

The background of the slide features a large, faint, circular seal of the State of Oregon. The seal contains an eagle with wings spread, perched on a shield. Below the eagle is a banner with the text "THE UNION". At the bottom of the seal, the year "1859" is inscribed. The words "STATE OF OREGON" are written around the perimeter of the seal.

Oregon's Housing Affordability Challenge

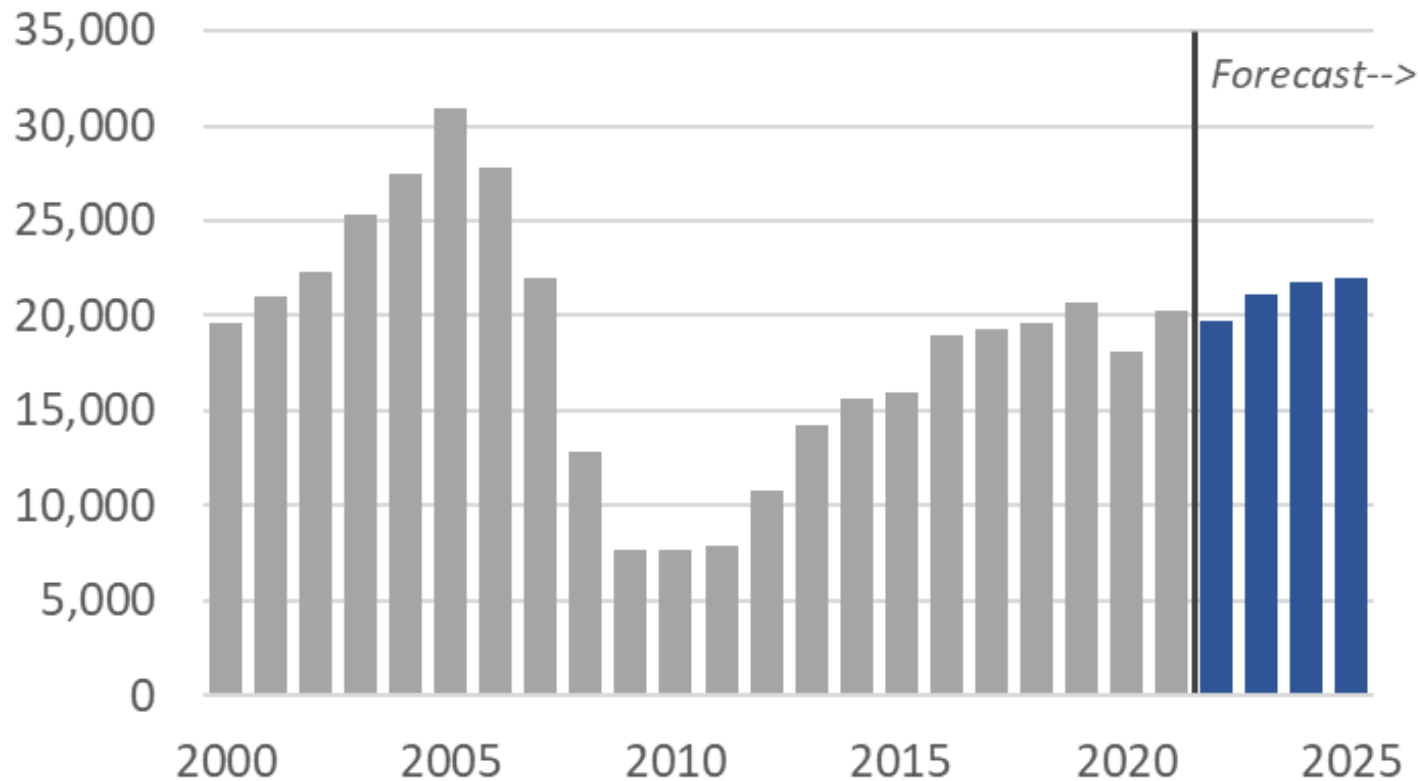
June 1st, 2022

Oregon Office of Economic Analysis
Josh Lehner



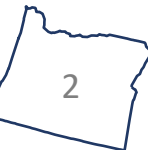
Housing supply matters

Oregon Housing Starts



Source: Census, Oregon Office of Economic Analysis

- Oregon has underbuilt housing by 111,000 units in recent decades
- Industry running into supply side constraints
 - Financing, Land, Lots, Labor, Permitting Process
 - No productivity gains
- Affordability issues
 - Current residents struggle with outright lack of available units
 - Low-income households impacted the most
 - Future economic and revenue growth will be slower if fewer households can afford to move to or live in Oregon
- Outlook
 - Minimal growth in housing starts and construction employment, largely keeping with slower population forecast
 - Underproduction shortfall not made up

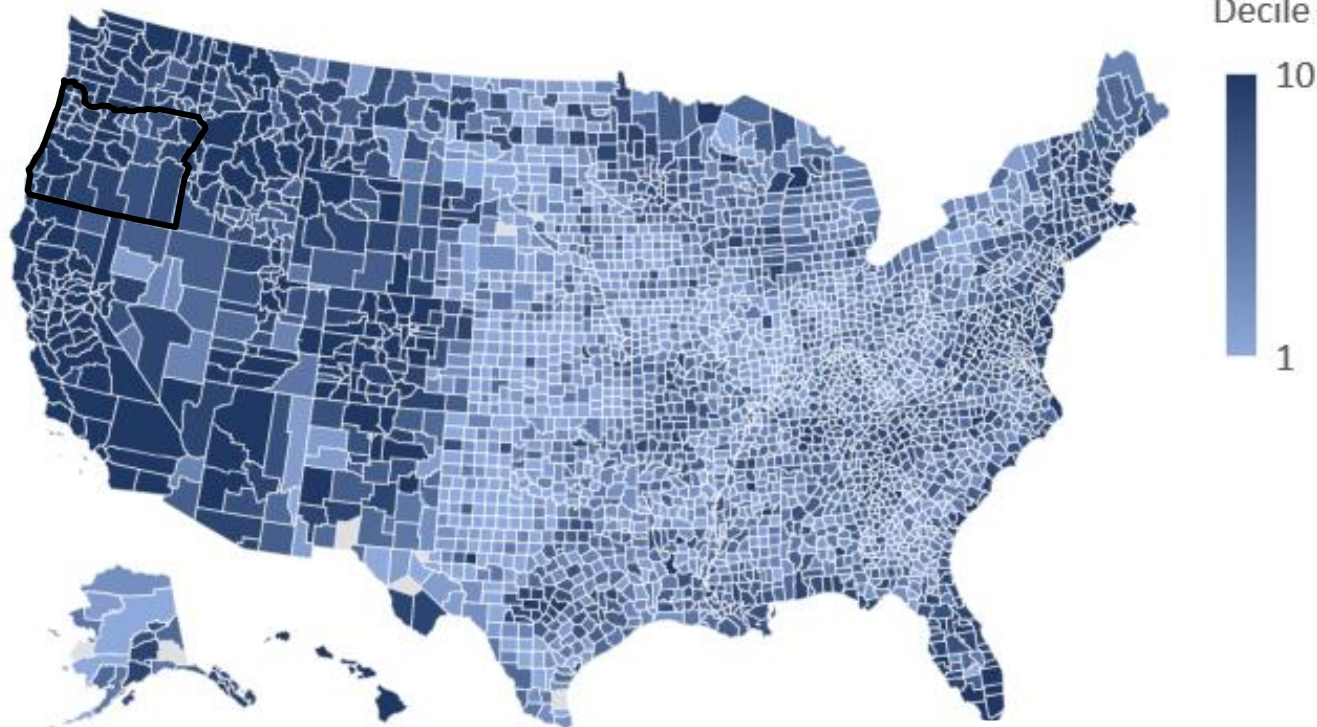




Affordability: Truly Statewide Issue

Homeownership Affordability

Home Value to Household Income Ratio



- Nowhere in Oregon is affordability better than the typical county nationwide
- Oregon's 36 Counties
 - 23 are in least affordable 10%
 - 7 are in second least affordable 10%
 - 4 are in third least affordable 10%
 - Remaining 2 are still less affordable than typical U.S. county

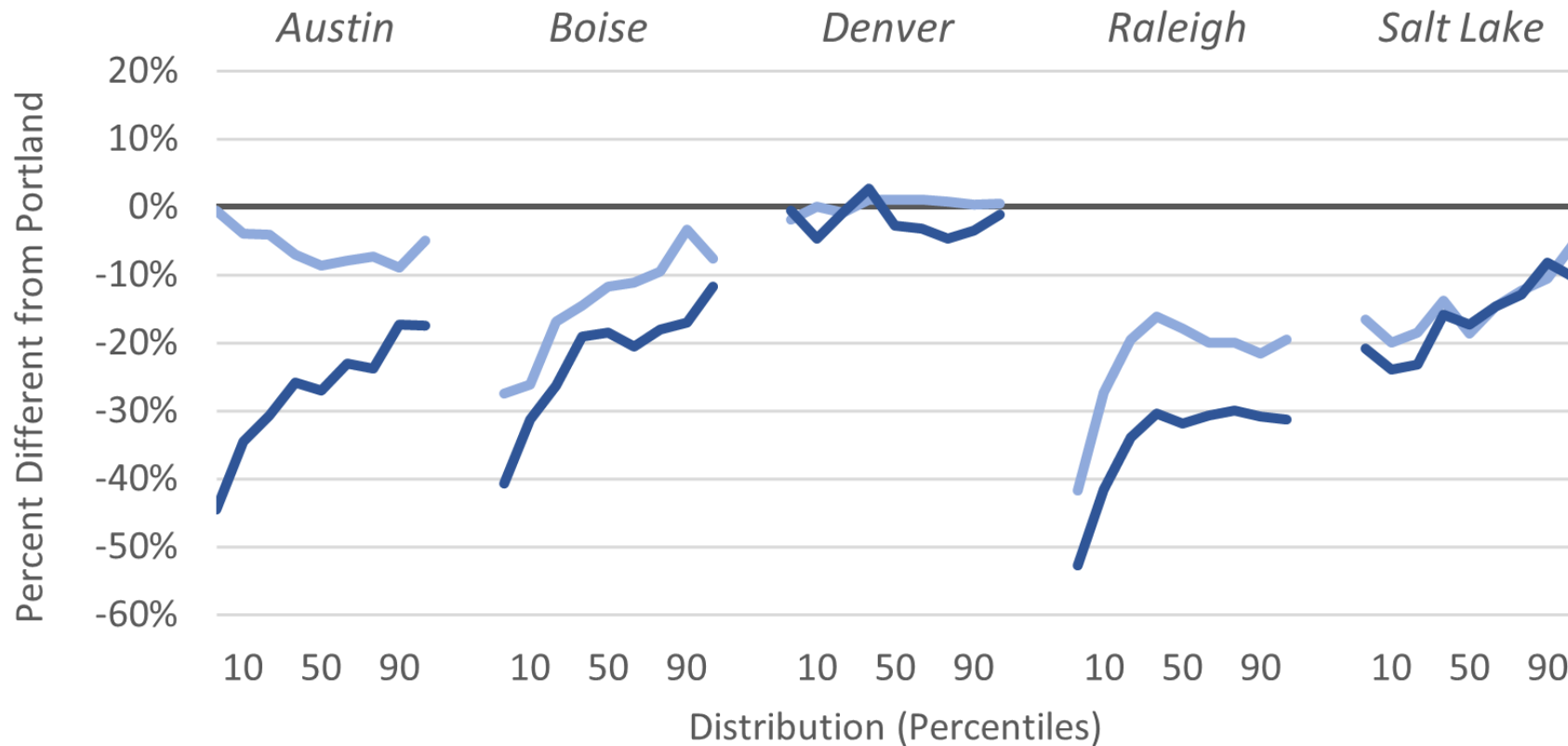




Affordability: Impacts All Households

Portland's Relative Affordability is Worse for All Households

Comparing *Rents as Share of Income*, and *Home Price to Income Ratios*



Data: 2019 ACS | Source: IPUMS-USA, Oregon Office of Economic Analysis

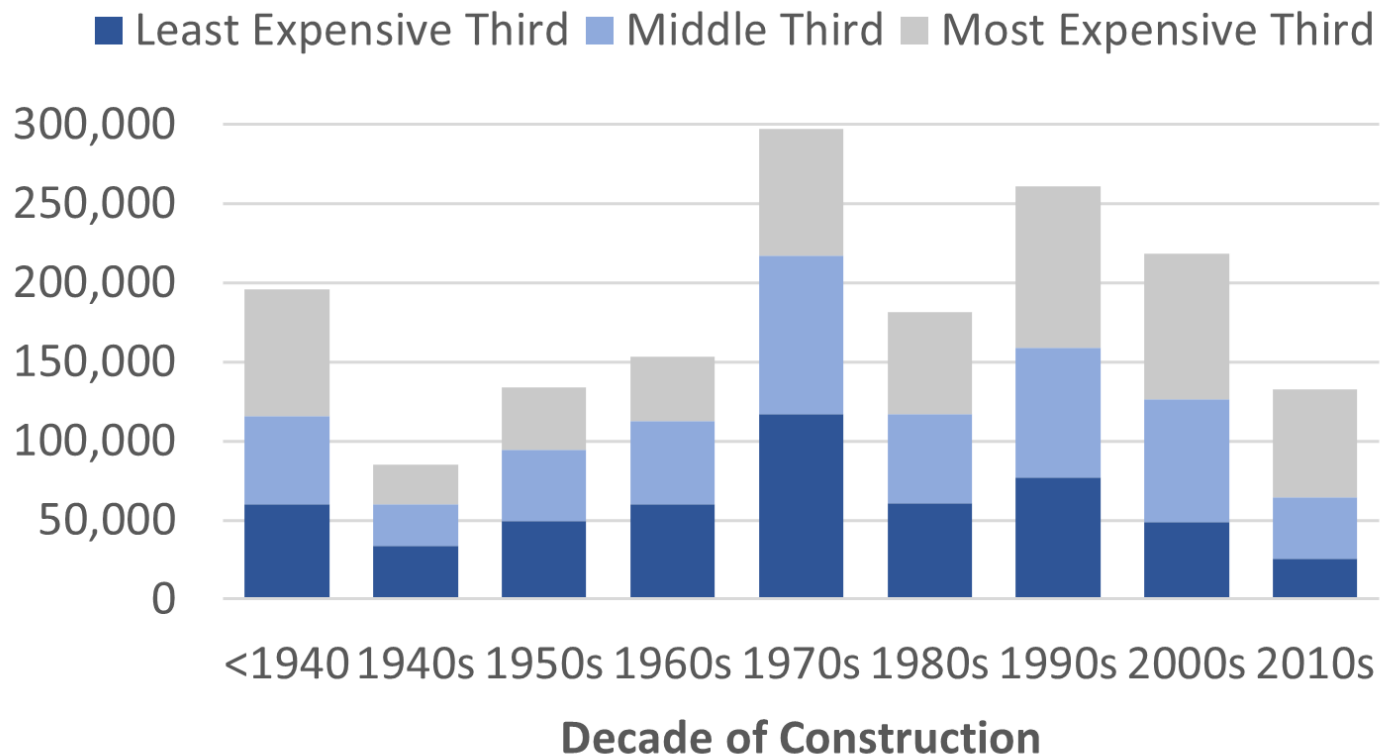




Housing does filter

Oregon Affordability and Filtering

2020 Housing Stock Divided into Thirds Based on Home Value or Rent, then Looking at When Units Were Built



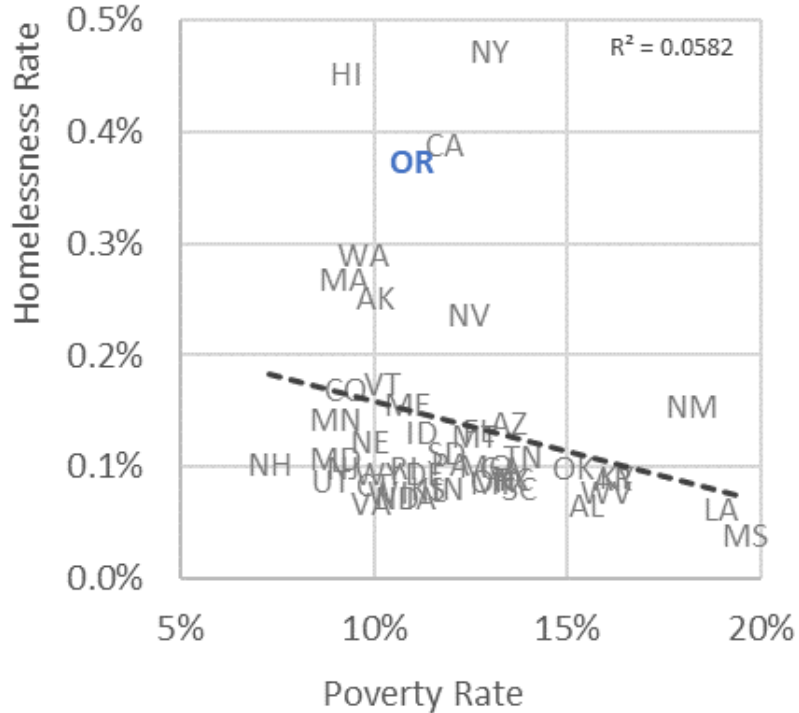
- So-called NOAH (naturally occurring, affordable housing) is due to filtering
- NOAH does not magically appear
- Older units are only more affordable when new supply continues to come on the market, otherwise higher-income households buy and remodel older homes
- Despite being 20 years newer, Oregon has nearly as many relatively affordable units from the 2000s as the 1980s because Oregon built more overall during the decade



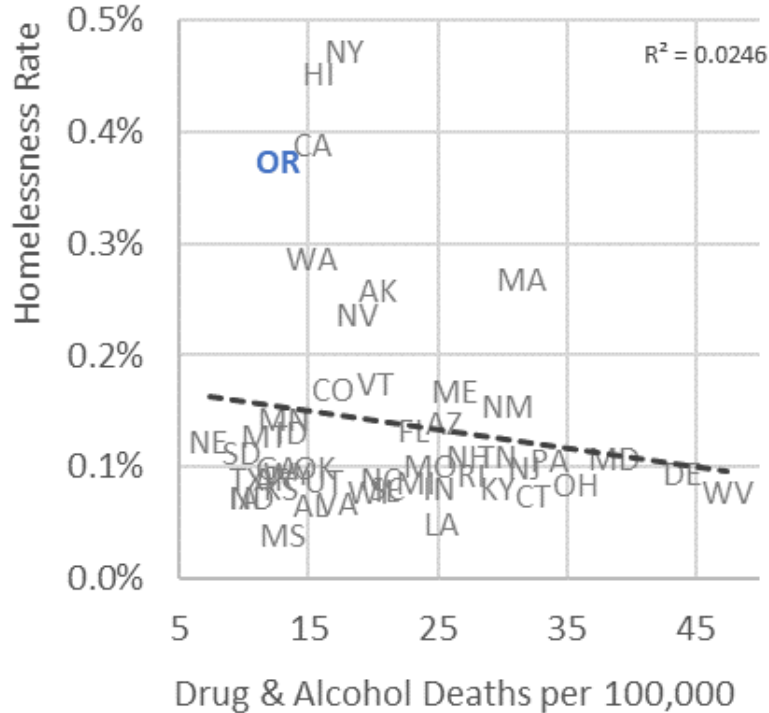
Homelessness is Mostly a Housing Problem

Comparing patterns of homelessness across the U.S., 2019

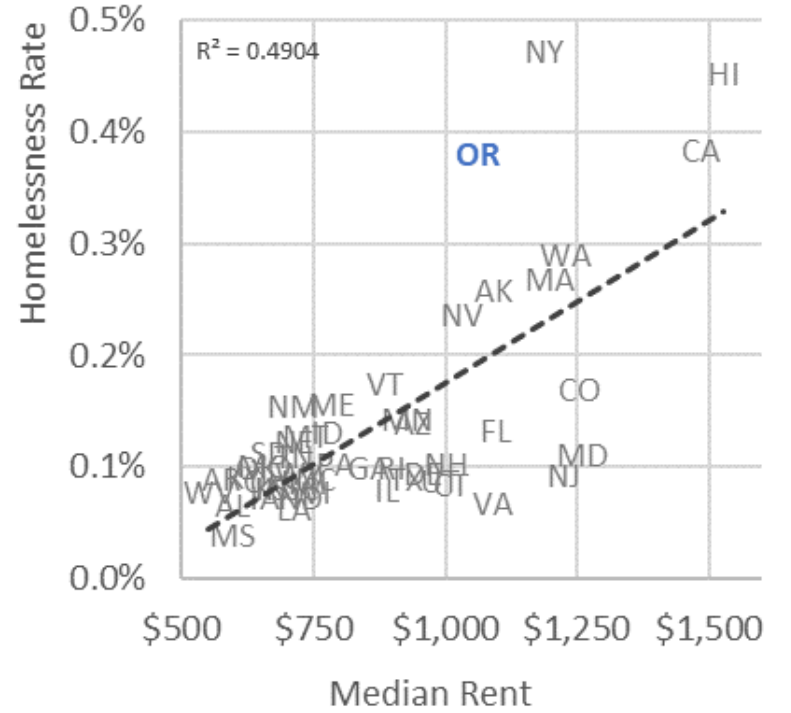
Poverty



Drug Overdoses



Housing Costs



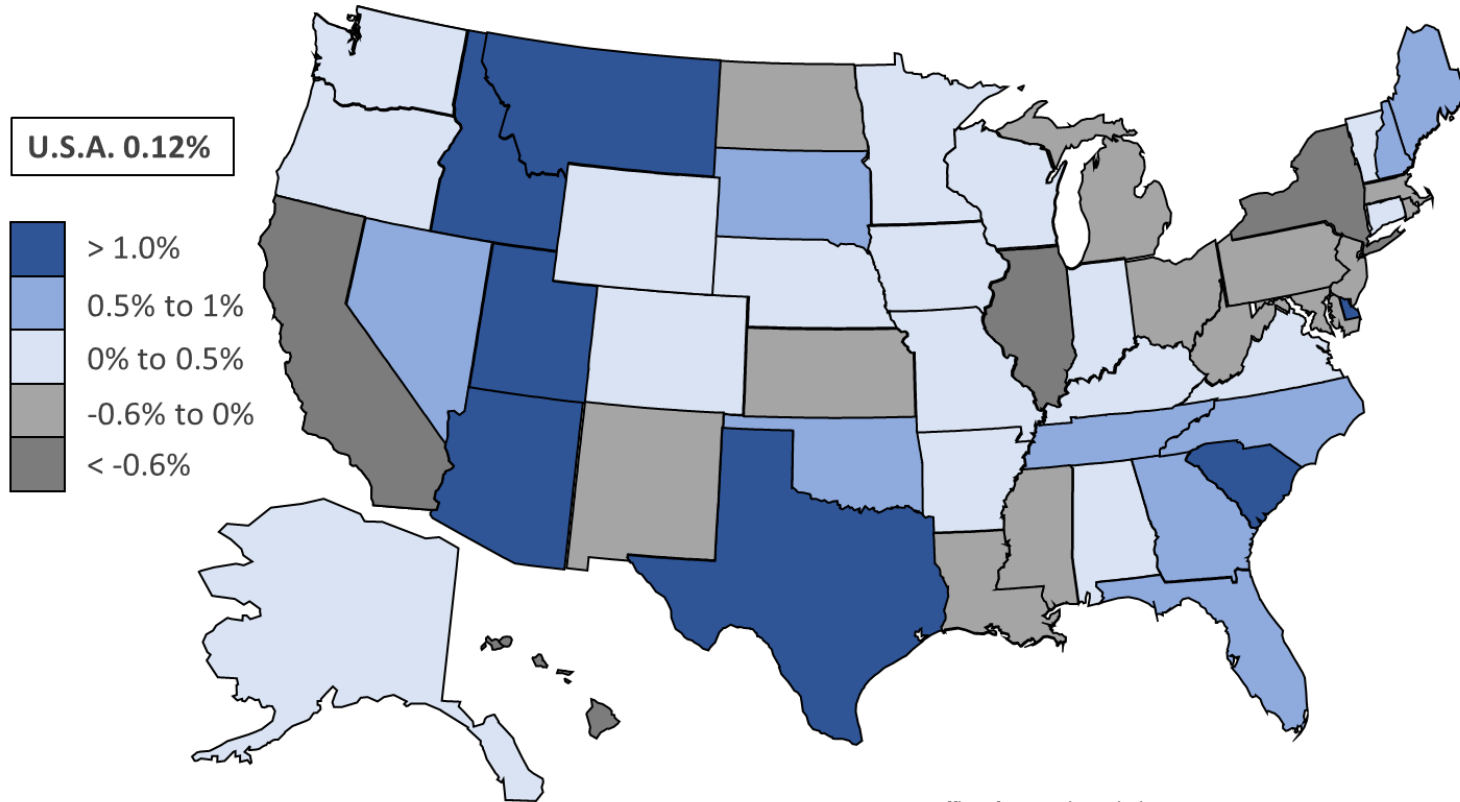
Data and Sources: Homelessness Rate is 2019 HUD PIT count as share of total population from the 2019 ACS | Poverty Rate and Median Rent from the 2019 ACS | Drug & Alcohol Deaths are 2019 accidental overdoses from the CDC (ICD10 Codes X40-45, Y10-15, Y45, Y47, Y49 following Case & Deaton)



Macro Risk: Relative affordability

2021 Population Growth

July 1, 2020 to July 1, 2021 Percent Change



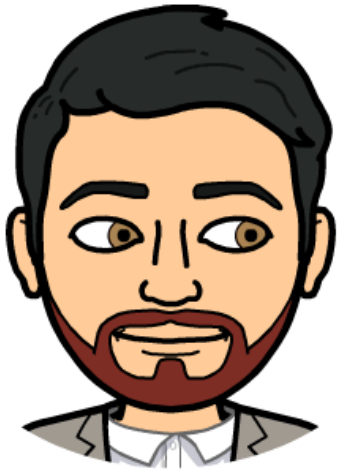
Source: Census, Oregon Office of Economic Analysis

- Pandemic population growth
 - Colorado, Oregon, Washington population growth decelerated
 - Intermountain West accelerated or at least held steady
- Affordability Impacts
 - Displacement risk rises as affordability worsens
 - To date, affordability more of initial repellent
- Outlook Risk
 - Population is the primary reason Oregon grows faster than typical state
 - If population growth is slower than expected, the outlook for the Oregon labor force, business sales, and public revenues all need to be lowered





Contact



joshua.lehner@oregon.gov
(971) 209-5929



www.OregonEconomicAnalysis.com



@OR_EconAnalysis



Oregon Office of
Economic Analysis

