gladstone’s housing stock was multifamily. The existing share of multifamily units may constrain opportunities to rent in Gladstone.
- Housing sales prices increased in Gladstone over the last three years, but at a slower rate than the entire county. From February 2018 to February 2020, the median housing sales price increased by \$43,900 (13%), from \$344,900 to \$388,800.³⁶
- A household earning about 60% of Gladstone’s median household income (\$55,260) could afford a home valued between about \$165,700 and \$193,400, which is less than the median home sales price of about \$420,000 in Gladstone.³⁷

These factors suggest that Gladstone needs a broader range of housing types with a wider range of price points than are currently available in Gladstone’s housing stock. This includes providing opportunity for the development of housing types such as smaller single-family detached housing (e.g., cottages or small-lot single-family detached units), town houses, duplexes, triplexes, and quadplexes, and small to midsized apartment buildings.

Exhibit 60 presents a forecast for housing growth in the Gladstone city limits during the 2021 to 2041 period. The projection is based on the following assumptions:

- Metro’s population growth forecast for Gladstone shows that the population will increase by 321 households over the twenty-year period.

³⁵ The Department of Housing and Urban Development’s guidelines indicate that households paying 30% or more of their income on housing experience “cost burden” and households paying more than 50% of their income on housing experience “severe cost burden.”

³⁶ Redfin.

³⁷ Redfin.

- The assumptions about the mix of housing in Exhibit 60 are consistent with the requirements of OAR 660-007³⁸:
 - **40% of new housing will be single-family detached housing, including manufactured housing.** According to 2014–2018 ACS data from the U.S. Census, 72% of Gladstone’s housing was single-family detached.
 - **10% of new housing will be single-family attached.** In 2014–2018, 4% of Gladstone’s housing was single-family attached.
 - **10% of new housing will be duplexes, triplexes, or quadplexes.** In 2014–2018, 5% of Gladstone’s housing was multifamily housing with two to four units per structure.
 - **40% of new housing will be multifamily.** In 2014–2018, 19% of Gladstone’s housing was multifamily housing with five or more units per structure.

This change in housing mix for housing developed over the twenty-year planning period will provide more opportunity for the development of rental housing, as well as continued development of owner-occupied housing.

Gladstone will have demand for 321 new dwelling units over the 20-year period, 50% of which are forecast to be single-family detached housing.

Exhibit 60. Forecast of Demand for New Dwelling Units, Gladstone City Limits, 2021 to 2041

Source: Calculations by ECONorthwest.

Variable	Mix of New Dwelling Units (2021-2041)
Needed new dwelling units (2021-2041)	321
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	40%
<i>equals</i> Total new single-family detached DU	128
Single-family attached	
Percent single-family attached DU	10%
<i>equals</i> Total new single-family attached DU	32
Duplex, Triplex, Quadplex	
Percent duplex, triplex, quadplex DU	10%
Total new duplex, triplex, quadplex DU	32
Multifamily (5+ units)	
Percent multifamily DU (5+ units)	40%
Total new multifamily DU (5+ units)	129
Total new dwelling units (2021-2041)	321

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; it assumes they will be replaced at the same site and will not create additional demand for residential land.

³⁸ OAR 660-007-0030(1) requires that most Metro cities “provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing.”

Exhibit 61 allocates housing to plan designations in Gladstone. The allocation is based, in part, on the types of housing allowed in the zones of each plan designation.³⁹ Exhibit 61 shows:

- **Low Density Residential (R-7.2)** land will accommodate new single-family detached housing (including manufactured houses) and two-family dwellings (including duplexes and two single-family attached homes) on a collector or minor arterial street.
- **Medium Density Residential (R-5)** land will accommodate new single-family detached housing, including manufactured housing and mobile home parks.⁴⁰
- **High Density Residential (MR)** land will accommodate two-family dwellings (including duplexes),⁴¹ single-family attached housing, and multifamily housing.

Exhibit 61. Allocation of Housing by Type and Plan Designation, Gladstone City Limits, 2021 to 2041
Source: ECONorthwest.

Housing Type	Residential Plan Designations			Total
	Low Density	Medium Density	High Density	
Dwelling Units				
Single-family detached	80	48	-	128
Single-family attached	6	13	13	32
Duplex, Triplex, Quadplex	10	13	9	32
Multifamily (5+ units)	-	26	103	129
Total	96	100	125	321
Percent of Units				
Single-family detached	25%	15%	0%	40%
Single-family attached	2%	4%	4%	10%
Duplex, Triplex, Quadplex	3%	4%	3%	10%
Multifamily (5+ units)	0%	8%	32%	40%
Total	30%	31%	39%	100%

³⁹ Note: Gladstone’s Development Code does not specifically address town homes (single-family attached housing). Depending on the number of attached units, single-family attached housing would be allowed where duplexes, triplexes, or multifamily housing are allowed.

⁴⁰ Minimum area for mobile home parks is one acre.

⁴¹ Due to density standards, duplexes do not typically meet the minimum density requirements of this district.

The Housing Needs Analysis will need to convert from needed housing units (Exhibit 60) to acres of land. The analysis does this based on assumptions about future development densities (dwelling units per acre). Exhibit 62 presents this forecast of future housing density based on historical densities in Gladstone for the 2000 to 2020 period from Exhibit 12. In addition, Exhibit 62 converts between net acres and gross acres⁴² to account for land needed for rights-of-way by plan designation in Gladstone, based on Metro’s methodology of existing rights-of-way.⁴³

- **Low Density Residential:** Average density in this plan designation was historically 5.2 dwelling units per gross acre on tax lots smaller than 0.38 acres, with the assumption that no additional land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 4.7 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 4.2 dwelling units per gross acre.
- **Medium Density Residential:** Average density in this plan designation was historically 8.9 dwelling units per gross acre on tax lots smaller than 0.38 acres, and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 8.0 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 7.2 dwelling units per gross acre.
- **High Density Residential:** Average density in this plan designation was historically 24.9 dwelling units per gross acre on tax lots smaller than 0.38 acres, and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 20.8 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 24.0 dwelling units per gross acre.

Exhibit 62. Future Housing Densities⁴⁴ and Land for Rights-of-Way, Gladstone City Limits

Source: ECONorthwest. Note: DU is dwelling unit.

Residential Plan Designation	Tax Lots Smaller than 0.38 acre			Tax Lots ≥ 0.38 and ≤ 1.0 acre			Tax Lots larger than 1.0 acre		
	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)
Low Density	5.2	0%	5.2	5.2	10%	4.7	5.2	18.5%	4.2
Medium Density	8.9	0%	8.9	8.9	10%	8	8.9	18.5%	7.2
High Density	24.9	0%	24.9	23.1	10%	20.8	29.4	18.5%	24.0

⁴² OAR 660-024-0010(6) uses the following definition of net buildable acre. Net Buildable Acre “consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.” While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

⁴³ Metro’s methodology about net-to-gross assumptions are that (1) tax lots under 3/8 acre assume a 0% set aside for future streets, (2) tax lots between 3/8 acre and 1 acre assume a 10% set aside for future streets, and (3) tax lots greater than an acre assume an 18.5% set aside for future streets. The analysis assumes an 18.5% assumption for future streets.

⁴⁴ Housing net densities derive from an analysis of RLIS data for Gladstone for the 2000 to 2019 period. ECONorthwest modified some net densities to enable a more representative housing density target for the low-

Housing Need by Income Level

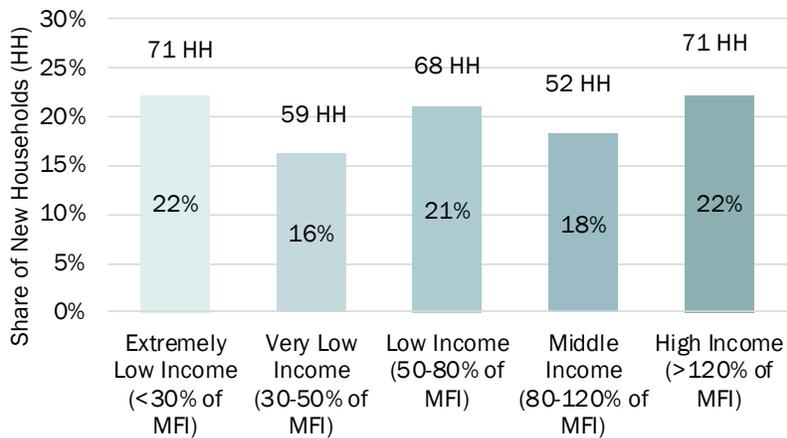
The next step in the Housing Needs Analysis is to develop an estimate of need for housing by income and housing type. Exhibit 63 presents an estimate of the income distribution of future households. It was based on American Community Survey income data for existing households in Gladstone. Income was categorized into market segments consistent with HUD income level categories, using Clackamas County’s 2020 median family income (MFI) of \$92,100. The analysis assumes that approximately the same percentage of households will be in each market segment in the future.⁴⁵

About 38% of Gladstone’s future households will have income below 50% of Clackamas County’s MFI (\$46,050 or less).

This trend shows a need for affordable housing types, such as government-subsidized affordable housing, manufactured homes, apartments, town homes, duplexes, and small single-family homes.

Exhibit 63. Future (New) Households, by Median Family Income (MFI) for Clackamas County (\$92,100), Gladstone, 2021 to 2041

Source: U.S. Department of Housing and Urban Development, Median Family Incomes, 2020. U.S. Census Bureau, 2014–2018 ACS, Table 19001.



density and medium-density plan designations. In that, for these two plan designations, net densities for tax lots between 0.38 to 1.0 acres and for tax lots larger than 1.0 acre were set to match the net densities in tax lots smaller than 0.38. This change offset some lower-density housing developments that brought the average densities in these tax lot categories down below what was typical for the area.

⁴⁵ For example, 22% of Gladstone’s households had incomes below 30% of the Clackamas County median family income in 2014–2018. This analysis assumes that 22% of the 321 new households added to Gladstone over the 2021–2041 period will have incomes below 30% of the Clackamas County median family income.

Need for Government-Assisted, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 require cities to plan for government-assisted housing, farmworker housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, apartments, etc.). Gladstone allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Gladstone will continue to allow government housing in all of its residential plan designations. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can apply to all housing types, and the City allows development of farmworker housing in all residential plan designations, with the same development standards as market-rate housing. This analysis assumes that Gladstone will continue to allow this housing in all of its residential plan designations. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** Gladstone allows manufactured homes on lots in the R-7.2 and R-5 zones, which are the zones where single-family detached housing is allowed. Gladstone does not have special siting requirements for manufactured homes. Since manufactured homes are subject to the same siting requirements as site-built homes, it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,⁴⁶ Gladstone has two manufactured home parks within the city, with 99 spaces and 1 vacant space.
 - ORS 197.480(1)(b) requires cities to allow mobile home or manufactured dwelling parks in "areas planned and zoned for a residential density of six to 12 units per acre sufficient to accommodate the need." Gladstone allows mobile home or manufactured dwelling parks in its Medium Density Designation (R-5 zone) but not in its Low Density Designation (R-7.2 zone). The R-7.2 zone allows a minimum lot size of 7,200 sq. ft. (6 dwelling unit per acre), and the R-5 zone allows a minimum lot size of 5,000 sq. ft. (8 dwelling unit per acre).

⁴⁶ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

- ORS 197.480(2) requires Gladstone to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential.
 - Exhibit 59 shows that Gladstone will need 321 dwelling units over the 2021 to 2041 period.
 - Analysis of housing affordability shows that about 38% of Gladstone’s new households will be low income, earning 50% or less of the region’s median family income. One type of housing affordable to these households is manufactured housing.
 - Manufactured housing (in parks) accounts for about 2% (99 dwelling units) of Gladstone’s current housing stock.
 - National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces.
 - The households most likely to live in manufactured homes in parks are those with incomes between \$27,630 and \$46,050 (30% to 50% of MFI), an income category which includes 16% of Gladstone’s households. However, households in other income categories may choose to live in manufactured homes in parks as well.
 - The national and state trends of the closure of manufactured home parks, and the fact that no new manufactured home parks have opened in Oregon in over the last 15 years, demonstrate that the development of new manufactured home parks in Gladstone is unlikely.

Our conclusion from this analysis is that the development of new manufactured home parks in Gladstone City (and most of the Portland region) over the planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in Gladstone. The forecast of housing assumes that no new manufactured home parks will be opened in Gladstone over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.

Over the next 20 years (or longer), one or both of Gladstone’s existing manufactured home parks may close. This may be a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

While there is statewide regulation of the closure of manufactured home parks designed to

lessen the financial difficulties of this closure for park residents,⁴⁷ the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential development to allow for the development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate-density housing, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary zoning policy, or partnering with a developer of government-subsidized affordable housing.

⁴⁷ ORS 90.645 regulates rules about closure of manufactured dwelling parks. Before closing a manufactured dwelling park, landlords must give tenants at least one year's notice of park closure, must pay the tenant between \$5,000 and \$9,000 for each manufactured dwelling park space, and must not charge tenants for demolition costs of abandoned manufactured homes.

6. Gladstone’s Residential Land Sufficiency

This section presents an evaluation of the sufficiency of vacant residential land in Gladstone to accommodate expected residential growth over the 2021 to 2041 period. This section includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Gladstone’s ability to accommodate needed new housing units for the 2021 to 2041 period, based on the analysis in the Housing Needs Analysis.

Capacity Analysis

The comparison of supply (buildable land) and demand (population and growth leading to demand for more residential development) allows the determination of land sufficiency.

There are two ways to calculate estimates of supply and demand into common units of measurement to allow their comparison: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that all land has different characteristics—factors such as zone, slope, parcel size, and shape can affect the land’s ability to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the city limits to accommodate new housing. This analysis, sometimes called a “capacity analysis,”⁴⁸ can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

⁴⁸ There is ambiguity in the term *capacity analysis*. It would not be unreasonable for one to say that the “capacity” of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: “estimating how many new dwelling units the vacant residential land in the city limits is likely to accommodate.” That phrase is cumbersome, however, and it is common in Oregon and elsewhere to refer to that type of analysis as “capacity analysis,” so we use that shorthand occasionally in this memorandum.

Gladstone Capacity Analysis Results

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities by the housing type categories shown in Exhibit 62.

Exhibit 64 shows that **Gladstone’s vacant land has capacity to accommodate approximately 72 new dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in residential plan designations and zones that allow residential uses in Exhibit 8.
- **Assumed densities.** The capacity analysis assumes development will occur at historical densities. Those densities were derived from the densities shown in Exhibit 62.

Exhibit 64. Estimate of Residential Capacity on Unconstrained Vacant and Partially Vacant Buildable Land, Gladstone City Limits, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Residential Plan Designation	Tax Lots Smaller than 0.38 acre			Tax Lots ≥ 0.38 and ≤ 1.0 acre			Tax Lots larger than 1.0 acre			Total, combined	
	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Capacity (Dwelling Units)
Low Density	5.0	5.2	25	3.8	4.7	18	5.5	4.2	23	14	66
Medium Density	0.9	8.9	7	0.4	8.0	3	0.0	7.2	0	1	10
High Density	0.0	24.9	0	0.0	20.8	0	0.0	24.0	0	0	0
Total	5.8	-	32	4.2	-	21	5.5	-	23	16	76

Exhibit 64 shows capacity and densities in gross acres. OAR 660-007 requires that Gladstone provide opportunity for the development of housing at an overall average density of 8 dwelling units per net acre. The average net density of buildable residential land in Exhibit 64 is 5.32 dwelling units per net acre and 4.87 dwelling units per gross acre. Given that 14 of Gladstone’s vacant acres are in the low-density plan designation, it is not surprising that Gladstone’s average density is below the 8 dwelling units per net acre required in OAR 660-007.

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Gladstone is to compare the demand for housing by plan designation (Exhibit 61) with the capacity of land by plan designation (Exhibit 64).

Exhibit 65 shows that Gladstone does not have sufficient land to accommodate development in the low density, medium density, and high density residential plan designations.

- Low Density Residential has a deficit of capacity of 30 dwelling units, meaning the City has an approximate deficit of 6 gross acres of low-density land, at an average density of 5.2 dwelling units per gross acre.
- Medium Density Residential has a deficit of capacity of 90 dwelling units, meaning the City has an approximate deficit of 10 gross acres of medium-density land, at an average density of 8.9 dwelling units per gross acre.
- High Density Residential has a deficit of capacity of 125 dwelling units, meaning the City has an approximate deficit of 5 gross acres of high-density land, at an average density of 24.9 dwelling units per gross acre.

Exhibit 65. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Gladstone City Limits, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Residential Plan Designation	Capacity (Dwelling Units)	Demand (Dwelling Units)	Comparison (Capacity minus Demand)	Land Deficit (Gross Acres)
Low Density	66	96	(30)	(6)
Medium Density	10	100	(90)	(10)
High Density	-	125	(125)	(5)
Total	76	321	(245)	-

Conclusions

In Gladstone, growth in housing will be driven by growth in households. The number of households in Gladstone's city limits is forecast to grow from 4,573 to 4,894 households, an increase of 321 households between 2021 and 2041. Therefore, to accommodate new households in Gladstone's city limits, the City will plan for 321 new dwelling units, which averages out to 16 new dwelling units annually over the planning period.

To meet the City's future housing needs, Gladstone will plan for more single-family attached housing and multifamily housing (of all types). Historically, about 72% of Gladstone's housing was single-family detached. New housing in Gladstone is forecast to be 40% single-family detached; 10% single-family attached; 10% duplex, triplex, and quadplex units; and 40% multifamily housing with five or more units. Based on the forecast of 321 units, this housing mix equates to 128 single-family detached units; 32 single-family attached units; 32 duplex, triplex, or quadplex units; and 129 multifamily units with five or more units.

The factors driving the shift in types of housing needed in Gladstone include changes in demographics and decreases in housing affordability:

- The aging of senior populations and the household formation of young adults will drive demand for renter-occupied and owner-occupied housing, such as small single-family detached housing, town houses, duplexes, and apartments/condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.
- Gladstone's location within the broader Portland Metro region makes the community potentially attractive for a wider range of housing types, including housing types such as town houses, triplexes and quadplexes, and apartments from garden apartments to three-story to five-story apartment buildings.
- Gladstone's existing deficit of housing affordable for low-income and high-income households indicates a need for a wider range of housing types, for renters and homeowners. About 31% of homeowner and 62% of renter households have affordability problems and are considered cost burdened.
- Lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions, 123 of the forecasted new households will have incomes of \$46,050 or less (50% of MFI income or less). These households cannot afford market-rate housing without government subsidy. Another 68 new households will have incomes between \$46,050 and \$73,680 (50% to 80% of MFI). These households will all need access to affordable housing, such as the housing types described above.

Gladstone has unmet need for affordable housing. About 44% of Gladstone's households are cost burdened. As mentioned above, 62% of renters are cost burdened and 31% of owners are cost burdened, meaning they spend more than 30% of their incomes on housing costs. In addition, a majority of Gladstone's residents commute outside of the city to get to their jobs—

meaning they are also spending a portion of their incomes on transportation costs (further impacting household budgets). Gladstone's share of cost-burdened households is slightly more than other communities in Clackamas County. The City's unmet housing needs include:

- *Renter housing.* The average rent for multifamily housing in Gladstone in 2019 was about \$1,313, which is affordable to households earning approximately 60% of the median family income (about \$53,000). About a third of Gladstone's households have incomes below this level and cannot afford the average rent. As shown in the rates of cost burden, many of these renter households are cost burdened.
- *Owner-occupied housing.* The median home sales price in June 2020 was about \$433,000, which is affordable to households earning about 140% of the median family income (about \$130,000). More than 80% of Gladstone's households have incomes below this level. Households at middle incomes are less able to afford housing in Gladstone. One way to increase the supply of affordable owner-occupied housing is to increase opportunities for the development of the middle-income housing described above.

Based on a comparison of Gladstone's demand for housing and capacity for housing on residential, buildable lands in the city, this report finds that Gladstone has a deficit of housing capacity in each of its residential plan designations. Specifically:

- Gladstone has 14 buildable acres in its low-density residential plan designation. These 14 acres can accommodate 66 dwelling units. Gladstone has demand for 96 units in this plan designation, resulting in a housing capacity deficit of 30 units. A deficit of 30 units results in a deficit of 6 gross acres (assuming a density of 5.2 units per gross acre).
- Gladstone has one buildable acre in its medium-density residential plan designation. This acre can accommodate 10 dwelling units. Gladstone has demand for 100 dwelling units in this plan designation, resulting in a housing capacity deficit of 90 units. A deficit of 90 units results in a deficit of 10 gross acres (assuming a density of 8.9 units per gross acre).
- Gladstone has no buildable acres in its high-density residential plan designation. Gladstone has demand for 125 units in this plan designation, meaning the City has a housing capacity deficit of 125 units. A deficit of 125 units results in a deficit of 5 gross acres (assuming a density of 24.9 units per gross acre).
- Gladstone is unable to meet the requirement in OAR 660-007 to provide opportunity for the development of housing at an overall average density of 8 dwelling units per net acre. Gladstone's overall average net density on vacant land is 5.3 dwelling units per net acre. Given that 14 of Gladstone's vacant acres are in the low-density plan designation, it is not surprising that Gladstone's average density is below the 8 dwelling units per net acre required in OAR 660-007.

Gladstone's problem is not the allowed densities in its plan designations but the lack of buildable land. **If Gladstone had enough vacant land or had enough redevelopment to**

meet the land deficits shown in Exhibit 65, the average development density would be 9.1 dwelling units per net acre.

Based on the conclusions above, ECONorthwest proposes the following recommendations to Gladstone:

- **Continue to pursue ongoing planning efforts related to housing.** Gladstone conducted the *City of Gladstone Code Audit for Needed Housing* in 2019 and developed the *Downtown Revitalization Plan* in 2017. Neither plan has yet been implemented through changes to Gladstone’s housing policies. The City is planning to conduct a community engagement process in 2021 to bring this report and the recommendations from the *Code Audit* and *Downtown Revitalization Plan* to residents of Gladstone for discussion and potential implementation.
- Gladstone conducted the *City of Gladstone Code Audit for Needed Housing* in 2019, which is an evaluation of its zoning code in 2019 to identify potential zoning code updates. The *Code Audit* identified recommended changes to the zoning code, such as expanding the types of housing allowed in Gladstone (including allowing “missing-middle” housing types), allowing a wider range of housing in commercial zones, improving minimum parking requirements, considering allowing cottage cluster housing in the R-5 zone and other appropriate zones, and allowing live/work units in appropriate zones.
- Gladstone developed the *Downtown Revitalization Plan* in 2017, which includes recommendations for residential development in downtown. The type of development discussed in the *Downtown Revitalization Plan* meets some of the key needs identified in the Housing Needs Analysis for missing-middle and multifamily housing development, as well as development of more rental housing.
- **Update the Housing Chapter of the Comprehensive Plan.** The *City of Gladstone Code Audit for Needed Housing* made recommendations to update the Housing Chapter of the City’s Comprehensive Plan. The *Code Audit* recommended expanding the goals and policies to support the development of a wider range of housing and improve accessibility for populations with special needs such as seniors or people with disabilities. This report provides Gladstone with a factual basis to update the Housing Chapter of the City’s Comprehensive Plan to support future planning efforts to address unmet housing needs in Gladstone. We recommend that the City go forward with the types of updates recommended in the *Code Audit* and adopt this Housing Needs Analysis as an appendix to the Comprehensive Plan to provide a factual basis in support of the update.
- **Identify opportunities to meet the unmet housing needs in Gladstone.** Exhibit 65 shows deficits for housing in all plan designations, for a total deficit of 245 units. The City already has the necessary recommendations for addressing these housing deficits, through implementation of (1) the requirements of House Bill 2001, (2) the *Downtown Revitalization Plan*, and (3) the *City of Gladstone Code Audit for Needed Housing*. The

community engagement process that will begin in 2021 should explain the importance of each of these planning efforts for meeting Gladstone’s housing needs.

- Implement the requirements of House Bill 2001. This bill requires Gladstone to allow missing-middle housing types such as duplexes, triplexes, quadplexes, town houses, and cottage clusters in zones where single-family detached housing is allowed, and the bill requires Gladstone to implement the policies necessary to do so by June 30, 2022 (as required in the bill). Implementing these requirements will provide opportunities for the development of missing-middle housing types in the Low Density and Medium Density Plan Designations, which will help the City accommodate the deficit of capacity for housing shown in Exhibit 65.
- Support redevelopment efforts and pursue strategies to encourage redevelopment in specific target areas, such as downtown. The *Downtown Revitalization Plan* proposes changes of policies to allow a wider range of housing in downtown. These changes can support redevelopment in downtown Gladstone that will help the City. Pursuing this action would increase Gladstone’s capacity for multifamily housing in in the Medium and High Density Designations, helping to accommodate the deficit of capacity for housing shown in Exhibit 65.
- Implementation of the recommendations in the *City of Gladstone Code Audit for Needed Housing* will support implementation of the requirements of HB 2001 and *Downtown Revitalization Plan*. These changes to Gladstone’s zoning code help the City better accommodate the housing deficits shown in Exhibit 65.
- **Ensure that the City is able to meet the requirements of OAR 660-007 to provide opportunity for the development of housing at an overall average density of 8 dwelling units per net acre.** If development occurs in the plan designations to address the deficits shown in Exhibit 65 at densities approximately the same as the historical densities in Gladstone (Exhibit 12), then the average development density would be about 9 dwelling units per gross acre. If Gladstone implements this recommendation in the *City of Gladstone Code Audit for Needed Housing* and complies with House Bill 2001, the development densities that the City achieves over the twenty-year planning period may be higher than historical densities. In either case, the City would be meeting the requirements of OAR 660-007.
- **Ensure that the City is complying with state requirements on where to allow mobile and manufactured home parks.** ORS 197.480(1)(b) requires cities to allow mobile home or manufactured dwelling parks in “areas planned and zoned for a residential density of six to 12 units per acre sufficient to accommodate the need.” Gladstone allows mobile home or manufactured dwelling parks in its Medium Density Designation (R-5 zone, which allows 8 dwelling units per acre) but not in its Low Density Designation (R-7.2 zone which allows development of 6 dwelling units per acre). Gladstone may need to allow manufactured home parks on the R-7.2 zone to comply with ORS 197.480(1)(b), even though it is unlikely that a new mobile or manufactured home park will be built over the twenty-year planning period.

Appendix A: Buildable Lands Inventory Methodology

A key initial component of the Housing Needs Analysis is conducting a buildable lands inventory (BLI). This appendix summarizes the methods ECONorthwest used to conduct the residential BLI for Gladstone.

Oregon Administrative Rules provide guidance on conducting residential BLIs:

OAR 660-008-0005(2):

“Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered “suitable and available” unless it:

- (a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
- (b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;*
- (c) Has slopes of 25 percent or greater;*
- (d) Is within the 100-year flood plain; or*
- (e) Cannot be provided with public facilities.*

The methods used for conducting the Gladstone BLI are consistent with Oregon statutes. The Gladstone BLI presented in this analysis aligns with the methods and definitions in the 2019 Clackamas County Regional Housing Needs Analysis, with updated classifications to reflect development since 2019.

Methodology

The BLI is based on the data and methods used by Metro. Metro is required to complete a BLI for land within the regional UGB every six years. The agency finished an updated BLI (based on 2016 data) in November 2018 for the 2018 Urban Growth Report (UGR). The methods used for inventorying lands in Gladstone attempt to be consistent with Metro’s results while also updating the results to account for new development since the 2019 BLI completed for the Clackamas County Regional Housing Needs Analysis and other local conditions, such as unique environmental constraints.

Study Area

The BLI for the Gladstone city limits includes all residential land designated in the Comprehensive Plan.⁴⁹ ECONorthwest used the tax lot shapefile from Metro’s 2018 BLI (2016 tax lot base data), with attention to lots that subdivided since 2016 based on local staff identification. City staff then reviewed these areas and identified lots that should be excluded or included for their jurisdiction based on future planning or errors in GIS data.

Inventory Steps

The BLI consists of several steps:

1. Generating UGB “land base”
2. Classifying land by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate “Land Base”

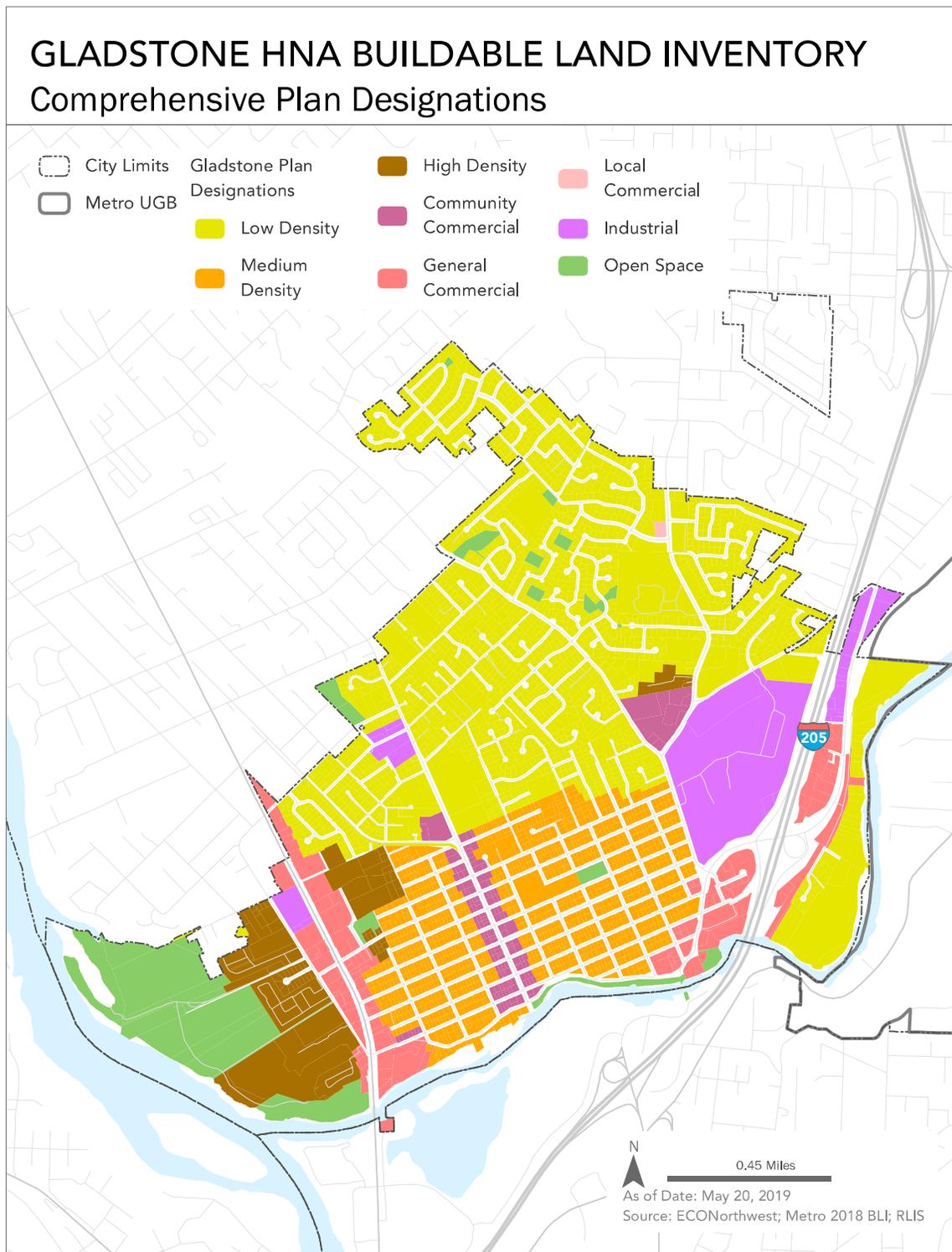
Per Goal 10 this involves selecting all of the tax lots with residential and other nonemployment plan designations where residential uses are planned for and allowed by the implementing zones.

Exhibit 66 shows the residential plan designations included in the BLI.

⁴⁹ ECONorthwest reviewed local plan information for Gladstone based on 2020 RLIS data. Residential comprehensive plan designations remained the same since the 2019 BLI.

Exhibit 66. Residential Land Base by Plan Designation, Gladstone, 2020

Source: ECONorthwest. Note: No comprehensive plan changes occurred for residential plan designations in Gladstone since the 2019 BLI.



Step 2: Classify Lands

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

- Vacant
- Partially vacant
- Public or exempt
- Developed

ECONorthwest used the classifications determined through Metro’s model, which are outlined below.

Development Status	Definition	Statutory Authority
Vacant	Tax lots designated as vacant by Metro based on the following criteria: <ol style="list-style-type: none"> 1) Fully vacant based on Metro aerial photo 2) Tax lots with less than 2,000 square feet developed AND developed area is less than 10% of lot 3) Lots 95% or more vacant from GIS vacant land inventory 	OAR 660-008-0006(2) (2) “Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available, and necessary for residential uses.
Partially Vacant	Single-family tax lots that are 2.5 times larger than the minimum lot size and a building value less than \$300,000 or lots that are 5 times larger than the minimum lots size (no threshold for building value). These lots are considered to still have residential capacity. For this analysis, we are classifying these lots as partially vacant. We assume that 0.25 acres of the lot is developed, and the remaining land is available for development, less constraints.	OAR 660-008-0006(2)
Public or Exempt	Lands in public or semipublic ownership are considered unavailable for residential development. This includes lands in federal, state, county, or city ownership as well as lands owned by churches and other semipublic organizations and properties with conservation easements. These lands are identified using the Metro’s definitions and categories.	OAR 660-008-0005(2) - Publicly owned land is generally not considered available for residential uses.
Developed	Lands not classified as vacant, partially vacant, or public/exempt are considered developed.	OAR 660-008-0006(2) (2) “Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available, and necessary for residential uses.

Step 3: Identify Constraints

Consistent with OAR 660-008-0005(2) guidance on residential buildable lands inventories, ECONorthwest deducted certain lands with development constraints from vacant lands. Unless cities identified alternative constraints (as identified below), the constraints we used are summarized in the table below.

Constraint	Statutory Authority	Threshold	File name
Goal 5 Natural Resource Constraints			
Regulated wetlands and habitat	OAR 660-008-0005(2)	Regionally Significant Riparian and Upland Wildlife habitat, Habitats of Concern, and impact areas	Title 13-layer, Wetlands layer
Riparian Corridors	OAR 660-015-0000(5)	Areas protected by the Stream and Floodplain Plan	Title 3 layer
Natural Hazard Constraints			
Floodways	OAR 660-008-0005(2)	Lands within FEMA FIRM identified floodway	floodway_Area
100-Year Floodplain	OAR 660-008-0005(2)	Lands within FEMA FIRM 100-year floodplain	floodplain_Area
Steep Slopes	OAR 660-008-0005(2)	Slopes greater than 25%	slopes25_Area

These areas are considered as prohibitive constraints (unbuildable) as shown in Exhibit 67. These areas are deducted from lands that are identified as vacant to determine the buildable portion of vacant lots. In addition, we applied any local specific environmental constraints identified by cities that also prohibit the development of vacant lots. These local constraints should clearly limit development potential in the local development code.

The lack of access to water, sewer, power, road or other key infrastructure cannot be considered a prohibitive constraint unless it is an extreme condition. These tax lots are currently unserved but could potentially become serviced over the twenty-year planning period.

Exhibit 67. Residential Development Constraints, Gladstone, 2020



Step 4: Verification

ECONorthwest used a multistep verification process to review development status in Gladstone. The first verification step included a “rapid visual assessment” of land classifications using GIS and recent aerial photos. The rapid visual assessment involved reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. We reviewed all tax lots included in the inventory using the rapid visual assessment methodology. The second round of verification involved City staff verifying the rapid visual assessment output. We amended the BLI based on City staff review and comments, and the 2020 BLI update (since the 2019 BLI) considered areas developed in the past year based on permit information and local confirmation from City staff.

Step 5: Tabulation and Mapping

The results are presented in tabular and map format in Chapter 2.