City of Albany, Oregon
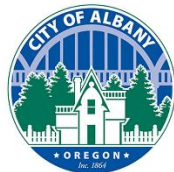
Housing and Residential Land Needs Assessment

(OREGON STATEWIDE PLANNING GOAL 10)

20-year housing need to 2040

APG

CITY OF ALBANY · OREGON · Inc. 1864

JOHNSON ECONOMICS

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I. INTRODUCTION

This analysis outlines a forecast of housing need within the City of Albany to 2040. This report presents a housing need analysis (presented in number and types of housing units) and a residential land need analysis, based on those projections to 2040 consistent with 20-year need assessment requirements of Oregon Revised Statutes[1] and Oregon Administrative Rule 660 Division 8 (statewide planning Goal 10, Housing). The analysis provides a snapshot of Albany's demographics, describes the characteristics of the existing mix and density of Albany's housing stock and residential development trends, and evaluates housing affordability. This information and population forecasts were used to project Albany's future housing needs over the 20-year period.

The primary data sources used in generating this forecast were:

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

This analysis reflects the coordinated population forecast from the Oregon Population Forecast Program at the Population Research Center (PRC) at Portland State University (PSU). State legislation passed in 2013 made the PRC responsible for generating the official population forecasts to be used in Goal 10 housing analyses in Oregon communities outside of the Portland Metro area (ORS 195.033). The population forecasts used in this analysis were generated in 2017.

This analysis relies heavily on Census data from both the Decennial Census, and the American Community Survey (ACS). Generally, data from the ACS has a larger statistical margin of error than the ten-year Census. This analysis relies whenever possible on the most recent ACS five-year estimates. The five-year estimates have the lowest margin of error in comparison to the ACS three-year and one-year estimates. All Census data feature some margin of error but remain the best source of data available on many demographic and housing subjects.

II. CITY OF ALBANY DEMOGRAPHIC PROFILE

SUMMARY

The following table (Figure 2.1) presents a profile of City of Albany demographics from the 2000 and 2010 Census. This includes the city limits of Albany, as well as areas currently included within the Urban Growth Boundary (UGB) in Linn and Benton Counties. It also reflects the estimated population of this area as of 2018 from PSU estimates.

- Albany is a City of nearly 54,000 people (City), and over 55,000 people (UGB), located mostly in Linn County in mid-Willamette Valley. The neighborhood of North Albany is located in Benton County. The Albany UGB includes roughly 11,350 acres in Linn County, and 2,550 acres in Benton County (or 18 percent of the total area).

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[1] ORS 197.628; OAR 660-025

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

- Based on the UGB population, Albany is the 11th largest city in the state by population, the largest in Linn County, and is currently the second largest in Benton County. Albany is similar in size to its neighboring city of Corvallis, and statewide is also similar in size to Springfield and Tigard.

- Albany has experienced strong growth, growing an estimated 32 percent since 2000. In contrast, Linn County and the state experienced population growth of 22 percent and 23 percent respectively (US Census and PSU Population Research Center).

- Albany was home to an estimated 21,750 households in 2019, an increase of 5,200 households since 2000. The percentage of families remained steady between 2000 and 2019 from 65 percent of all households. Average household size has remained flat during this period. The city has a smaller share of family households than Linn County (68 percent) but higher than the state (63 percent).

- Albany's estimated average household size is 2.50 persons, using the 2010 figure. This is somewhat less than the Linn County average of 2.59 and greater than the statewide average of 2.47.

FIGURE 2.1: ALBANY DEMOGRAPHIC PROFILE

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS					
	2000 (Census)	2010 (Census)	Growth 00-10	2019 (PSU)	Growth 10-19
Population[1]	41,895	51,438	23%	55,201	7%
Households[2]	16,549	20,246	22%	21,517	6%
Families[3]	11,105	13,248	19%	14,072	6%
Housing Units[4]	17,817	21,514	21%	22,805	6%
Group Quarters Population[5]	687	824	20%	1,410	71%
Household Size (non-group)	*2.49*	*2.50*	*0%*	*2.50*	*0%*
Avg. Family Size	*2.99*	*3.01*	*1%*	*3.07*	*2%*
PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000 (Census)	2010 (Census)	Growth 00-10	2019 (Proj.)	Growth 10-19
Per Capita ($)	$18,570	$22,236	20%	$26,978	21%
Median HH ($)	$39,409	$46,638	18%	$54,275	16%

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

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

[1] From PSU Population Forecast Program, growth rate from final forecast for Linn/Benton Co. (2017)

[2] 2019 Households = (2019 population - Group Quarters Population)/2019 HH Size

[3] Ratio of 2019 Families to total HH is based on 2017 ACS 5-year Estimates

[4] 2019 housing units are the '10 Census total plus new units permitted from '10 through '19 (source: Census, Cities)

[5] 2019 estimate from City of Albany.

A. POPULATION GROWTH

Since 2000, Albany has grown by roughly 13,300 people within the UGB, or 32 percent in 19 years. This was greater than the countywide and statewide rate of growth. In comparison, the population of Corvallis grew by an estimated 20 percent during this period.

B. HOUSEHOLD GROWTH AND SIZE

As of 2019, the city has an estimated 21,500 households. Since 2000, Albany has added an estimated 4,970 households. This is an average of roughly 260 households annually during this period. The growth since 2000 has roughly kept pace with the growth in new housing units, which have been permitted at the rate of just under 270 units per year.

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

Albany's average household size of 2.5 people, with 65 percent family households, is slightly smaller than Linn County (2.59; 68 percent).

Figure 2.2 shows the share of households by the number of people for renter and owner households in 2017 (latest available), according to the Census. Renter households are more likely to have a single person, or two persons, and less likely to have more than three people. Owner households are more likely to have two persons (older couples and single parents) or more than three persons. Household size correlates to housing needs.

FIGURE 2.2: NUMBER OF PEOPLE PER HOUSEHOLD, CITY OF ALBANY
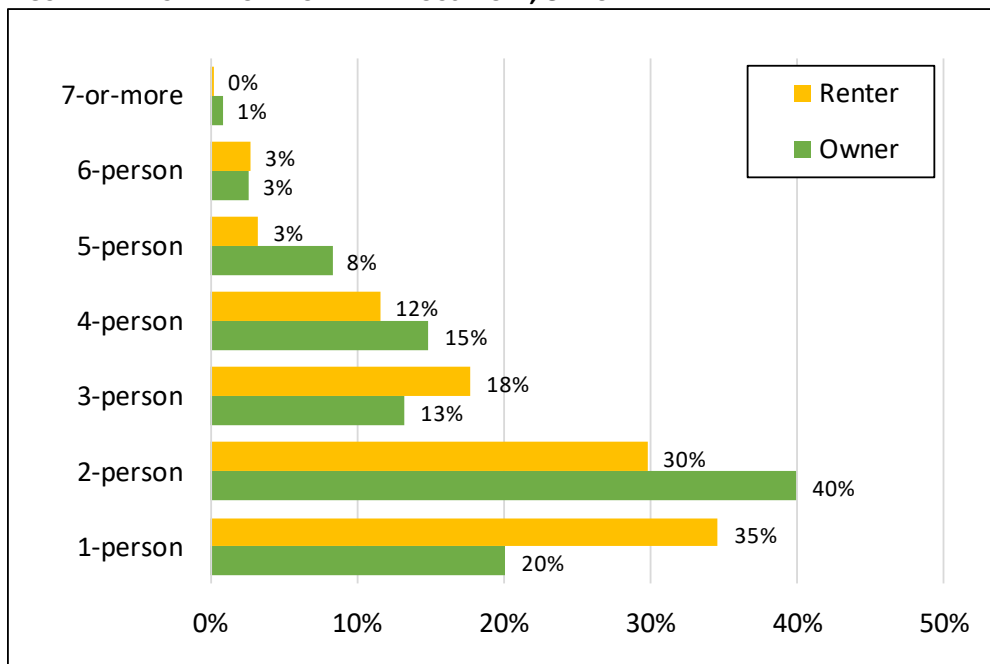
SOURCE: US Census, JOHNSON ECONOMICS LLC
Census Tables: B25009 (2017 ACS 5-yr Estimates)

C. FAMILY HOUSEHOLDS

As of the 2010 Census, 67 percent of Albany households were family households, roughly equal to 2000. By the most recent American Community Survey, the share of family households is estimated to have fallen slightly to 65 percent. The number of family households in Albany is estimated to have grown by roughly 2,970 since 2000.

The Census defines family households as two or more persons, related by marriage, birth, or adoption and living together. In 2017, family households in Albany had an average size of 3.1 people.

D. GROUP QUARTERS POPULATION

The City of Albany has an estimated group quarters population of 2.6 percent of the total population, or 1,410 persons. Group quarters include such shared housing situations as nursing homes, prisons, dorms, group residences, military housing, or shelters. For the purposes of this analysis, these residents are removed from the estimated population total, before determining the amount of other types of housing that is needed for non-group households. (The share of group quarters population is assumed to remain steady over the 20-year forecast period.)

E. HOUSING UNITS

Data from the City of Albany and the US Census indicate that the city added just under 5,000 new housing units since 2000, representing 28 percent growth in the housing stock. This number of new units is very close to the growth in new households estimated during the same period (4,970), indicating that housing growth has just kept pace with need.

As of 2018, the city had an estimated housing stock of roughly 22,805 units for its 21,500 estimated households. This translates to an estimated average vacancy rate of 5.6 percent.

Residential Permits: An average of 300 units have been permitted in the City annually since 2000, with 20 percent being multi-family units. Residential permits in Linn County have averaged 550 per year since 2000, with the majority being single-family homes. After experiencing some multi-family development prior to the 2008 recession, permitting has been relatively slow for the past decade.

FIGURE 2.3: HISTORIC AND PROJECTED RESIDENTIAL PERMITS, CITY OF ALBANY
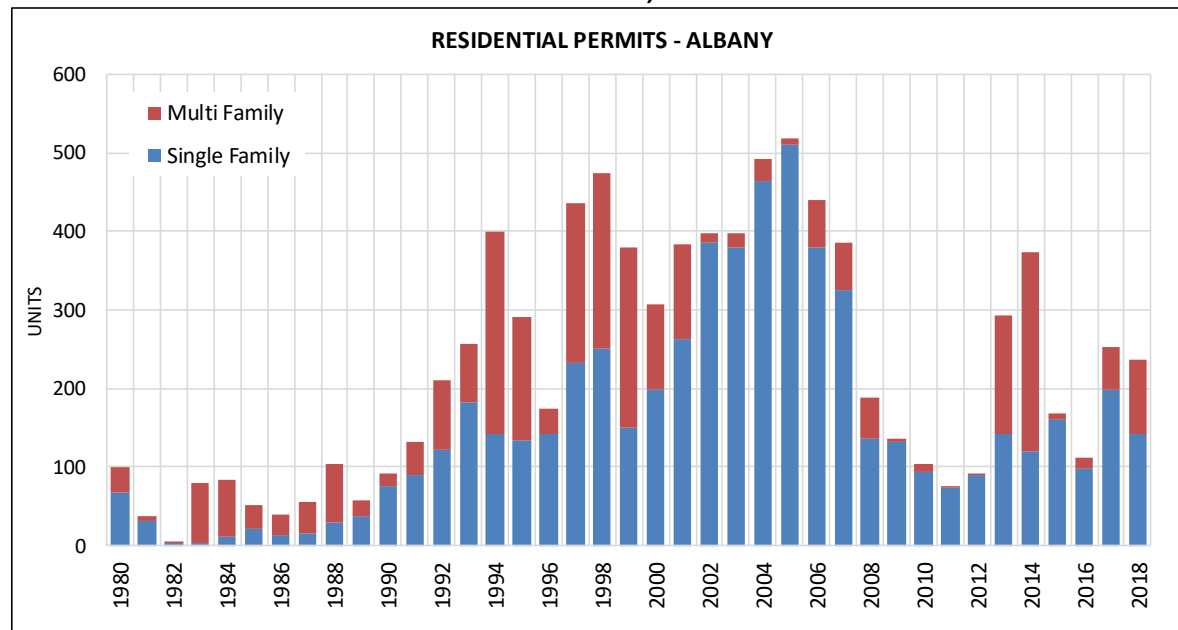
SOURCE: HUD

FIGURE 2.4: HISTORIC AND PROJECTED RESIDENTIAL PERMITS, LINN COUNTY
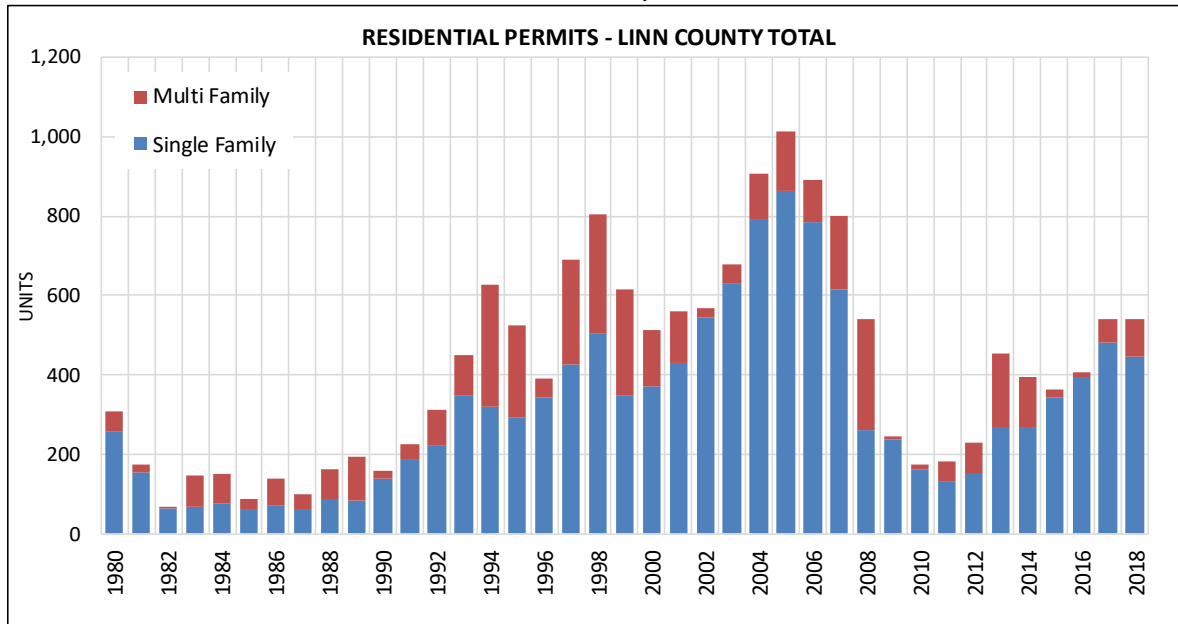
SOURCE: HUD

Much of Albany's residential growth since 2000 has been in North Albany, in Benton County. Benton County has seen less overall housing permitting activity than Linn County in that period, at roughly 6,050 total units to 10,000 total units. Benton County has seen a much higher percentage of permitted units being multi-family (43 percent), compared to Linn (18 percent). This is attributable to the need for college student housing in Corvallis where there have been periodic surges in enrollment at Oregon State University and a corresponding surge in multi-family development in the 1990s and since 2011.

FIGURE 2.5: HISTORIC AND PROJECTED RESIDENTIAL PERMITS, BENTON COUNTY
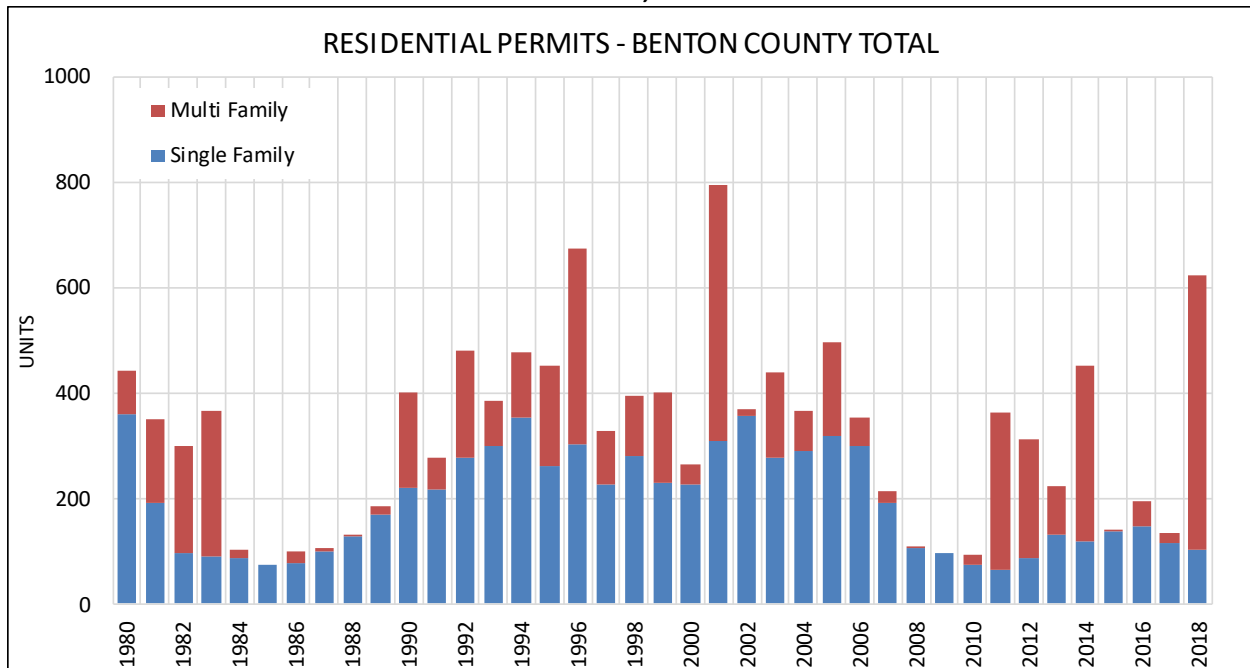
SOURCE: HUD

F. AGE TRENDS

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

- The cohorts which grew in share during this period were those aged 55 to 74 years. Still, an estimated 85 percent of the population is under 65 years of age.

- In the 2017 ACS, the local median age was an estimated 37 years, compared to 38 years in Oregon.

FIGURE 2.6: AGE COHORT TRENDS, 2000 – 2017, ALBANY
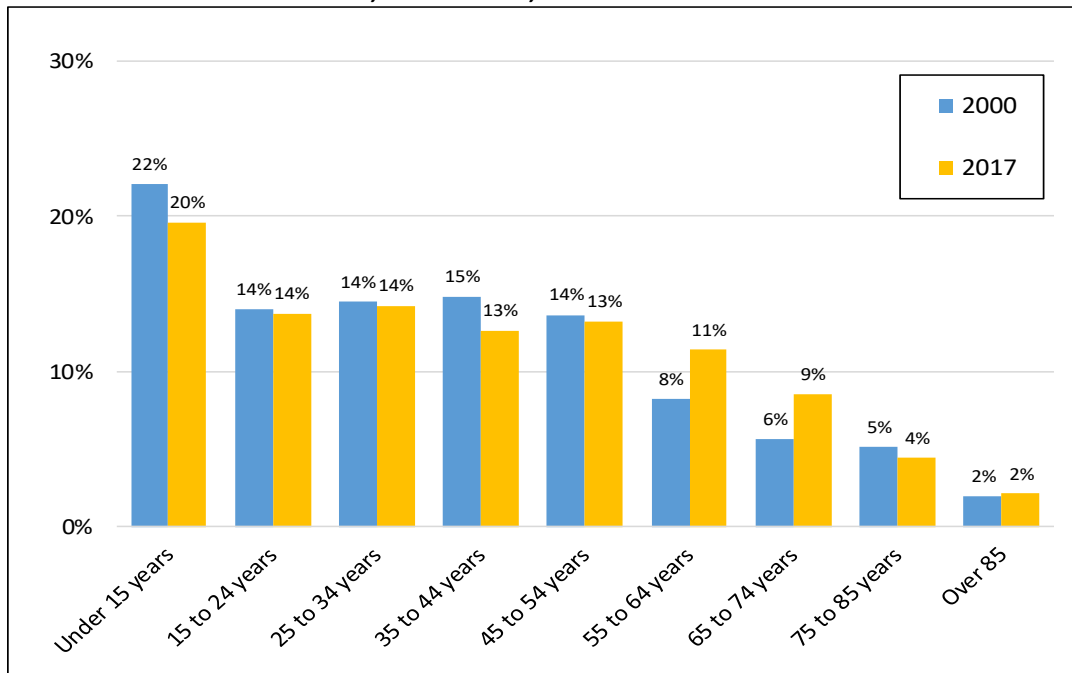
SOURCE: US Census, JOHNSON ECONOMICS LLC
Census Tables: QT-P1 (2000); S0101 (2017 ACS 5-yr Estimates)

Figure 2.7 presents the share of households with children and the share of population over 65 years for comparison. Compared to state and national averages, Albany has a similar share of households with children as the national average, but higher than the statewide figure. The share of population over 65 is similar to the state and national figures.

FIGURE 2.7: SHARE OF HOUSEHOLDS WITH CHILDREN/POPULATION OVER 65 YEARS
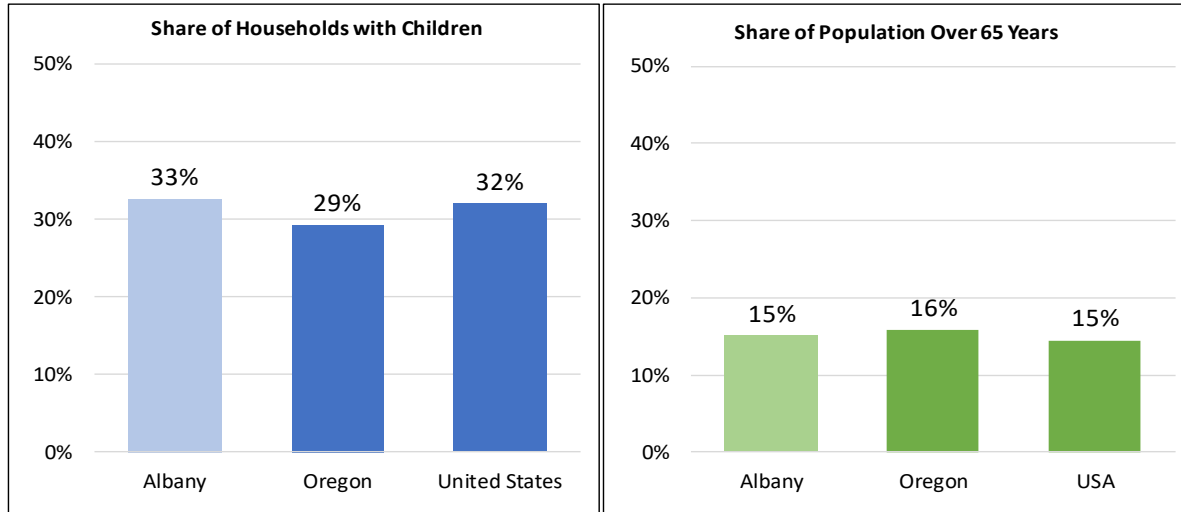
SOURCE: US Census, JOHNSON ECONOMICS LLC
Census Tables: B11005; S0101 (2017 ACS 5-yr Estimates)

G. INCOME TRENDS

The following figure presents data on Albany's income trends.

FIGURE 2.8: INCOME TRENDS, 2000 – 2019, ALBANY

PER CAPITA AND MEDIAN HOUSEHOLD INCOME					
	2000 (Census)	2010 (Census)	Growth 00-10	2019 (Proj.)	Growth 10-19
Per Capita ($)	$18,570	$22,236	20%	$26,978	21%
Median HH ($)	$39,409	$46,638	18%	$54,275	16%

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

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

- Albany's estimated median household income was $54,000 in 2019. This is eight percent higher than the Linn County median of $49,500, and slightly lower than the state median of $56,000.

- Albany's per capita income is roughly $27,000.

- Median income has grown an estimated 45 percent between 2000 and 2019, in real dollars. Inflation was an estimated 45 percent over this period, so the local median income has roughly kept pace with inflation. This is not the case in many regions and nationally, where income growth has not kept pace with inflation.
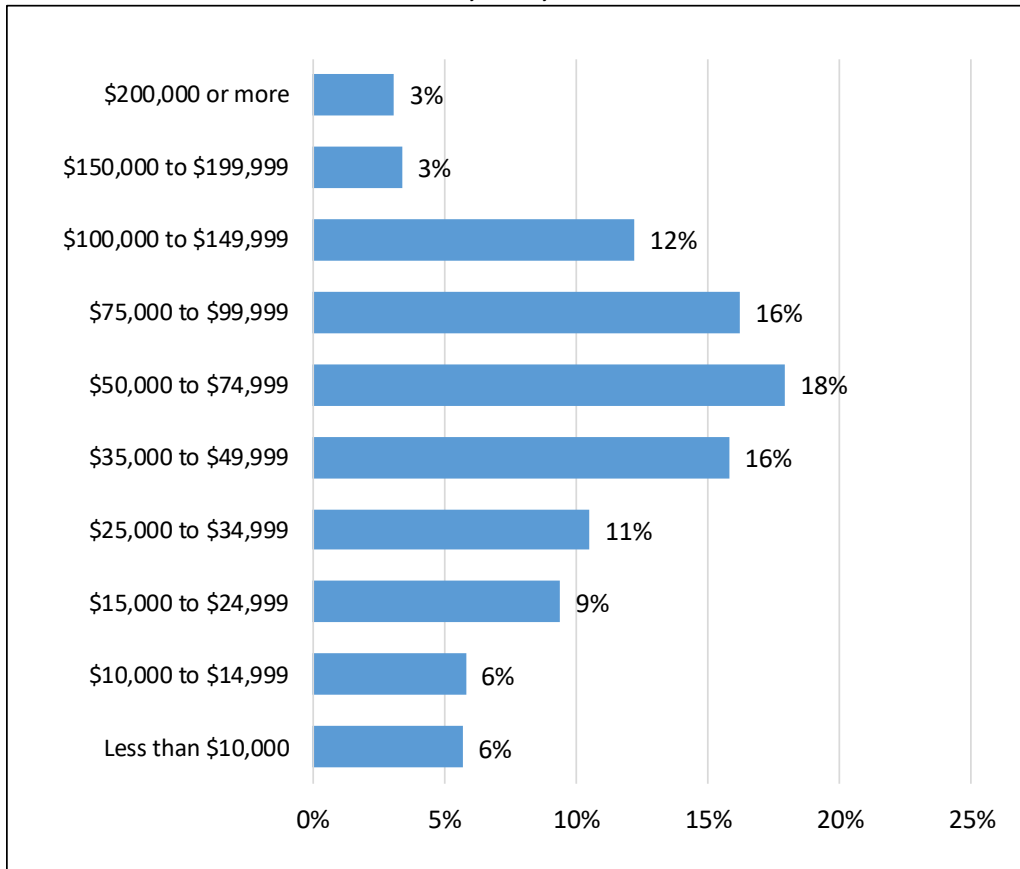
SOURCE: US Census, Census Tables: S1901 (2017 ACS 5-yr Est.)

Figure 2.9 presents the estimated distribution of households by income as of 2017. The largest income cohorts are those households earning between $50k and $75k, followed by the nearest cohorts. Fifty percent of households earn between $35,000 and $100,000.

- 47 percent of households earn less than $50k per year, while 53 percent of households earn $50k or more.
- 21 percent of households earn $25k or less.

H. POVERTY STATISTICS

According to the US Census, the official poverty rate in Albany is an estimated 15.4 percent over the most recent period reported (2017 five-year estimates).[3] This is roughly 8,500 individuals in Albany. In comparison, the official poverty rate in Linn County is 16 percent, and at the state level is 17 percent. In the 2013-17 period:

- The Albany poverty rate is highest among those under 18 years of age at 20 percent. The rate is 16 percent among those between 18 and 64 years of age. The estimated rate is lowest for those 65 and older at just five percent.
- For those without a high school diploma the poverty rate is 21 percent. For those with a high school diploma only, the rate is 15 percent.
- Among those who are employed the poverty rate is eight percent, while it is 43 percent for those who are unemployed.

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[3] Census Tables: S1701 (2017 ACS 5-yr Estimates)

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

FIGURE 2.10: **POVERTY STATUS BY AGE, EMPLOYMENT AND EDUCATION, ALBANY**
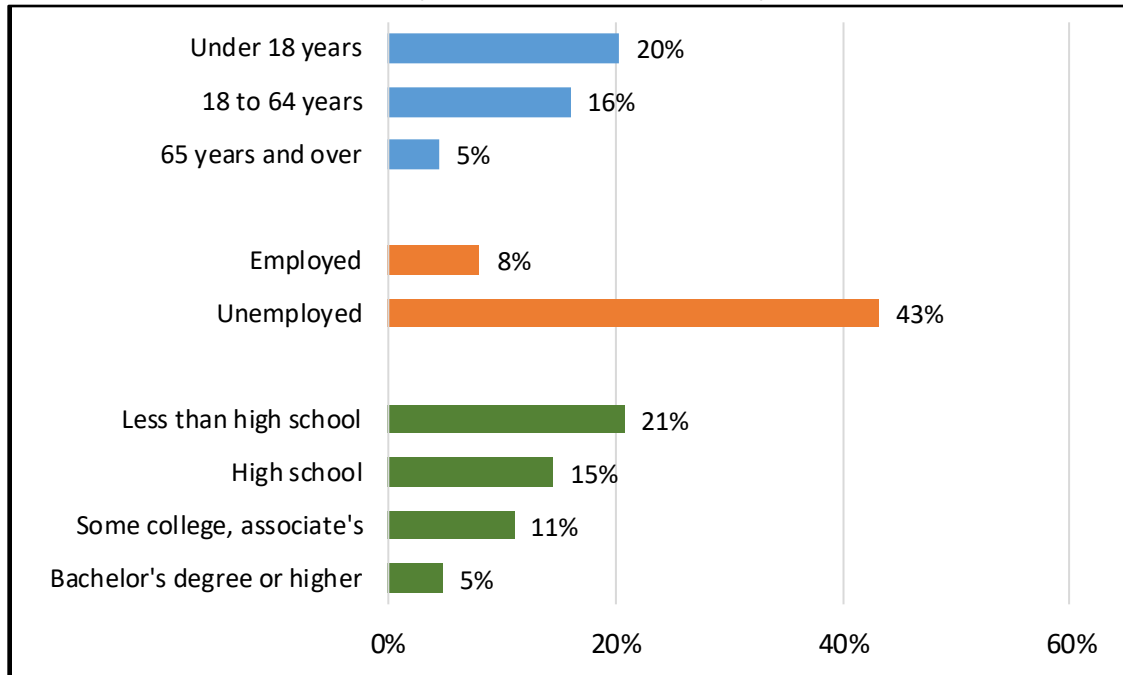
SOURCE: US Census
Census Tables: S1701 (2017 ACS 5-yr Est.)

I. EMPLOYMENT LOCATION TRENDS

This section provides an overview of employment and industry trends in Albany related to housing.

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

As of 2017, the most recent year available, the Census estimated there were 21,350 covered employment jobs located in Albany. Of these, 7,800 or 36.5 percent, are held by local residents, while over 13,500 employees commute into the city from elsewhere. This pattern is fairly common among most communities. The most common homes of local workers commuting into the city are Corvallis, Lebanon, and Salem.

Of the estimated 24,800 employed Albany residents, 68 percent of them commute elsewhere to employment. The most common destinations for Albany commuters are Corvallis, Salem, and Eugene. Smaller shares work in the Portland metro or across the mid-Willamette Valley.
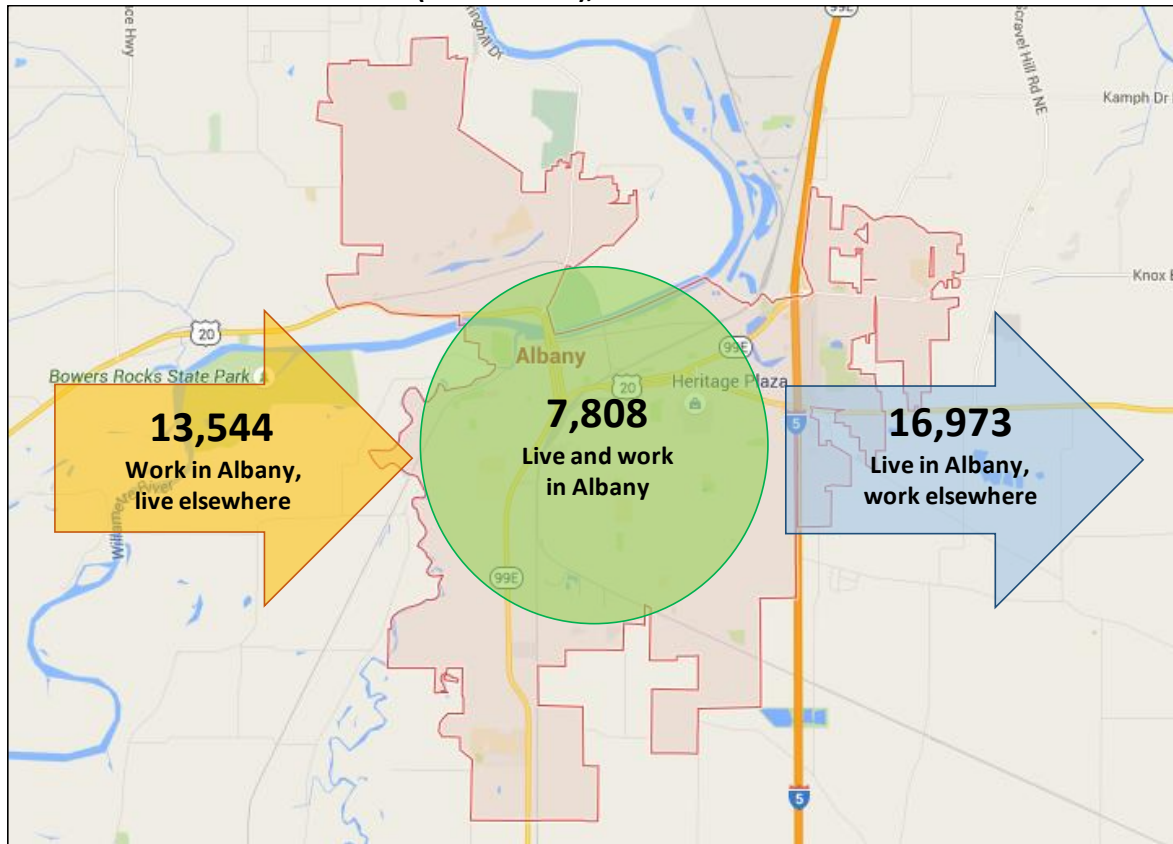
Source: US Census Longitudinal Employer-Household Dynamics

Jobs/Household Ratio: Albany features a healthy jobs-to-households ratio. There are an estimated 29,500 jobs in the city of Albany (including covered and non-covered), and an estimated 21,750 households in Albany. This represents 1.35 jobs per household.

III.   CURRENT HOUSING CONDITIONS

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

A. HOUSING TENURE

Albany has a greater share of homeowner households than renter households. The 2017 American Community Survey estimates that 59 percent of occupied units were owner occupied, and 41 percent renter occupied. The ownership rate in Albany has stayed fairly stable since 2000. During this period the statewide rate fell from 64 percent to 62 percent. Nationally, the homeownership rate has nearly reached the historical average of 65 percent, after having climbed to 69 percent from the late 1990s to 2004.

The estimated ownership rate is higher in Linn County (64 percent) and statewide (61 percent).

B. HOUSING STOCK

As shown in Figure 2.1, Albany UGB had an estimated 22,805 housing units in 2019, with a vacancy rate of 4.6 percent (includes ownership and rental units). The housing stock has increased by roughly 5,000 units since 2000, or growth of 28 percent.

Albany, Oregon
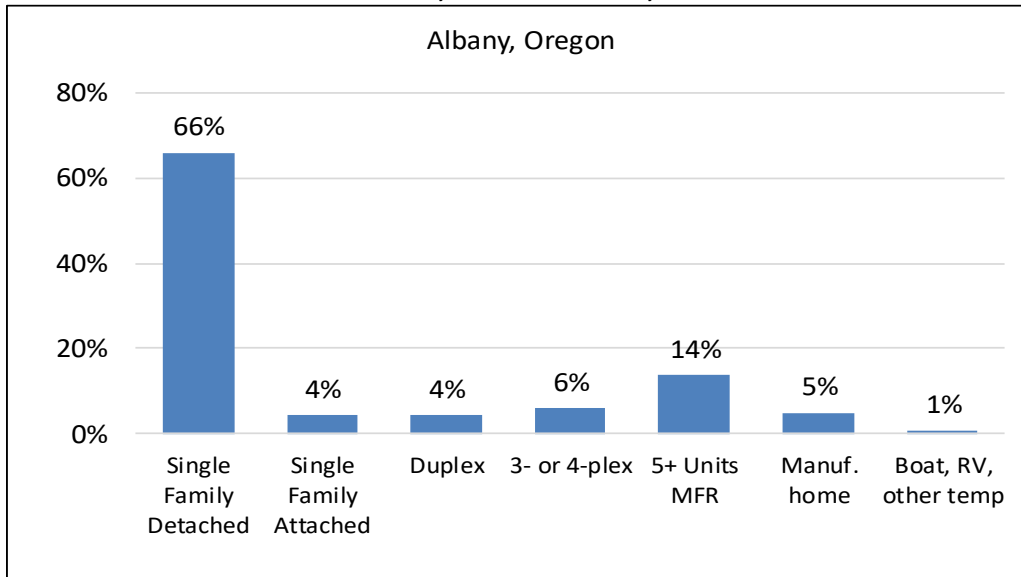
SOURCE: US Census, City of Albany

Figure 3.1 shows the estimated number of units by type in 2017 based on US Census. Detached single-family homes represent an estimated 66 percent of housing units.

Units in larger apartment complexes of five or more units represent 14 percent of units, and other types of attached homes represent 14 percent of units. (Attached single family generally includes townhomes, some condos, and two- to four-plexes which are separately metered.) Manufactured homes and RVs represent six percent of the inventory.

C. Number of Bedrooms

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

FIGURE 3.2: NUMBER OF BEDROOMS FOR OWNER AND RENTER UNITS, 2017
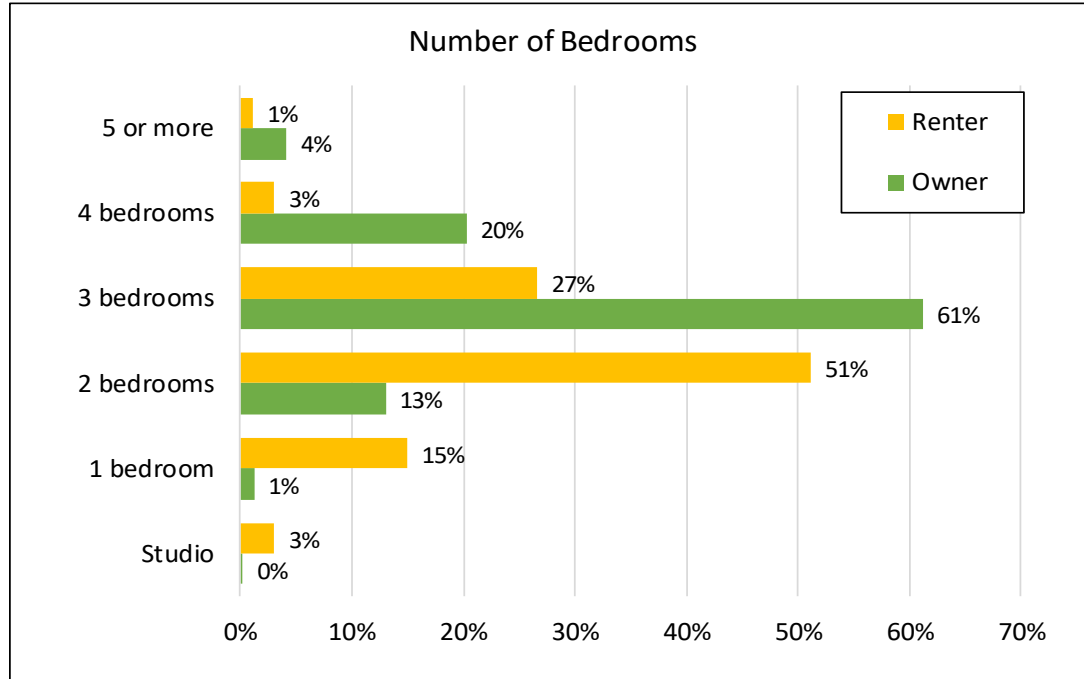
SOURCE: US Census
Census Tables: B25042 (2017 ACS 5-year Estimates)

D. Unit Types by Tenure

As Figure 3.3 and 3.4 show, a large share of owner-occupied units (89 percent) are detached homes, which is related to why owner-occupied units tend to have more bedrooms, as do manufactured homes (nine percent). Renter-occupied units are much more distributed among a range of structure types. About 35.5 percent of rented units are estimated to be detached homes or manufactured homes, while the remainder are some form of attached unit. Over 32 percent of rental units are in larger apartment complexes.

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

OWNERSHIP HOUSING

Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units
Totals:	11,745	132	75	26	31	1,009	145	**13,163**
Percentage:	89.2%	1.0%	0.6%	0.2%	0.2%	7.7%	1.1%	100.0%

RENTAL HOUSING

Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units
Totals:	3,277	858	923	1,318	3,116	131	18	**9,642**
Percentage:	34.0%	8.9%	9.6%	13.7%	32.3%	1.4%	0.2%	100.0%

Sources: US Census, JOHNSON ECONOMICS, CITY OF ALBANY

FIGURE 3.4: CURRENT INVENTORY BY UNIT TYPE, BY SHARE

Albany, Oregon
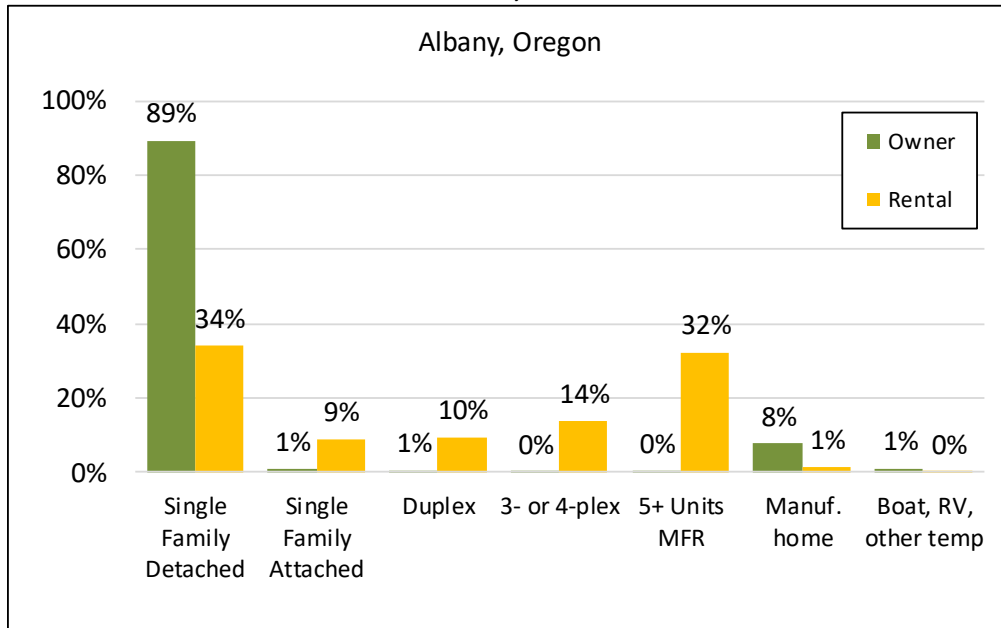
Sources: US Census, JOHNSON ECONOMICS, CITY OF ALBANY

E. AGE OF HOUSING STOCK

Albany's housing stock reflects the pattern of development over time. Almost three-fourths, or 74 percent, of the housing stock is pre-2000. The single largest share of housing stock was built in the 1970s. Thirty percent of the housing stock dates from the 1960s or earlier, which is low compared to many Oregon communities. The following figure shows that renters are more likely to live in older housing, while owners are more likely to live in newer homes.

FIGURE 3.5: AGE OF UNITS FOR OWNERS AND RENTERS

Age of Units by Tenure
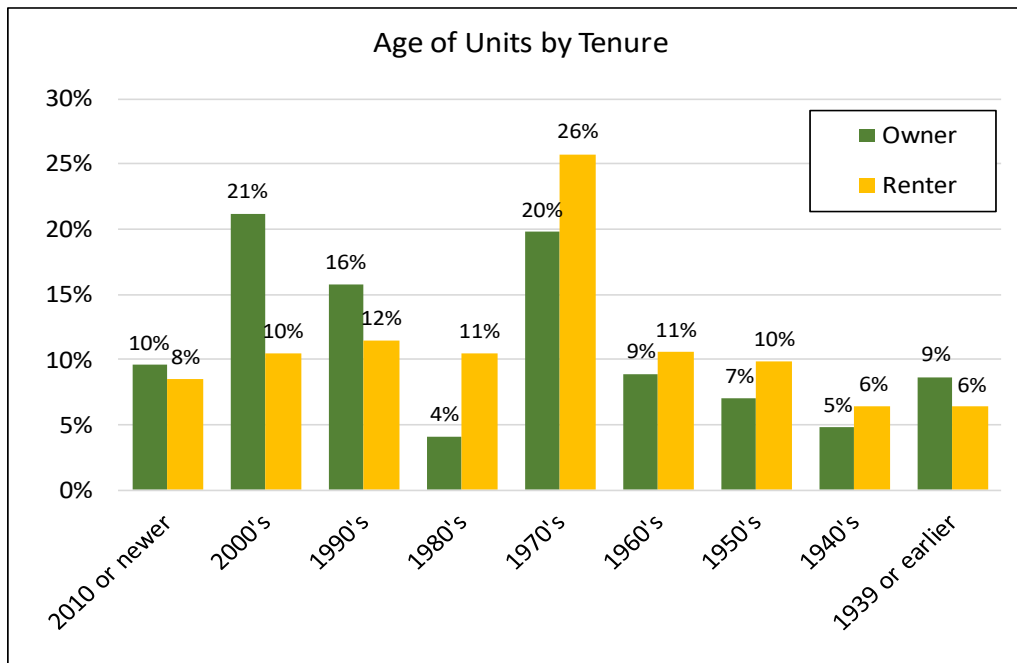
SOURCE: US Census
Census Tables: B25036 (2017 ACS 5-year Estimates)

F. HOUSING COSTS VS. LOCAL INCOMES

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

As one would expect, households with lower incomes tend to spend more than 30 percent of their income on housing, while incrementally fewer of those in higher income groups spend more than 30 percent of their incomes on housing costs. Of those earning less than $20,000, an estimated 80 percent of owner households spend more than 30 percent of income on housing costs and 91 percent of renters.

In total, the US Census estimates that over 33 percent of Albany households pay more than 30 percent of income towards housing costs (2017 American Community Survey, B25106)

FIGURE 3.6: SHARE OF HOUSEHOLDS SPENDING MORE THAN 30 PERCENT ON HOUSING COSTS, BY INCOME GROUP
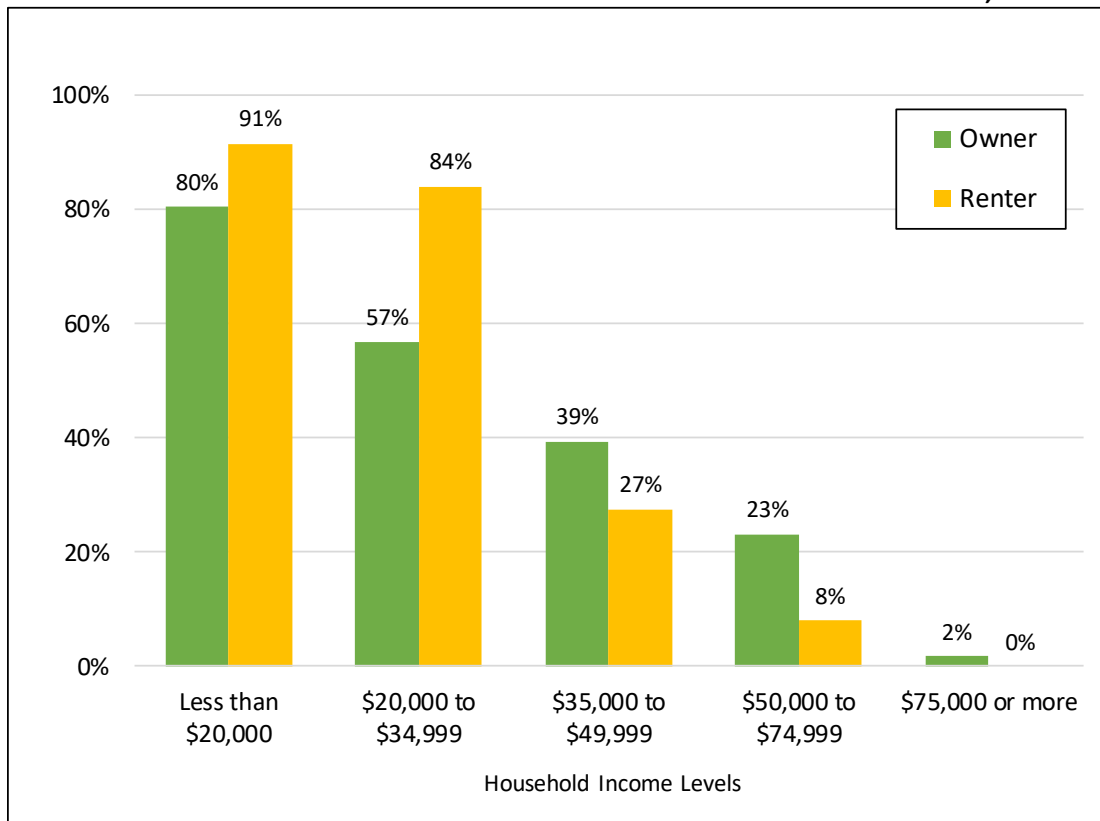
Sources: US Census, JOHNSON ECONOMICS
Census Table: B25106 (2017 ACS 5-yr Estimates)

The following figure shows the percentage of household income spent towards gross rent[4] for local renter households only. This more fine-grained data shows that not only are 52 percent of renters spending more than 30 percent of their income on gross rent, but an estimated 26 percent of renters are spending 50 percent or more of their income on housing and are considered severely rent-burdened.

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

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

FIGURE 3.7: PERCENTAGE OF HOUSEHOLD INCOME SPENT ON GROSS RENT, ALBANY RENTER HOUSEHOLDS
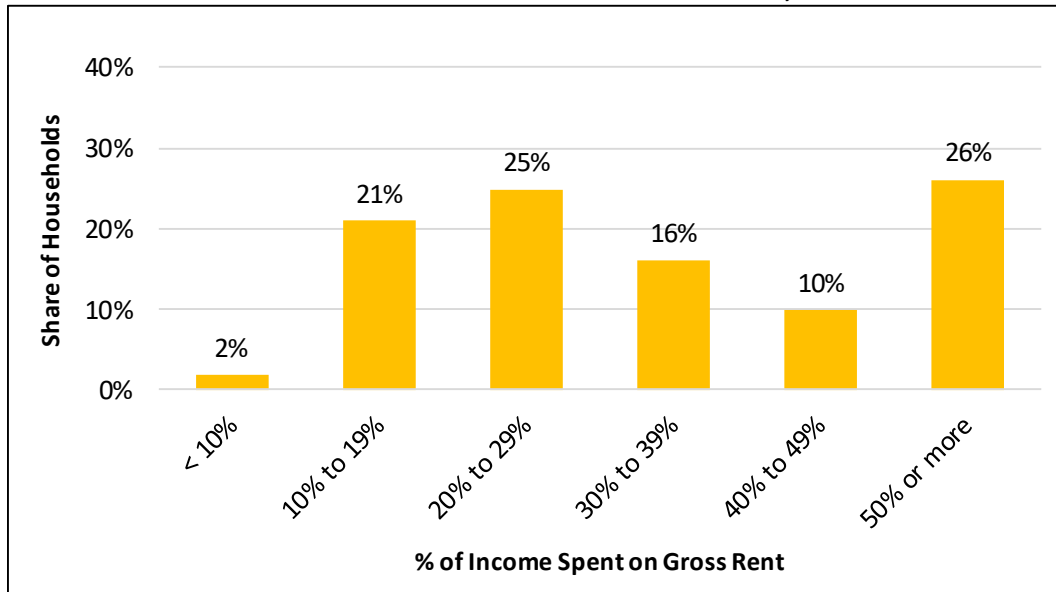
Sources: US Census, JOHNSON ECONOMICS
Census Table: B25070 (2017 ACS 5-yr Estimates)

G. PUBLICLY ASSISTED HOUSING

In 2019, Albany had an estimated 509 affordable housing units, found in 16 properties, according to Oregon Housing and Community Services (OHCS). These properties are funded through HUD programs, tax credits, and other programs which guarantee subsidized rents for qualified households.

The Linn Benton Housing Authority administers 2,400 housing choice vouchers which may be used in Albany or other communities in the jurisdiction. In August 2019, 958 Albany households were using housing choice vouchers and 698 households were on the waiting list.

The estimated 509 subsidized housing units in Albany represents two percent of total local households, and six percent of local renter households. The high number of renters paying over 30 percent of their income towards housing costs indicates there is an ongoing need for rental units at the lowest price points.

Homelessness: The most recent (2019) Point-in-Time count of homeless individuals in Linn County[5] found 277 homeless individuals on the streets, in shelters, or other temporary and/or precarious housing. Of these, 194 were sheltered. It is estimated there are roughly 70 chronically homeless individuals in Albany.

IV. CURRENT HOUSING NEEDS, CITY OF ALBANY

The profile of current housing conditions in the study area is based on Census 2010, which the Portland State University Population Research Center (PRC) uses to develop yearly estimates through 2019. The PRC methodology incorporates the estimated population from within the city limits and an estimated population from those areas within the UGB, but outside of the city limits. To estimate the additional population within the UGB area, the PRC assigned a share of the population from the relevant Census tracts.

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[5] Figures are for the entire County; provided by Community Services Consortium via OHCS

CURRENT HOUSING CONDITIONS (2019)			SOURCE
Total 2018 Population:	55,201		PSU Pop. Research Center
- Estimated group housing population:	1,410	(2.6% of Total)	US Census
Estimated Non-Group 2018 Population:	**53,791**	(Total - Group)	
Avg. HH Size:	2.50		US Census
Estimated Non-Group 2018 Households:	**21,517**	(Pop/HH Size)	
Total Housing Units:	**22,805**	(Occupied + Vacant)	Census 2010 + permits
Occupied Housing Units:	21,517	(= # of HH)	
Vacant Housing Units:	1,288	(Total HH - Occupied)	
Current Vacancy Rate:	5.6%	(Vacant units/ Total units)	

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

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

We estimate a current 2019 population of roughly 55,200 residents, living in 21,500 households. After excluding group living situations, the average household size is 2.5 persons.

There are an estimated 22,805 housing units in the city, indicating an estimated vacancy rate of 5.6 percent. This includes units vacant for any reason, not just those which are currently for sale or rent.

ESTIMATE OF CURRENT HOUSING DEMAND

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

The analysis considered the propensity of households in specific age and income levels to either rent or own their home (tenure), in order to derive the current demand for ownership and rental housing units and the appropriate housing cost level of each. This is done by combining data on tenure by age and tenure by income from the Census American Community Survey (tables: B25007 and B25118, 2017 ACS 5-yr Estimates).

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

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

Figure 4.2 presents a snapshot of current housing demand (i.e., preferences) equal to the number of households in the study area (21,517). The breakdown of tenure (owners vs. renters) reflects data from the 2017 ACS.

FIGURE 4.2: ESTIMATE OF CURRENT HOUSING DEMAND (2019)

Ownership				
Price Range	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0k - $80k	431	Less than $15,000	3.4%	3.4%
$80k - $130k	645	$15,000 - $24,999	5.1%	8.5%
$130k - $170k	760	$25,000 - $34,999	6.0%	14.5%
$170k - $230k	1,431	$35,000 - $49,999	11.3%	25.8%
$230k - $330k	2,352	$50,000 - $74,999	18.6%	44.4%
$330k - $430k	2,356	$75,000 - $99,999	18.6%	63.0%
$430k - $510k	1,860	$100,000 - $124,999	14.7%	77.6%
$510k - $590k	1,071	$125,000 - $149,999	8.5%	86.1%
$590k - $750k	815	$150,000 - $199,999	6.4%	92.5%
$750k +	947	$200,000+	7.5%	100.0%
Totals:	**12,668**		**% of All:**	**58.9%**

Rental				
Rent Level	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0 - $400	1,508	Less than $15,000	17.0%	17.0%
$400 - $700	1,263	$15,000 - $24,999	14.3%	31.3%
$700 - $900	1,493	$25,000 - $34,999	16.9%	48.2%
$900 - $1100	1,453	$35,000 - $49,999	16.4%	64.6%
$1100 - $1600	1,394	$50,000 - $74,999	15.8%	80.4%
$1600 - $2000	834	$75,000 - $99,999	9.4%	89.8%
$2000 - $2400	482	$100,000 - $124,999	5.5%	95.2%
$2400 - $2800	249	$125,000 - $149,999	2.8%	98.0%
$2800 - $3500	85	$150,000 - $199,999	1.0%	99.0%
$3500 +	88	$200,000+	1.0%	100.0%

All Households

| **Totals:** | **8,849** | | **% of All:** | **41.1%** | **21,517** |

Sources: PSU Population Research Center, Environics Analytics, Census, JOHNSON ECONOMICS
Census Tables: B25007, B25106, B25118 (2017 ACS 5-yr Estimates)
Claritas: Estimates of income by age of householder

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

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of five percent (significantly more than the current rate, but in line with historic norms), with 15 percent down payment. These assumptions are designed to represent prudent lending and borrowing levels for ownership households. The 30-year mortgage commonly serves as the standard. In the 2000s, down payment requirements fell significantly, but standards have tightened somewhat since the 2008/9 credit crisis. While 20 percent is often cited as the standard for most buyers, it is common for homebuyers, particularly first-time buyers, to pay significantly less than this using available programs.

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

CURRENT HOUSING INVENTORY

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

A profile of current housing supply in Albany was estimated based on permit data from the City of Albany and Census data from the most recently available 2017 ACS, which provides a profile of housing types (single family, attached, manufactured home, etc.), tenure, housing values, and rent levels.

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

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

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

FIGURE 4.3: PROFILE OF CURRENT HOUSING SUPPLY, ESTIMATED AFFORDABILITY (2019)

Income Range	Ownership Housing		Rental Housing		Share of Total Units
	Affordable Price Level	Estimated Units	Affordable Rent Level	Estimated Units	
Less than $15,000	$0k - $80k	1,312	$0 - $400	492	8%
$15,000 - $24,999	$80k - $130k	1,116	$400 - $700	1,473	11%
$25,000 - $34,999	$130k - $170k	2,512	$700 - $900	2,776	23%
$35,000 - $49,999	$170k - $230k	3,376	$900 - $1100	2,052	24%
$50,000 - $74,999	$230k - $330k	3,315	$1100 - $1600	2,285	25%
$75,000 - $99,999	$330k - $430k	1,092	$1600 - $2000	401	7%
$100,000 - $124,999	$430k - $510k	245	$2000 - $2400	115	2%
$125,000 - $149,999	$510k - $590k	48	$2400 - $2800	38	0%
$150,000 - $199,999	$590k - $750k	95	$2800 - $3500	10	0%
$200,000+	$750k +	53	$3500 +	0	0%
	58%	13,163	42%	9,642	0% 10% 20% 30% 40%

Sources: US Census, PSU Population Research Center, JOHNSON ECONOMICS
Census Tables: B25004, B25032, B25063, B25075 (2017 ACS 5-yr Estimates)

COMPARISON OF CURRENT HOUSING DEMAND WITH CURRENT SUPPLY

A comparison of estimated current housing *demand* with the existing *supply* identifies the existing discrepancies between needs and the housing which is currently available. The estimated number of units outnumbered the number of households by roughly 1,300 units, indicating an average vacancy rate of 5.6 percent as of mid-2019.

Figures 4.4 and 4.5 present this information in chart form, comparing the estimated number of households in given income ranges, and the supply of units currently affordable within those income ranges. The data is presented for owner and renter households. Please keep in mind that the number of units currently affordable by income range are based on the property value and current housing costs to the occupant and do not represent the current market price of housing.

FIGURE 4.4: COMPARISON OF OWNER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2019)
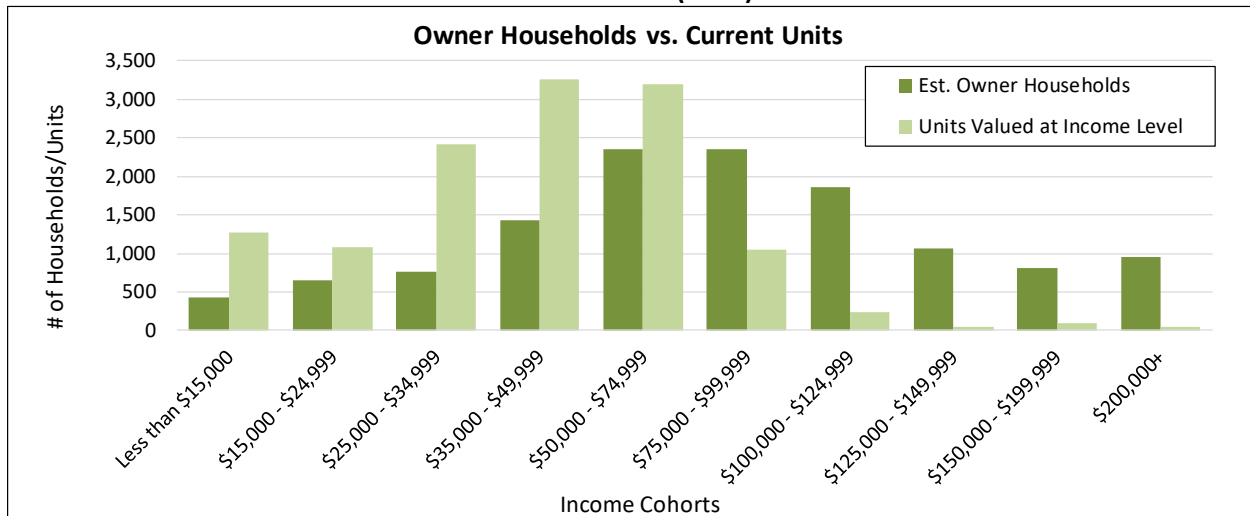
Sources: PSU Population Research Center, City of Albany, Census, JOHNSON ECONOMICS

FIGURE 4.5: COMPARISON OF RENTER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2019)
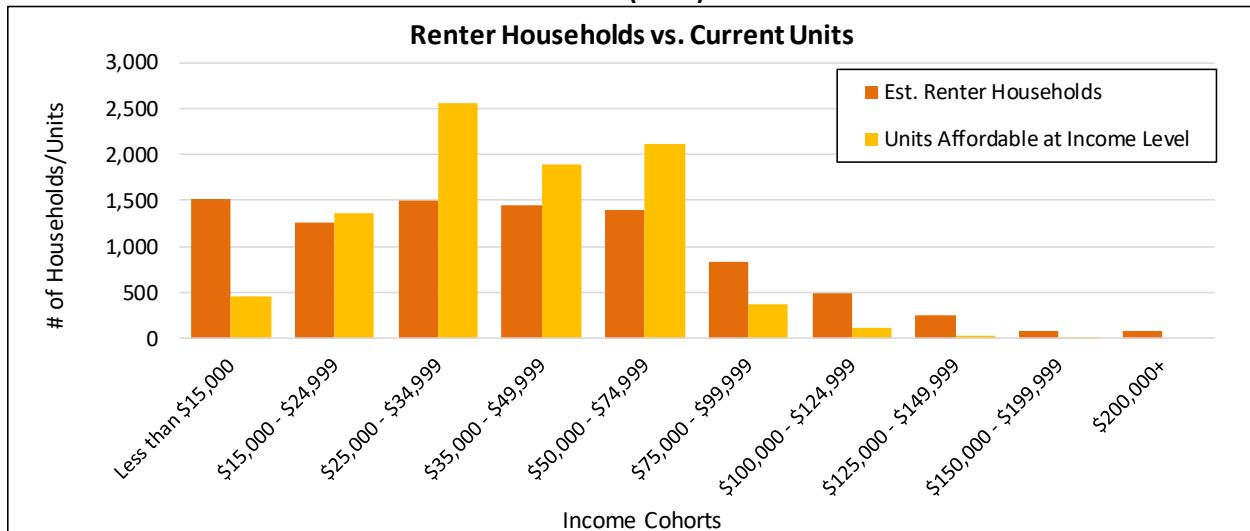
Sources: PSU Population Research Center, City of Albany, Census, JOHNSON ECONOMICS

In general, the findings indicate that there is currently support for more ownership housing at price ranges above $350,000. This is because most housing in Albany is clustered at the low to middle property values, while analysis of household incomes and ability to pay indicates that some households could afford housing at higher price points.

Although Figure 4.4 indicates a surplus of lower-cost or valued owned units, there is demand for lower priced ownership housing for new buyers and low-income households. (This is explained under Home Sales Prices below.)

The analysis finds that the current market rates for most rental units are in the $700 to $1,600/month range. Therefore, this is where most of the rental unit supply is currently clustered. However, the greatest unmet need is found at the lowest end of the income scale, where many current renters pay more than 30 percent of their income in housing costs. There is an indication that some renter households could support more units at higher rental levels. Rentals at more expensive levels generally represent single family homes for rent.

The home value and rent segments which show a "surplus" in Figures 4.4 and 4.5 illustrate where current property values and market rent levels are in Albany. Housing prices and rent levels will tend to congregate around those levels. These levels will be too costly for some (i.e., require more than 30 percent in gross income) or "too affordable" for others (i.e., they have income levels that indicate they could afford more expensive housing if it were available).

In general, these findings demonstrate that there are some lower-value housing opportunities for many current owner households, and potential support for some more expensive ownership housing. There is a need for more rental units at lower rent levels (<$700/mo.), and modest support for some rental units at higher rent levels as well.

HOME SALE PRICES

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

If this hypothetical household were to sell their home, it would sell at a higher price reflecting inflation and current achievable market prices. For this reason, many of the lower value or lower rent units found in the previous section will actually become higher-priced units when they are sold or become vacant. Therefore, Figure 4.4 does not represent the demand for housing affordable to new buyers and households with lower incomes.

For reference, this section and Figure 4.6 present home sales data from 2019 to indicate housing costs for new entrants into the market (December 2019 report from wvmls.com).

- The average (mean) sale price was $325,271 in Linn County and $408,744 in North Albany (Benton County).

- The average price per square foot was $190/s.f. in Linn County and $187/s.f. in North Albany.

- The median square footage was 1,780 s.f. in Linn County and 2,233 s.f. in North Albany.

- Units sold for roughly one percent less than the original listed asking price.

Home Sales by Unit Type

- Detached Home: 87%
- Attached Home: 8%
- Condominium: 2%
- Manuf. Home: 3%

Home Sales by Price Level

Price Level	No. of Home Sales
$900,000+	1
$800,000 - $899,000	2
$700,000 - $799,000	1
$600,000 - $699,000	2
$500,000 - $599,000	5
$400,000 - $499,000	17
$300,000 - $399,000	65
$200,000 - $299,000	78
$100,000 - $199,000	15
< $100,000	2
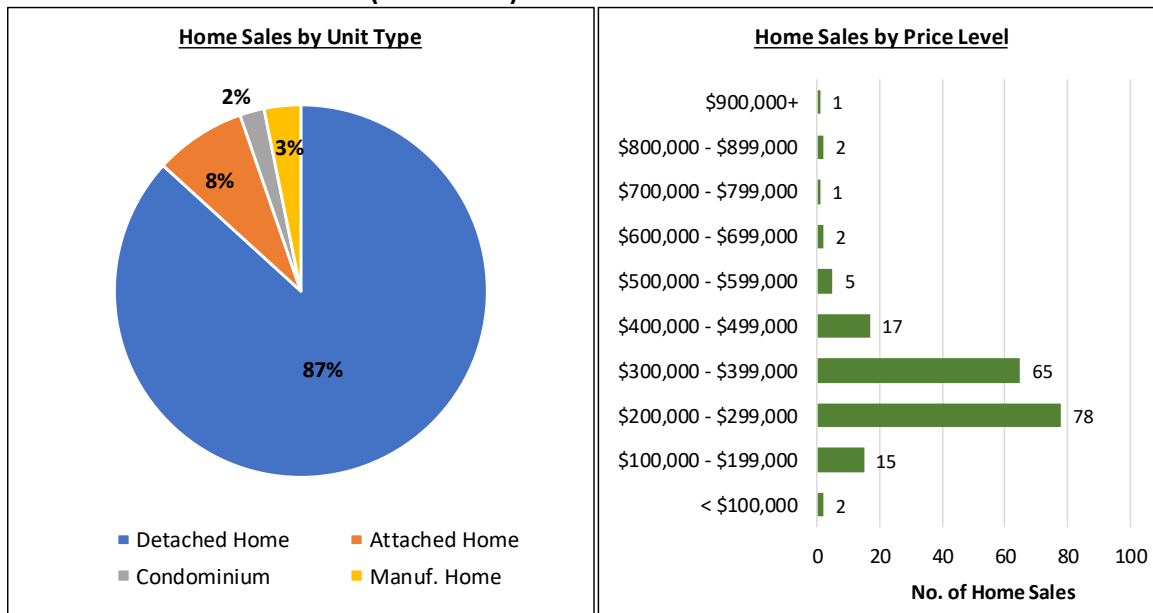
Sources: RMLS, JOHNSON ECONOMICS

- 42 percent of sales were priced between $200,000 and $299,000.

- 35 percent of sales were priced between $300,000 and $399,000.

- 15 percent of sales were priced at $400,000 or more.

- 9 percent of sales were priced below $200,000.

Affordability: As indicated, 77 percent of recent sales in Albany took place within the $200,000 to $400,000 price range. Homes in this range should be affordable to many households earning roughly $50,000 to $125,000 per year, assuming 15 percent down and 30-year loan at five percent. An estimated 45 percent of local households fall within these income segments.

Roughly 48 percent of households earn less than $50,000 per year, meaning the bulk of housing supply on the current for-sale market is likely too expensive for most of these households.

* * *

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

V. FUTURE HOUSING NEEDS – 2040 (CITY OF ALBANY)

The projected future (20-year) housing profile (Figure 5.1) in the study area is based on the current housing profile (2019) multiplied by an assumed projected future household growth rate. The projected future growth is the official forecasted annual growth rate (1.27 percent) for 2040 generated by the PSU Oregon Forecast Program. This technically represents a 21-year forecast period from the preparation of this report in 2019.

FIGURE 5.1: FUTURE HOUSING PROFILE (PSU, 2040)

PROJECTED FUTURE HOUSING CONDITIONS (2019 - 2040)			SOURCE
2019 Population (Minus Group Pop.)	53,791		PSU
Projected Annual Growth Rate	1.27%	OR Population Forecast Program	PSU
2040 Population (Minus Group Pop.)	70,147	(Total 2040 Population - Group Housing Pop.)	
Estimated group housing population:	1,839	Share of total pop. (2.6%)	US Census
Total Estimated 2040 Population:	**71,985**		
Estimated Non-Group 2040 Households:	**28,059**	(2040 Non-Group Pop./Avg. Household Size)	
New Households 2019 to 2040	6,542		
Avg. Household Size:	2.50	Projected household size	US Census
Total Housing Units:	**29,535**	Occupied Units plus Vacant	
Occupied Housing Units:	28,059	(= Number of Non-Group Households)	
Vacant Housing Units:	1,477	(= Total Units - Occupied Units)	
Projected Market Vacancy Rate:	5.0%	(Vacant Units/ Total Units)	

Sources: PSU Population Research Center Oregon Population Forecast Program, Census, JOHNSON ECONOMICS LLC
Projections are applied to estimates of 2019 population, household and housing units shown in Figure 2.1

The model projects growth in the number of non-group households over 20 years of nearly 6,550 households, with accompanying population growth of 16,800 new residents (not including group housing). (The number of households differs from the number of housing units, because the total number of housing units includes a percentage of vacancy. Projected housing unit needs are discussed below.)

ALTERNATIVE FORECAST

In addition to preparing the baseline growth forecast based on the official forecasted annual growth rate (1.27 percent) for 2040 generated by the PSU Oregon Forecast Program, this analysis also includes an alternate forecast that reflects that Albany has experienced a faster growth rate (1.69 percent) in recent decades than the PSU projection.

This alternate forecast is intended to help the community plan for alternative scenarios if the City's population continues to grow at a faster pace. The projected future growth is the annual growth rate (1.69 percent) experienced in the community since 1992. (The beginning year was chosen because a major annexation prior to 1992 distorts the annual growth rate.)

PROJECTED FUTURE HOUSING CONDITIONS (2019 - 2040)			SOURCE
2019 Population (Minus Group Pop.)	53,791		PSU
Projected Annual Growth Rate	1.69%	Historical growth rate	City
2040 Population (Minus Group Pop.)	76,481	(Total 2040 Population - Group Housing Pop.)	
Estimated group housing population:	2,005	Share of total pop. (2.6%)	US Census
Total Estimated 2040 Population:	**78,486**		
Estimated Non-Group 2040 Households:	**30,593**	(2040 Non-Group Pop./Avg. Household Size)	
New Households 2019 to 2040	9,076		
Avg. Household Size:	2.50	Projected household size	US Census
Total Housing Units:	**32,203**	Occupied Units plus Vacant	
Occupied Housing Units:	30,593	(= Number of Non-Group Households)	
Vacant Housing Units:	1,610	(= Total Units - Occupied Units)	
Projected Market Vacancy Rate:	5.0%	(Vacant Units/ Total Units)	

Sources: PSU Population Research Center, Census, JOHNSON ECONOMICS LLC
*Projections are applied to estimates of 2019 population, household and housing units shown in Figure 2.1

The model projects growth in the number of non-group households over 20 years of 9,075 households, with accompanying population growth of 23,300 new residents (not including group housing). (The number of households differs from the number of housing units, because the total number of housing units includes a percentage of vacancy. Projected housing unit needs are discussed below.)

PROJECTION OF FUTURE HOUSING UNIT DEMAND (2040)
The profile of future housing demand was derived using the same methodology used to produce the estimate of current housing need. This estimate includes current and future households *but does not include a vacancy assumption*. *The vacancy assumption is added in the subsequent step.* Therefore, the needs identified below are the total need for actual households in occupied units rather than the full count of housing units needed).

Using the official PSU population forecast (1.27 percent), Albany is projected to have 28,060 households in 2040 compared to 30,600 households using the higher annual average population growth rate of 1.69 percent.

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

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

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of five percent, with 15 percent down payment. Because of the impossibility of predicting variables such as interest rates 20 years into the future, these assumptions were kept constant from the estimation of current housing demand. Income levels and price levels are presented in 2019 dollars.

Figure 5.3 presents the projected occupied future housing demand (current and new households, without vacancy) in 2040 using the official PSU forecast. Figure 5.4 projects future housing demand by tenure using the alternate forecast.

It is projected that the homeownership rate in Albany will remain steady over the next 20 years at 59 percent, which would remain lower than the current statewide average (61 percent). The number of households across the income spectrum seeking a range of ownership and rental housing is anticipated to grow.

FIGURE 5.3: PROJECTED OCCUPIED FUTURE HOUSING DEMAND (2040)

Ownership				
Price Range	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0k - $80k	562	Less than $15,000	3.4%	3.4%
$80k - $130k	841	$15,000 - $24,999	5.1%	8.5%
$130k - $170k	991	$25,000 - $34,999	6.0%	14.5%
$170k - $230k	1,867	$35,000 - $49,999	11.3%	25.8%
$230k - $330k	3,067	$50,000 - $74,999	18.6%	44.4%
$330k - $430k	3,072	$75,000 - $99,999	18.6%	63.0%
$430k - $510k	2,425	$100,000 - $124,999	14.7%	77.6%
$510k - $590k	1,397	$125,000 - $149,999	8.5%	86.1%
$590k - $750k	1,063	$150,000 - $199,999	6.4%	92.5%
$750k +	1,235	$200,000+	7.5%	100.0%
Totals:	**16,519**		**% of All:**	**58.9%**

Rental				
Rent Level	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0 - $400	1,967	Less than $15,000	17.0%	17.0%
$400 - $700	1,647	$15,000 - $24,999	14.3%	31.3%
$700 - $900	1,947	$25,000 - $34,999	16.9%	48.2%
$900 - $1100	1,894	$35,000 - $49,999	16.4%	64.6%
$1100 - $1600	1,818	$50,000 - $74,999	15.8%	80.4%
$1600 - $2000	1,087	$75,000 - $99,999	9.4%	89.8%
$2000 - $2400	629	$100,000 - $124,999	5.5%	95.2%
$2400 - $2800	324	$125,000 - $149,999	2.8%	98.0%
$2800 - $3500	111	$150,000 - $199,999	1.0%	99.0%
$3500 +	115	$200,000+	1.0%	100.0%
Totals:	**11,539**		**% of All:**	**41.1%**

All Units
28,059

Sources: Census, Environics Analytics, JOHNSON ECONOMICS

Ownership				
Price Range	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0k - $80k	613	Less than $15,000	3.4%	3.4%
$80k - $130k	917	$15,000 - $24,999	5.1%	8.5%
$130k - $170k	1,081	$25,000 - $34,999	6.0%	14.5%
$170k - $230k	2,035	$35,000 - $49,999	11.3%	25.8%
$230k - $330k	3,343	$50,000 - $74,999	18.6%	44.4%
$330k - $430k	3,350	$75,000 - $99,999	18.6%	63.0%
$430k - $510k	2,644	$100,000 - $124,999	14.7%	77.6%
$510k - $590k	1,523	$125,000 - $149,999	8.5%	86.1%
$590k - $750k	1,159	$150,000 - $199,999	6.4%	92.5%
$750k +	1,347	$200,000+	7.5%	100.0%
Totals:	**18,011**		**% of All:**	**58.9%**

Rental				
Rent Level	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0 - $400	2,144	Less than $15,000	17.0%	17.0%
$400 - $700	1,795	$15,000 - $24,999	14.3%	31.3%
$700 - $900	2,123	$25,000 - $34,999	16.9%	48.2%
$900 - $1100	2,065	$35,000 - $49,999	16.4%	64.6%
$1100 - $1600	1,982	$50,000 - $74,999	15.8%	80.4%
$1600 - $2000	1,186	$75,000 - $99,999	9.4%	89.8%
$2000 - $2400	686	$100,000 - $124,999	5.5%	95.2%
$2400 - $2800	354	$125,000 - $149,999	2.8%	98.0%
$2800 - $3500	121	$150,000 - $199,999	1.0%	99.0%
$3500 +	126	$200,000+	1.0%	100.0%
Totals:	**12,581**		**% of All:**	**41.1%**

All Units
30,593

Sources: Census, Environics Analytics, JOHNSON ECONOMICS

COMPARISON OF FUTURE HOUSING DEMAND TO CURRENT HOUSING INVENTORY

The profile of occupied future housing demand presented above (Figure 5.3 – 5.4) was compared to the current housing inventory presented in the previous section to determine the total future need for *new* housing units by type and price range (Figure 5.5 – 5.6).

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

Of the new units needed in both scenarios, roughly 60 percent are projected to be ownership units, while 40 percent are projected to be rental units. This is close to the estimated tenure split, but it is projected that slightly more ownership units are needed to meet demand and provide some vacant units for purchase.

FIGURE 5.5: PROJECTED FUTURE NEED FOR NEW HOUSING UNITS (2040), ALBANY

			OWNERSHIP HOUSING						
Unit Type:	**Single Family Detached**	**Single Family Attached**	**Multi-Family**			**Manuf. home**	**Boat, RV, other temp**	**Total Units**	**% of Units**
			2-unit	**3- or 4-plex**	**5+ Units MFR**				
Totals:	3,495	163	44	8	10	358	0	4,077	60.6%
Percentage:	85.7%	4.0%	1.1%	0.2%	0.2%	8.8%	0.0%	100%	

			RENTAL HOUSING						
Unit Type:	**Single Family Detached**	**Single Family Attached**	**Multi-Family**			**Manuf. home**	**Boat, RV, other temp**	**Total Units**	**% of Units**
			2-unit	**3- or 4-plex**	**5+ Units MFR**				
Totals:	690	289	307	416	911	41	0	2,654	39.4%
Percentage:	26.0%	10.9%	11.6%	15.7%	34.3%	1.5%	0.0%	100%	

			TOTAL HOUSING UNITS						
Unit Type:	**Single Family Detached**	**Single Family Attached**	**Multi-Family**			**Manuf. home**	**Boat, RV, other temp**	**Total Units**	**% of Units**
			2-unit	**3- or 4-plex**	**5+ Units MFR**				
Totals:	4,185	452	351	424	920	399	0	**6,730**	**100%**
Percentage:	62.2%	6.7%	5.2%	6.3%	13.7%	5.9%	0.0%	100%	

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

The results show a need for 6,730 new housing units by 2040 based on the PSU projected average annual population growth of 1.27 percent and 9,398 units based on an AAGR of 1.69 percent.

FIGURE 5.6: ALTERNATIVE FORECAST: PROJECTED FUTURE NEED FOR NEW HOUSING UNITS (2040), ALBANY

			OWNERSHIP HOUSING						
Unit Type:	**Single Family Detached**	**Single Family Attached**	**Multi-Family**			**Manuf. home**	**Boat, RV, other temp**	**Total Units**	**% of Units**
			2-unit	**3- or 4-plex**	**5+ Units MFR**				
Totals:	4,830	225	60	11	13	494	0	5,634	59.9%
Percentage:	85.7%	4.0%	1.1%	0.2%	0.2%	8.8%	0.0%	100%	

			RENTAL HOUSING						
Unit Type:	**Single Family Detached**	**Single Family Attached**	**Multi-Family**			**Manuf. home**	**Boat, RV, other temp**	**Total Units**	**% of Units**
			2-unit	**3- or 4-plex**	**5+ Units MFR**				
Totals:	978	410	436	590	1,292	58	0	3,764	40.1%
Percentage:	26.0%	10.9%	11.6%	15.7%	34.3%	1.5%	0.0%	100%	

			TOTAL HOUSING UNITS						
Unit Type:	**Single Family Detached**	**Single Family Attached**	**Multi-Family**			**Manuf. home**	**Boat, RV, other temp**	**Total Units**	**% of Units**
			2-unit	**3- or 4-plex**	**5+ Units MFR**				
Totals:	5,808	636	496	601	1,305	552	0	**9,398**	**100%**
Percentage:	61.8%	6.8%	5.3%	6.4%	13.9%	5.9%	0.0%	100%	

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

Needed Unit Types

The mix of needed unit types shown in Figures 5.5 and 5.6 reflect both past trends and anticipated future trends as projected above. Since 2000, detached single family units (including manufactured and mobile homes) have constituted a majority of the permitted units in Albany. Development trends, current standards, and zoning of buildable land in Albany, suggest single family units will make up the greatest share of new housing development over the next 20 years.

However, attached forms of housing are also expected to grow as an overall share of housing due to growing trends towards more density and diversity in housing types, infill development, accessory dwelling units, and constraints of the urban growth boundary. Recent state legislation also seeks to encourage more variety in housing types by permitting duplexes, triplexes, and cottage cluster housing in traditional single-family zones.

- 62 percent of the new units are projected to be single family detached homes, while 32 percent are projected to be some form of attached housing, and six percent are projected to be manufactured homes, RV, or other temporary housing.

- Single family attached units (townhomes on individual lots) are projected to meet seven percent of future need. These are defined as units on separate tax lots, attached by a wall but separately metered, the most common example being townhome units and duplexes.

- Duplex through four-plex units are projected to represent 11.5 percent of the total need. Duplex units would include a detached single-family home with an accessory dwelling unit on the same lot, or with a separate unit in the home (for instance, a rental basement unit.)

- 14 percent of all needed units are projected to be multi-family in structures of 5+ attached units.

- Six percent of new needed units are projected to be manufactured home units, which meet the needs of some low-income households for both ownership and rental.

- Of ownership units, 86 percent are projected to be single-family homes, and nine percent manufactured homes. Only a few units are projected to be attached forms.

- About 72 percent of new rental units are projected to be found in new attached buildings, with 34 percent projected in rental properties of five or more units, and 27 percent in buildings of two to four units.

Needed Affordability Levels

Figures 5.7 and 5.8 present the estimated need for net new housing units by major income segment, based on the projected demographics of new households to the market area. The needed affordability levels presented here are based on current 2019 dollars. Over time, incomes and housing costs will both inflate, so the general relationship projected here is expected to remain unchanged.

- The $200,000 to $350,000 price point (in current dollars) is projected to remain the greatest share of demand. There is some new need for ownership housing at the low-end of the pricing spectrum and income trends suggest the community could supply more housing in the upper price ranges ($500k or more). This is because some of the city's current housing is found at lower value levels due to age and condition.

- The greatest need for rental units is found at the lowest price points and some demand at higher price points. Market rents are currently clustered in the $700 to $1,600 range in current dollars. Therefore, most units are to be found in this range. There is insufficient rental housing for the lowest income households making $25,000 or less, and there may also be some support for higher rent units, which may be in new apartment complexes, or in single-family homes for rent.

The figures also present the housing types typically attainable by residents at these income levels.

FIGURE 5.7: PROJECTED NEED FOR NEW HOUSING AT DIFFERENT INCOME LEVELS

Household Income Segment		Income Level (Rounded)*	Owner Units	Renter Units	Total	Share	Common Housing Product
Extremely Low Inc.	< 30% AMI	< $18,000	237	632	869	13%	Govt-subsidized; Voucher
Very Low Income	30% - 50% AMI	$18k - $30k	295	539	833	12%	Aging/substandard rentals; Govt-subsidized; Voucher
Low Income	50% - 80% AMI	$30k - $48k	670	686	1,356	20%	Market apts; Manuf. homes; Plexes; Aging SFR
Middle Income	80% - 120% AMI	$48k - $71.5k	882	428	1,310	19%	Single-family detached; Townhomes; Small homes; New apts
Upper Income	> 120% AMI	> $71,500	1,993	369	2,362	35%	Single-family detached
TOTAL:			*4,077*	*2,654*	*6,730*	*100%*	

 * Adjusted to 2019 dollars. The median household income level in 2039 will be will be inflated from current levels.
Sources: HUD, Census, Environics Analytics, JOHNSON ECONOMICS

FIGURE 5.8: ALTERNATIVE FORCAST: PROJECTED NEED FOR NEW HOUSING AT DIFFERENT INCOME LEVELS

Household Income Segment		Income Level (Rounded)*	Owner Units	Renter Units	Total	Share	Common Housing Product
Extremely Low Inc.	< 30% AMI	< $18,000	327	896	1,223	13%	Govt-subsidized; Voucher
Very Low Income	30% - 50% AMI	$18k - $30k	407	764	1,171	12%	Aging/substandard rentals; Govt-subsidized; Voucher
Low Income	50% - 80% AMI	$30k - $48k	926	973	1,899	20%	Market apts; Manuf. homes; Plexes; Aging SFR
Middle Income	80% - 120% AMI	$48k - $71.5k	1,219	607	1,826	19%	Single-family detached; Townhomes; Small homes; New apts
Upper Income	> 120% AMI	> $71,500	2,754	524	3,278	35%	Single-family detached
TOTAL:			*5,634*	*3,764*	*9,398*	*100%*	

 * Adjusted to 2019 dollars. The median household income level in 2039 will be will be inflated from current levels.
Sources: HUD, Census, Environics Analytics, JOHNSON ECONOMICS

▪ Generally, there is a shortage of rental units in the lowest pricing levels ($700 and less) for renter households with very low and extremely low income.

▪ While Figures 5.5 and 5.6 present the *net NEW* housing unit need over the next 20 years, there is also a *current* need for more affordable rental units to reduce the number of current and new households paying more than 30 percent of their income on housing costs. This indicates that some of the current supply would need to become less expensive to meet the needs of current households, or a higher percentage of new housing would need to be affordable, such as smaller houses or middle housing types.

▪ The projection of future ownership units finds that the supply at the lowest end of the spectrum is currently sufficient. (This reflects the estimated *value* of the total housing stock, and not necessarily the average pricing for housing currently for sale.) However, some of the lowest valued housing supply includes older houses, trailers, and manufactured homes that need repairs or replacement. The community can also support some housing at higher price points, mostly in ranges above $500,000.

Housing Affordable to Low-Income Households

Figures 5.9 and 5.10 present estimates of need at key low-income affordability levels in 2019 and in 2040. There is existing and on-going need at these levels, based on income levels specified by Oregon Housing and Community Services for Linn County. An estimated 45 percent of households qualify as at least "low income" or lower on the income scale; of these, 12 percent of households qualify as "extremely low income." Typically, only rent-subsidized properties and homebuyer assistance programs can accommodate these households at "affordable" housing cost levels.

FIGURE 5.9: PROJECTED NEED FOR HOUSING AFFORDABLE AT LOW-INCOME LEVELS, ALBANY

Affordablilty Level	Income Level*		Current Need (2019)		Future Need (2040)		NEW Need (20-Year)	
			# of HH	% of All	# of HH	% of All	# of HH	% of All
Extremely Low Inc.	30% AMI	$17,910	2,494	12%	3,363	12%	869	13%
Very Low Income	50% AMI	$29,850	4,939	23%	5,772	21%	833	12%
Low Income	80% AMI	$47,760	9,780	45%	11,136	40%	1,356	20%

Sources: OHCS, Environics Analytics, JOHNSON ECONOMICS

* Income levels are based on OHCS guidelines for a family of four.

FIGURE 5.10: ALTERNATIVE FORECAST: PROJECTED NEED FOR HOUSING AFFORDABLE AT LOW-INCOME LEVELS, ALBANY

Affordablilty Level	Income Level*		Current Need (2019)		Future Need (2040)		NEW Need (20-Year)	
			# of HH	% of All	# of HH	% of All	# of HH	% of All
Extremely Low Inc.	30% AMI	$17,910	2,494	12%	3,717	12%	1,223	13%
Very Low Income	50% AMI	$29,850	4,939	23%	6,110	20%	1,171	12%
Low Income	80% AMI	$47,760	9,780	45%	11,679	38%	1,899	20%

Sources: OHCS, Environics Analytics, JOHNSON ECONOMICS

* Income levels are based on OHCS guidelines for a family of four.

Agricultural Worker Housing

There is currently no identified housing dedicated to this population in Linn County. Based on the assumption that this type of housing will maintain its current representation in the local housing stock, this indicates no need for dedicated agricultural workforce housing in Albany during this planning period. However, this population may be served by other available affordable units.

Reconciliation of Future Need (2040) and Land Supply (City of Albany)

This section summarizes the results of the Buildable Lands Inventory (BLI). The BLI is presented in detail in an accompanying memo to this report. This analysis relies on two estimates of capacity from the multiple constraint scenarios considered in the BLI memo as seen in Figure 6.1.

More specifically, the projected capacity in Scenario 1A follows state methodology for residential buildable lands as specified for Goal 10 (OAR 660 Division 8 and ORS 197.296). Scenario 1B considers 50 percent of non-significant wetlands as constrained due to a limited number of wetland mitigation bank credits, the expense of credits, and location of wetlands. The other two BLI scenarios (2A and 2B) evaluated the impacts of floodplains and wetlands on developable acres, considering land outside the floodway in the special flood hazard area as developable (currently permitted).

The following table (Figure 6.1) presents the estimated new unit capacity of the buildable lands identified in the City of Albany and within the UGB for the multiple constraint scenarios that were evaluated. Residential zones and mixed-use zones that can accommodate some residential uses were included in the inventory using their effective density.

The City's zoning districts can be broken down into broad categories based on density trends and effective density in mixed use zones:

- **Low density (<8 units/gross acre):** RR – Rural Residential, RS-10 Residential Single-Family, RS-6.5 Residential Single-Family, RS-5 Residential Single-Family (detached), HM – Hackleman Monteith, ES – Elm Street, MS – Main Street, WF – Waterfront (undeveloped) , URR – Urban Residential Reserve (county), and LDR – Low Density Residential (county)

- **Medium density (8 – 18 units/gross acre):** RS-5 (attached), RM – Residential Medium Density (<1 acre), MUR – Mixed Use Residential, WF (<1 acre), CB – Central Business, DMU – Downtown Mixed Use, MUC -Mixed Use Commercial, and Village Center

- **High density (18+ units/gross acre):** RM, RMA – Residential Medium Density Attached, HD – Historic Downtown, MDR – Medium Density Residential (county)

The difference in buildable land between Scenarios 1A and 1B represents about 73 residential acres in the City limits and 164 acres in the UGB when factoring for half of the non-significant wetlands. This is illustrated on the development status maps in Figure 6.2 that follow. The difference in buildable land between Scenario 1 (A&B) and Scenario 2 (A&B) is about 300 total acres of land in the floodplain outside the floodway in the City and UGB.

|	Effective Units/Gross Acre	Total		1A: State Methodology		1B: 1A plus 50% nonsign wetlands		2A: 1A plus SFHA outside floodway		2B: 2A plus 50% nonsign wetlands	
		# of Taxlots	Acres in Taxlots	Buildable Acres	Units	Buildable Acres	Units	Buildable Acres	Units	Buildable Acres	Units
In City Limits Total		16,757	5,843	1,399	8,214	1,327	7,773	1,620	9,354	1,533	8,841
LE	0.0	59	14	1	-	1	-	1	-	1	-
NC	0.0	22	4	0	2	0	2	0	2	0	2
OP	0.0	11	7	4	3	4	3	4	3	4	3
ES	0.5	68	17	0	-	0	-	0	-	0	-
RR	3.6	717	588	173	579	173	579	250	817	249	815
RS-10	3.6	2,185	1,182	482	1,593	469	1,554	508	1,673	496	1,633
MS	3.8	54	18	2	4	2	4	2	4	2	4
RS-6.5	4.6	7,997	2,359	377	1,649	346	1,508	433	1,889	397	1,720
WF	5.0	62	15	3	7	3	7	3	7	3	7
HM	5.1	982	151	2	13	2	13	2	13	2	13
RS-5 (detached)	5.1	1,478	392	121	675	103	593	141	773	117	659
Low Density Totals		13,635	4,747	1,165	4,525	1,104	4,263	1,345	5,181	1,272	4,856
RS-5 (attached)	9.0	369	98	30	271	26	232	35	316	29	264
RM (<1acre)	10.0	2,060	401	41	367	40	356	48	433	48	428
MUC	11.9	43	97	41	529	41	527	56	666	55	664
WF (<1acre)	13.3	45	5	3	40	3	40	3	40	3	40
MUR	12.2	106	16	1	11	1	11	1	11	1	11
CB	18.0	86	17	3	45	3	45	3	45	3	45
DMU	18.0	41	9	1	8	1	8	1	8	1	8
Medium Density Totals		2,750	643	120	1,271	115	1,219	146	1,519	140	1,460
HD	20.0	122	22	4	66	4	66	4	67	4	67
RM	22.0	100	318	105	2,171	98	2,043	118	2,402	111	2,274
RMA	26.0	150	113	7	181	7	181	7	184	7	184
High Density Totals		372	453	115	2,418	108	2,290	128	2,653	121	2,525
Outside City Limits Total		483	1,918	1,279	6,454	1,113	5,546	1,348	6,769	1,170	5,809
LDR	4.6	46	137	10	41	10	41	14	60	14	59
URR	4.6	428	1,712	1,205	5,415	1051	4,706	1,270	5,711	1,104	4,951
Village Center	10.0	1	28	28	276	25	250	28	276	25	250
MDR	20.0	8	41	36	722	27	549	36	722	27	549
TOTAL UGB CAPACITY		17,240	7,761	2,679	14,668	2,440	13,319	2,968	16,123	2,703	14,650

Source: Angelo Planning Group

- Looking at Scenarios 1A (state methodology) and 1B, there is a total estimated remaining capacity of between 7,700 and 8,200 units of different types in the City limits and between roughly 13,300 and 14,600 units within the full study area (City and UGB) depending on the impact of non-significant wetlands.

- Most of the remaining buildable acreage is in low-density residential zones or Plan designations. At a total capacity of 9,000 to 10,000 housing units, this is roughly 75 percent of the total unit capacity.

- Though there are many fewer buildable high-density acres, they can still accommodate around 1,900 units in the City limits, and another 550 to 725 in the UGB assuming land is developed with residential uses at projected densities of 20 to 26 units an acre. This is nearly 20 percent of the total unit capacity.

- There is less available acreage in medium-density zones (defined as supporting density between eight and 18 units/acre), though the bulk of the mixed-use zoned land falls in this category. In total, the capacity of these zones represents nine percent of the total unit capacity.
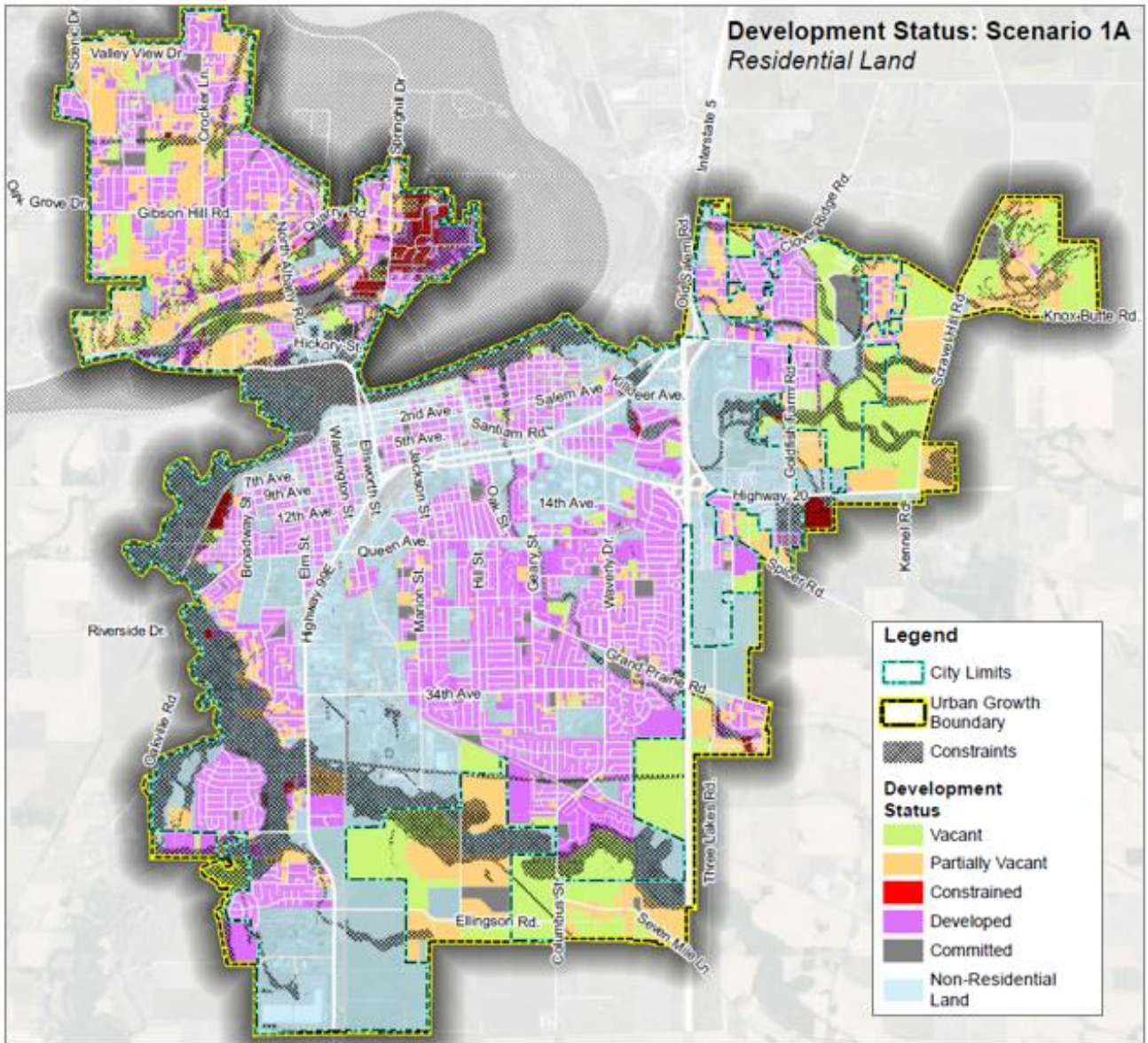
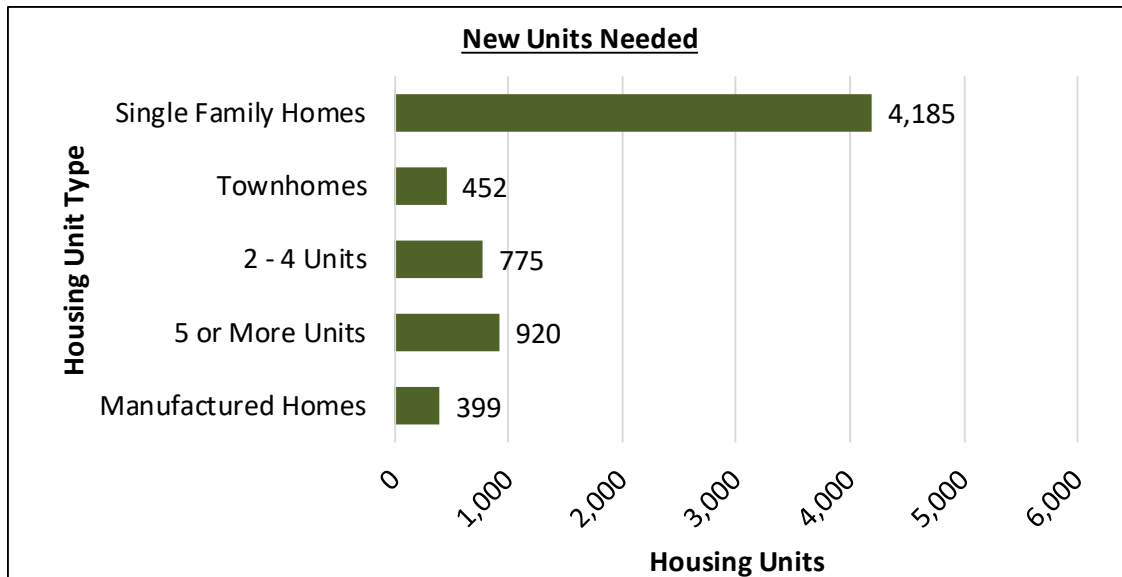FIGURE 6.2 B – SCENARIO 1B DEVELOPMENT STATUS
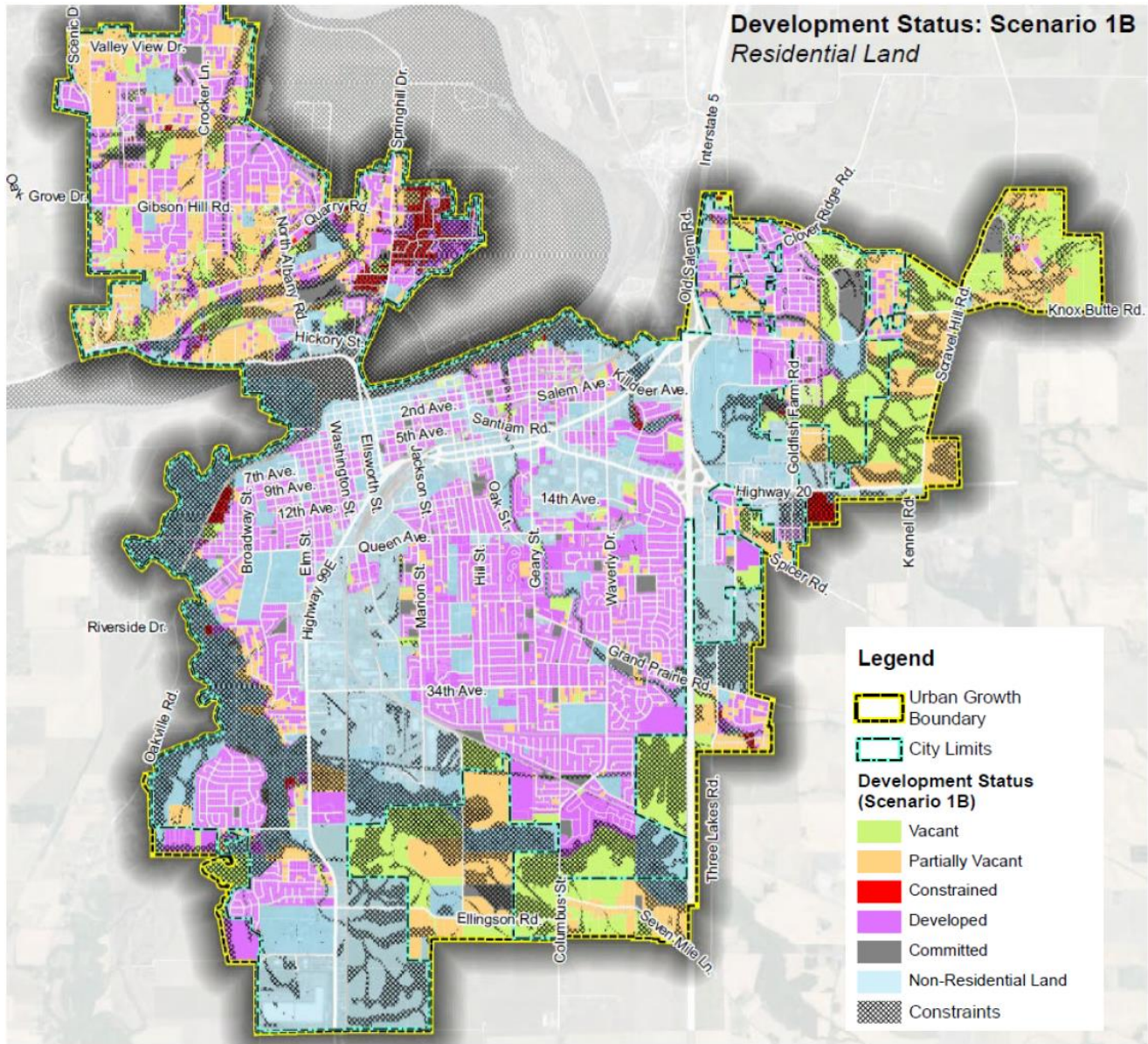
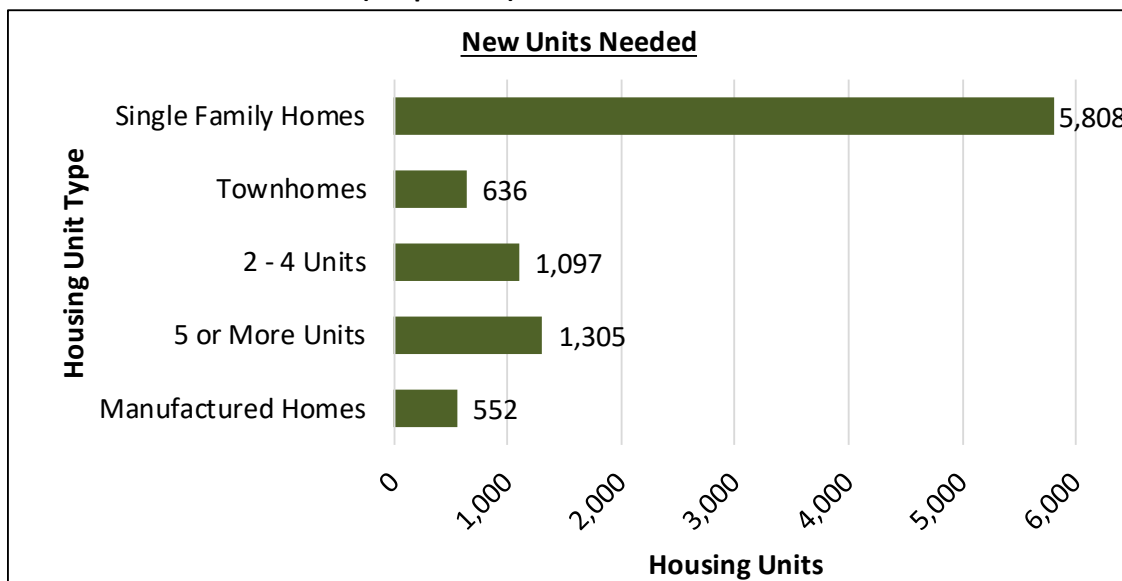Source: Angelo Planning Group

The following figures summarize the forecasted future unit need for Albany by housing types. These are the summarized results from Section V of this report, presented here for reference.

New Units Needed

Housing Unit Type	Housing Units
Single Family Homes	4,185
Townhomes	452
2 - 4 Units	775
5 or More Units	920
Manufactured Homes	399

B.   ALTERNATIVE FORECAST (1.7 percent)

New Units Needed

Housing Unit Type	Housing Units
Single Family Homes	5,808
Townhomes	636
2 - 4 Units	1,097
5 or More Units	1,305
Manufactured Homes	552

Sources: PSU Population Research Center, Census, Johnson Economics

Comparison of Housing Need and Capacity

There is a total forecasted need for roughly 6,700 units over the next 20 years based on the PSU forecast and approximately 9,400 units are forecasted using the alternative growth scenario. This is higher than the estimated capacity of land within the city limits but is below the estimated capacity within the UGB of over 14,240 units (Scenario 1A), assuming all URR land is built-out with residential.

Figure 6.4 below presents a comparison of the BLI capacity for new housing units, compared to the estimate for new unit need by 2040. It breaks down need by general density range of the zoning and plan designations (LDR, MDR, HDR), assuming the density parameters and general housing types listed at the beginning of this section.

- The results find ample capacity for low-density housing, and higher-density housing using the baseline forecast.

- Under the higher-growth alternative forecast there is a projected shortage of land for low-density residential uses within the current city limits.

- The amount of dedicated "medium-density housing" land (eight to 18 units per acre) in the city limits is lower than the need for middle-housing types based on the city's current development standards for both growth scenarios. When residential land capacity located outside of the current city limits but within the current UGB is considered, there is ample developable capacity for the projected growth in the baseline forecast, and most of the growth under the alternative forecast.

- In addition, the City has two "medium-density" zones (RM and RMA) that are designed to meet the needs of medium-density and higher-density housing types along with some of the City's mixed-use zones.

- While HB 2001 will require the City to allow middle housing types in low-density zones by June 30, 2022, the increased capacity of two percent was factored into the projected density by zone.

FIGURE 6.4: COMPARISON OF FORECASTED FUTURE LAND NEED (2040) WITH AVAILABLE CAPACITY

WITHIN CITY LIMITS		SUPPLY			DEMAND				
		Buildable Land Inventory			PSU Forecast (1.3%)			Alternate Forecast (1.7%)	
Zoning Districts	Typical Housing Types	Buildable	Avg. Density	Unit	New Unit Need	Surplus (Deficit)		New Unit Need	Surplus (Deficit)	
		Acres	units/ac	Capacity	to 2040	Units	Acres	to 2040	Units	Acres
Low-Density: RR, RS-10, RS-6.5, RS-5, HM, MS	Single-family detached; duplex	1,165	3.9	4,525	4,270	255	23	5,926	(1,401)	(359)
Med-Density: RS-5 attached, MUR, RM<1ac, WF<1ac, MUC, DMU, CB	Single-family Attached; Manuf. Home parks, 2-4 plexes	120	10.6	1,271	1,540	(269)	(25)	2,166	(895)	(84)
High-Density: RM, RMA, HD	Apartments, condos	115	21.0	2,418	920	1,498	71	1,305	1,113	53
TOTALS		1,397	5.6	7,829	6,730	1,484	69	9,398	(1,183)	(391)

OUTSIDE CITY LIMITS, IN UGB		SUPPLY		
		Buildable Land Inventory		
Comprehensive Plan Designation	Typical Housing Type	Buildable Acres	Avg. Density units/ac	Unit Capacity
Low-Density	Single-family detached; duplex	1,214	4.5	5,456
Med-Density	SF attached; Manuf. home; 2-4 plexes	28	10.0	276
High-Density/ Village Center	Apartments, condos	36	20.0	722
TOTALS		1,278	5.0	6,454

Sources: Angelo Planning Group, Johnson Economics

VI.   CONCLUSIONS AND RECOMMENDATIONS

The analysis presented in this report leads to the following key conclusions regarding housing and residential land need in Albany.

- Using the baseline PSU forecast to 2040 and state methodology for determining buildable residential land, there is ample capacity within the City limits to 2040 for low-density and high-density housing

types, but the City may need to rely on land in the UGB to accommodate projected medium density housing types (attached housing, eight to 18 units/acre).

- When factoring for the most constrained scenarios and more aggressive growth rate, there is inadequate capacity within the City limits to 2040, but there is still adequate available land within the UGB for 20 years.

- Single-family units are expected to make up the greatest share of new housing development over the next 20 years. However, attached forms of housing are also expected to grow as an overall share of housing due to growing trends toward more density, infill development, accessory dwelling units, and constraints of the urban growth boundary. Recent state legislation also seeks to encourage more of this type of development by permitting duplexes and triplexes in traditional single-family zones.

- If historic trends in housing types and tenancy continue, there will likely be demand for land that can accommodate medium density housing) and for higher density housing (more than 18 units an acre).

- There is a current and projected need for more affordable housing opportunities for many Albany households. Over 50 percent of renters spending more than 30 percent of their income on gross rent, and a quarter of renters are spending 50 percent or more of their income on housing and are considered severely rent-burdened.

- There is some new need for ownership housing at the low-end of the pricing spectrum. But income trends suggest the community could supply more housing in the middle and upper price ranges ($500k or more). The $200,000 to $350,000 price point (in current dollars) is projected to remain the greatest share of demand.

- The greatest need for rental units is found at the lowest and some higher price points. Market rents are currently clustered in the $700 to $1,600 range in current dollars. Therefore, most units are to be found in this range. There is insufficient rental housing for the lowest income households making $25,000 or less.

RECOMMENDATIONS

There are a variety of potential strategies applied in other communities that the City of Albany could consider to address current and future housing needs identified in the HNA. Potential categories of strategies could include:

(1) Development Code Strategies;

(2) Policy and Land Supply Strategies;

(3) Funding Sources and Programs; and

(4) Incentives for Needed Housing.

Figure 7.1 presents a table of potential strategies the City might consider.

FIGURE 7.1: SUMMARY OF POTENTIAL HOUSING STRATEGIES

Strategy	Current and Past Efforts
Development Code Strategies	
1. Establish Minimum Density Standards	
In order to ensure residential developments meet the intent and projected capacity of each zone, the City could consider adopting minimum density requirements.	N/A

Strategy	Current and Past Efforts
2. Evaluate Existing Development Standards	
Review existing standards to ensure they do not overly constrain housing development. Suggestions for reduced lot sizes, parking, setbacks, and lot coverage are presented under this strategy.	The City is currently reviewing residential design standards as part of a separate project to ensure standards are clear and objective and to provide additional flexibility for housing developers.
3. Evaluate Existing Non-Residential Uses	
Review and consider amendments to allowed uses in residential zones to ensure development of non-residential uses does not prevent those zones from meeting their projected housing capacity.	N/A
4. Facilitate Middle Housing Types	
Consider zoning code and other regulatory amendments to increase housing choices and reduce barriers to development for duplexes, triplexes, fourplexes, townhomes, cottage clusters, and other "missing middle" housing types.	The City allows many of these housing types in the medium density and mixed use zones, either outright or through discretionary review. The City will need to allow middle housing in more areas as required by Oregon House Bill 2001.
5. Zoning Incentives for Affordable or Workforce Housing	
Creates incentives for developers to provide a community benefit (such as affordable housing), in exchange for ability to build a project that would not otherwise be allowed by the development code.	The City currently provides density bonuses for moderate-cost housing. The bonus varies by the affordability level (i.e., housing affordable to persons whose's income is 0.8 times, equal to, or 1.2 times the area median income).
6. Inclusionary Zoning	
A tool used to produce affordable housing within new market-rate residential developments. Typically implemented through an ordinance mandating a minimum percentage of units remain affordable for a set period of time.	N/A
Policy and Land Supply Strategies	
7. Rezone and Redesignate Land	
Rezone land from other residential designations and/or from non-residential designations to meet specific housing needs, assuming there is an adequate supply of land available to meet non-residential needs.	N/A
8. Expand Urban Growth Boundary	
A strategy to amend the city's UGB if the supply of land within the UGB cannot accommodate the amount needed for future development. (Not supported by HNA at this time.)	N/A

Strategy	Current and Past Efforts
Funding Sources and Programs	
9. Construction Excise Tax (CET)	
A tax on new construction of between 1 percent and 3 percent to help pay for affordable housing strategies identified here. CET is a one-time tax assessed on new construction. State law requires it to be spent on specific types of programs and activities.	N/A
10. Land Acquisition and Banking	
Land acquisition is a tool to secure sites for affordable housing. Land banking is the acquisition and holding of properties for extended periods without immediate plans for development, but with the intent that properties eventually be used for affordable housing.	The City has acquired properties within the Central Albany Revitalization Area (CARA); but not for the purpose of developing affordable housing (see Strategies 12 and 13).
11. Financial Assistance Programs	
A range of tools that can be used to maintain housing affordability or to help keep residents in their homes. Possible tools include rent assistance, loans for homeowners, or assistance to low-cost apartment owners for repairs and upgrades.	The City funds assistance programs through its Community Development Block Grant (CDBG) program, and partners with organizations including DevNW, Albany Area Habitat for Humanity, and Community Services Consortium (CSC) to implement these programs.
12. Tax Increment Financing (TIF)	
TIF is a funding mechanism in which future tax revenues in targeted development or redevelopment areas are diverted to finance infrastructure improvements and/or development—potentially including affordable and/or market-rate housing.	The City has supported development of affordable housing and infrastructure improvements in the Central Albany Revitalization Area (CARA) (see Strategy 13). The CARA Waterfront Project will improve the streetscape and rail crossings along Water Avenue. Those improvements could be leveraged to reduce costs for private or non-profit housing developers.
13. Public-Private Partnerships (PPPs) and Community Land Trusts	
Arrangements between public and private entities to create more and/or affordable housing. PPPs can promote a variety of affordable housing programs or projects and include partnerships from multiple entities (public, private, and non-profit), including Community Land Trusts.	The Woodwind Apartments, completed in 2015, are an example of a PPP for affordable housing that was supported by the Central Albany Revitalization Agency. The CARA committed $1.45 million to the project, including $817,660 for the purchase of the property.
Incentives for Needed Housing	
14. Tax Abatements	
Tax abatements are reductions in property taxes for housing and may include full or partial tax exemptions or freezes on the assessed value of properties. Abatements are often provided to non-profit corporations or to private developers in exchange for developing affordable or other desired housing types (such as mixed-use).	The City adopted the Non-Profit Low-Income Housing Tax Credit per ORS 307.540-548 in 1993, which enables the City to exempt affordable housing developed by non-profit organizations from City taxes, although annual renewal is required.

Strategy	Current and Past Efforts
15. Development Fee Deferrals, Exemptions or Reductions and SDC Methodology This strategy reduces costs for housing development by reducing, exempting, or deferring one-time fees for new development, such as land use application fees and fees to offset costs of public facilities. The City could also consider scaling SDCs to the type or size of housing so that smaller houses would pay a smaller SDC fee, for example.	