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Periodic Atlas of the Metroscape: The Geography of Future Housing

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The Geography of Future Housing

by Randy Morris and Sheila Martin

Over the past few years, the housing market has responded to strong demand driven by population growth; new multifamily housing is coming online rapidly.

A strong regional economy, rising wages, and rapid population growth throughout the Portland region have driven rapidly increasing demand for housing. Housing development lagged the region's economic recovery, as permitting activity fell to a 20-year low in 2009 and 2010, leading to acute shortages and rapidly rising rents and home prices as the economy recovered. Over the past few years, the housing market has responded and new housing, particularly multifamily housing, is coming online rapidly.

In this edition of the Periodic Atlas, we provide a glimpse of housing construction that has been permitted over the past few years, with a focus on multifamily housing. Focusing on recently-permitted units provides a perspective on how the newest housing is and will be different from existing housing. The type of housing that will be built, where it is built, its characteristics, and its price will shape the Portland region in the years to come.

To provide additional perspective, we examine where multifamily housing is being

permitted in relation to fast growing population areas, and areas with the greatest concentration of people of color. Finally, we explore a few recently completed multifamily projects to provide a better understanding of the characteristics of multifamily projects coming on line.

We are drawing from a number of data sources in this Atlas, including Metro's multifamily housing inventory (RLIS, November 2016), multifamily unit data gleaned from Clark County's taxlot dataset, demographic data from the Census Bureau, and permit data from Construction Monitor. Although there are different sources of permit data with different strengths and weaknesses, they draw from the same source: the permitting offices of local jurisdictions. The Portland State University Population Research Center and the Institute of Portland Metropolitan Studies cleaned, checked, augmented, and geocoded the Construction Monitor raw data and joined it with the other data sources to create the maps in this version of Atlas.

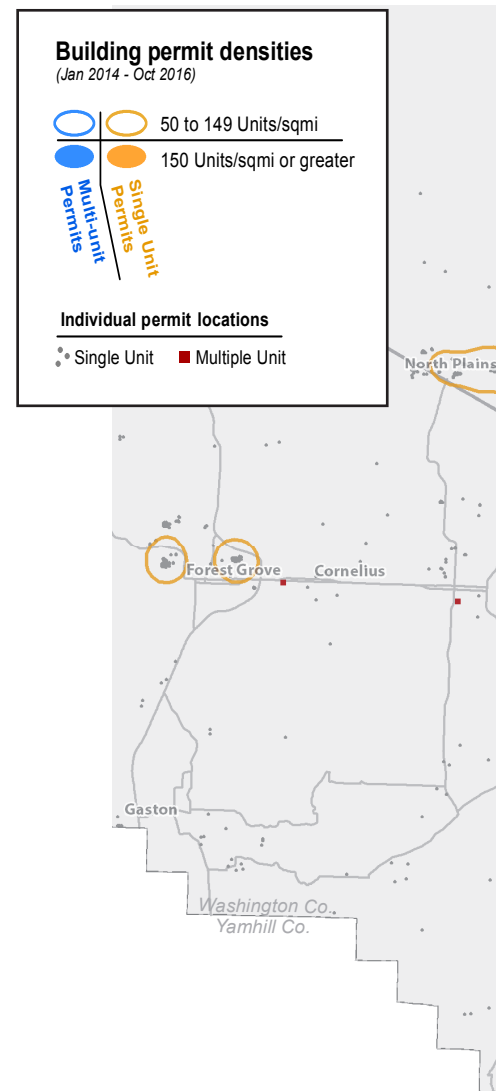
Historical data show that over 90 percent of permitted projects are eventually completed, although the lag time varies from six to 18 months. Thus, many of the permitted units shown in these maps, which are from 2014 through October of 2016, have been completed; but at least 7,500 units in Clackamas, Washington, and Multnomah counties that have been permitted since 2014 had not been completed as of the date of the last multifamily inventory.

Density Downtown

Figure 1 shows all permits issued by city development departments for housing in January 2014 through October of 2016 in Clackamas, Multnomah, and Washington counties in Oregon, as well as Clark County in Washington. The dark blue areas indicate the most dense areas of multifamily permitting (150 units per square mile or greater). Blue rings show areas with less dense multifamily permitting. Yellow areas show dense single-family permitting, and the yellow rings show areas of less dense single family permitting. Scattered multifamily units are shown by red squares; scattered single family units are shown with grey squares.

The permitting pattern is as expected by any casual observer watching construction cranes rise in the region. The densest clusters of multifamily permits appear in close-in areas of Portland, in Washington Coun-

Figure 1

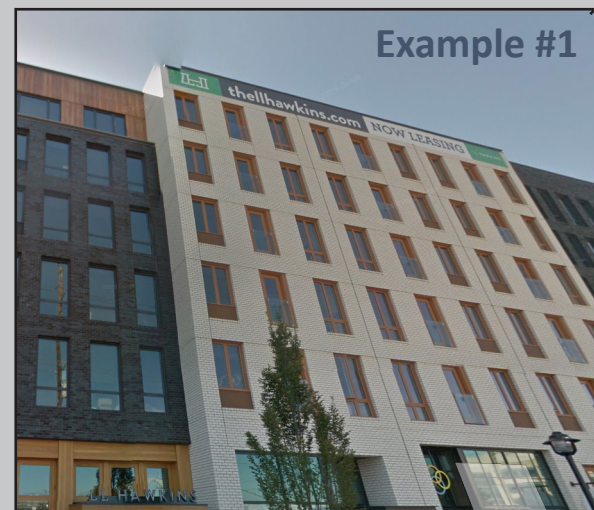


Permits Realized

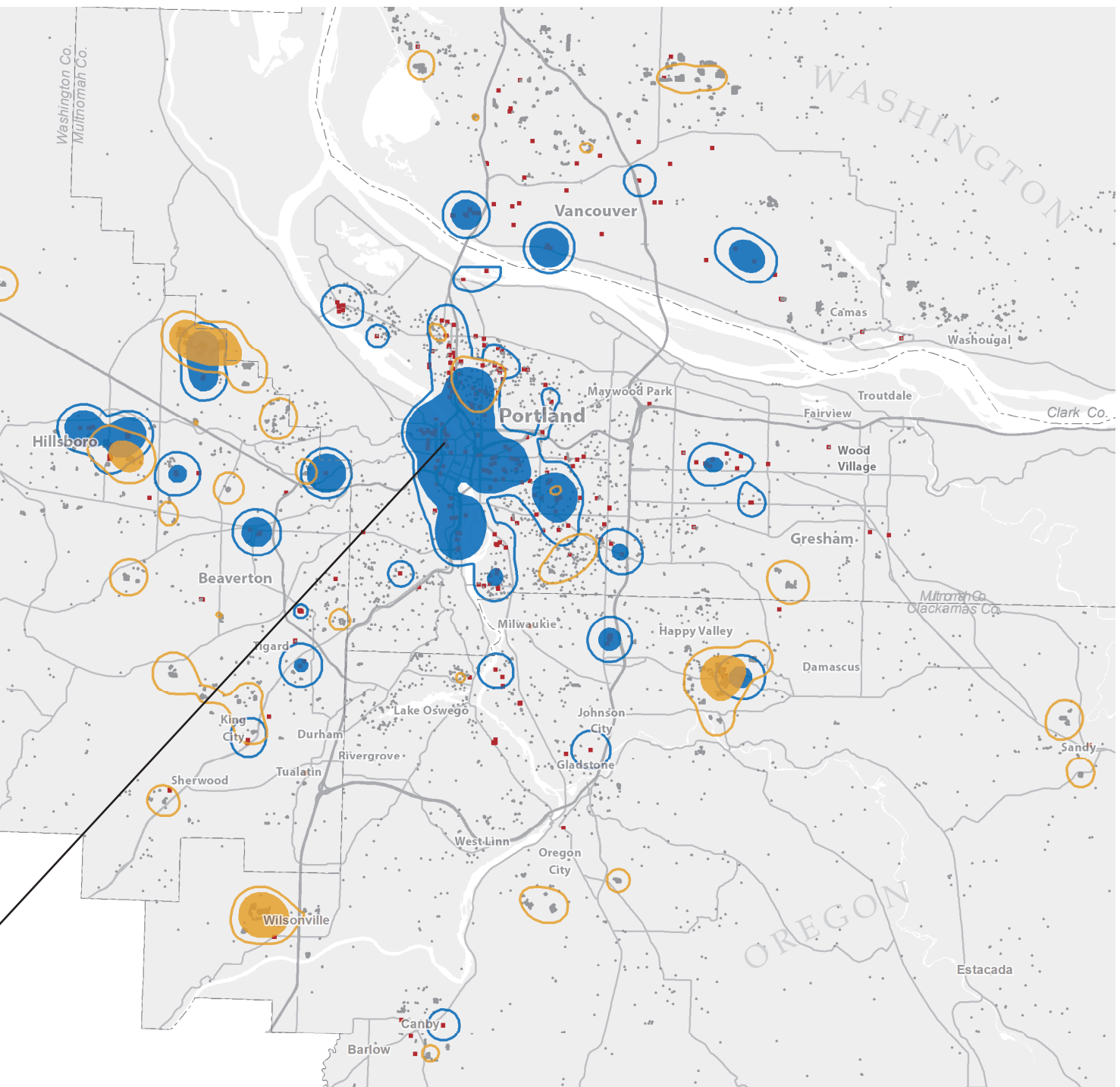
As the market responds to demand from higher-income residents, vacancy rates may rise and rent increases may moderate as thousands of new units become available.

However, affordable projects, subsidized by programs such as the HELP grant program and the HOME Investment Partnerships Program, are also needed to serve lower-income families.

The following pages highlight examples of various multifamily apartment projects which have recently been completed.



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Source: Construction Monitor, Inc., Metro

LL Hawkins apartments at 1510 NW 21st Avenue were completed in 2015. This market-rate apartment development in the Slabtown neighborhood of Northwest Portland contains 113 units, with studio, one- and two-bedroom units. A two-bedroom two-bath unit rents for about \$3,000 per month. Thus, a couple or family would need to earn a combined

income of about \$120,000 per year to consider this apartment affordable.

<https://thellhawkins.com/>

ty near Intel and Rock Creek, and in Bethany. There are also several clusters of multifamily permitting in Clark County, including Vancouver’s central city, and in the Bennington neighborhood near SE Mill Plain Blvd. and SE 164th Ave.

Dense permitting for single family units overlap the areas with the greatest multifamily density in areas such as Bethany, Hillboro, and Happy Valley. Less dense clusters of single family units occur throughout the region, mostly outside of the urban core, where scattered infill is the only source of single family housing.

Figure 2 shows the number of permitted multifamily units by county and year. Keep in mind that 2016 is only partial-year

Figure 2: Single and multifamily units permitted, 2014 - 2016

	Single Family Units				Multifamily Units			
	2014	2015	2016	Total	2014	2015	2016	Total
Clackamas	521	1,574	1,297	3,392	86	115	567	768
Clark	1,407	1,735	1,353	4,495	793	1,326	591	2,710
Multnomah	458	1,087	1,058	2,603	1,629	3,815	3,196	8,640
Washington	502	1,565	1,652	3,719	436	1,060	653	2,149
Total	2,888	5,961	5,360	14,209	2,944	6,316	5,007	14,267

Source: Construction Monitor, Metro Multifamily Inventory

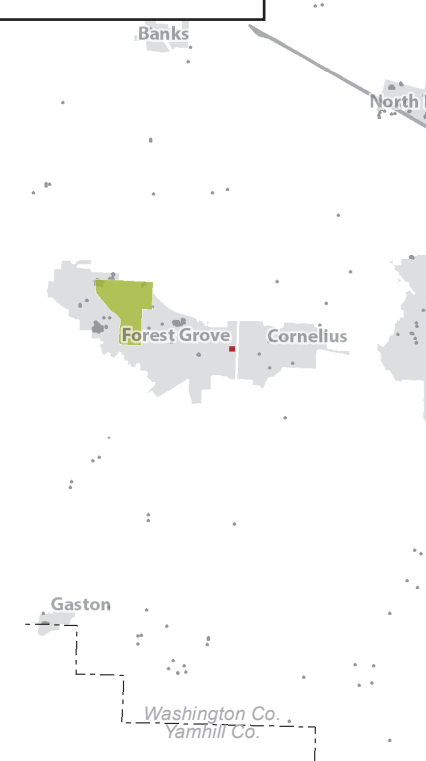
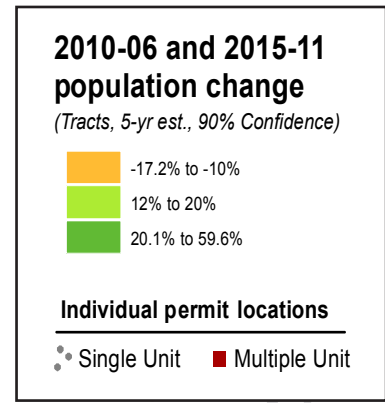
data (January to October). The boom in permitting that began in 2014 followed a crash in newly-permitted units during the recession that left the housing pipeline nearly empty. Our comparison of these permit data with Metro’s latest multi-unit inventory shows that more than half of the housing units permitted since 2014 still have not yet been completed. Over 7,000 of the new units in the three counties that have been permitted since 2014 have not yet become available, with the greatest number in Multnomah County, where over 6,500 units have yet to be delivered to the market.

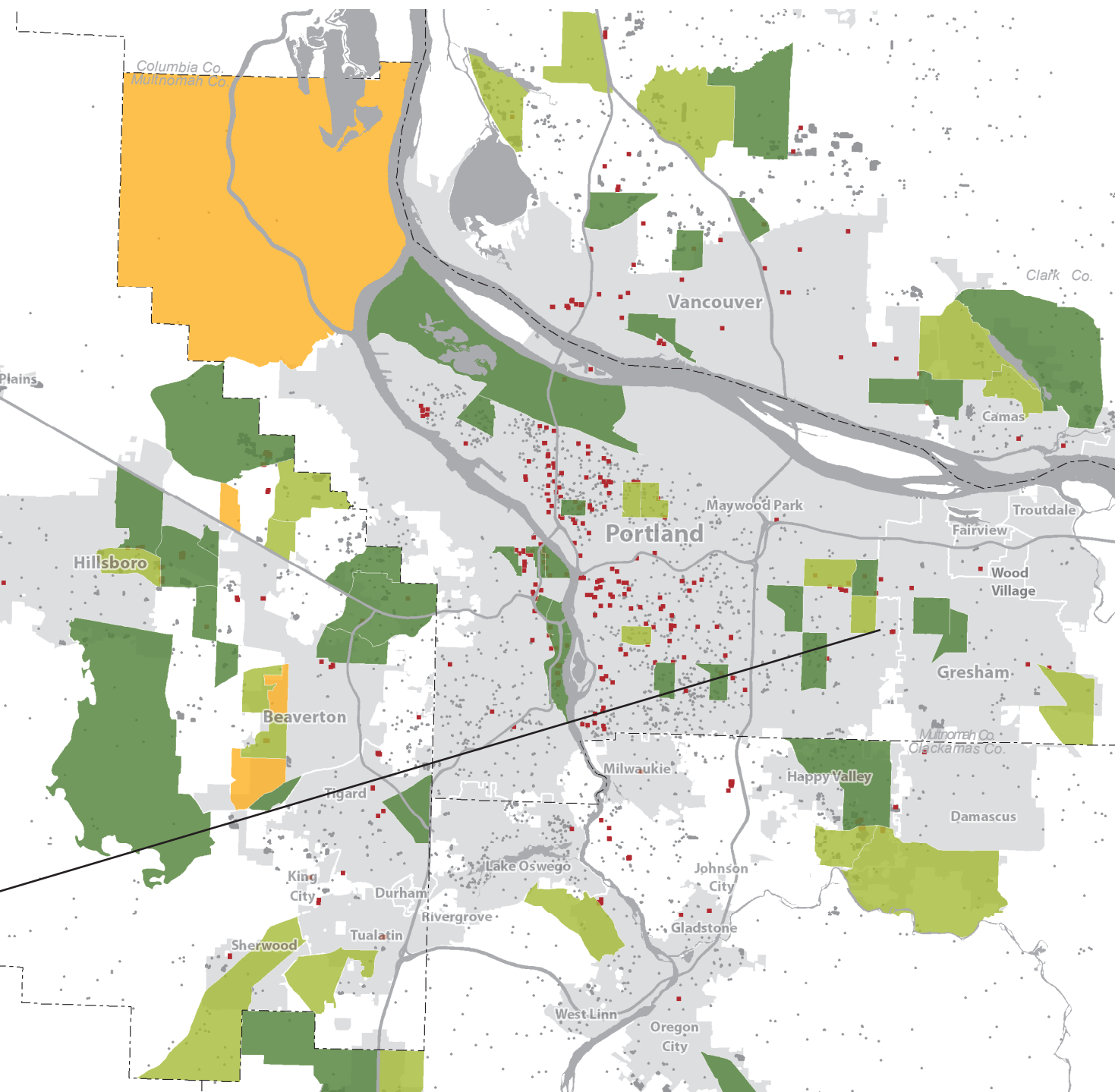
How does the location of these units compare with areas that have experienced strong population growth? And what do these permits tell us about where population growth will occur in the future?

A Growing City

Figure 3 shows the census tracts with the highest rates

Figure 3





Source: Construction Monitor, Inc., U.S. Census, Metro

The D Street Salal apartments at 17101 SE Division were completed in 2015. The development by PHC Northwest was designed to fill the vast need for units affordable for families and individuals with lower incomes. “Mini” units rent for \$495, and are therefore affordable to people with incomes of about \$20,000 per year. The one-bedroom units rent for \$719, and two-bedroom units are \$859 per month. Thus, the two-bedroom units are afford-

able to families that earn about \$34,000 per year.

<https://www.phcnw.com/breakingbarriers/2015/10/19/a-home-of-their-own/>

of population growth from 2010 to 2015 in relation to the permitted units. The areas with the greatest population growth are dark green. Some of these areas, Northwest Portland, the South Waterfront, Bethany, and Hillsboro show strong growth in the past as well as a concentration of permits that will lead to continued growth. Other areas with significant permitting activity but no significant population growth in the past five years will likely see significant increases in population as those units come on line and fill.

Race to the Periphery

Figure 4 shows the permitted units in relation to geographic areas with high concentrations of people in three racial or ethnic identities according to the U.S. Census: Asian, African American, and Hispanic/Latino. The Portland region as a whole is diversifying; from 2000 to 2010 the Hispanic population nearly doubled, the Asian population grew by 50 percent, and the African American population grew by about 35 percent. But the region in 2015 was still 74 percent white, and the map shows that people of color are concentrated in specific areas of the region, many of them on its periphery.

Some areas of racial or ethnic concentration – in particular the Asian areas in Washington County and the

Latino areas of Beaverton – are experiencing significant new multifamily projects. There are also many new multifamily projects in the North Williams corridor, a traditionally African American area of Northeast Portland that has already experienced rapid and significant changes in its racial makeup. But most of the recent multifamily activity has occurred in areas that are mostly white.

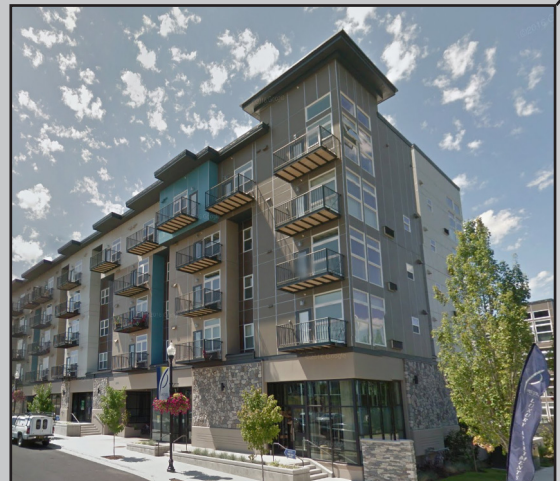
As these new units come online, the region's housing market may experience some relief from the rapid rent increases we've experienced over the past few years. According to Co-Star, vacancy rates in the region have returned to normal as the inventory has climbed. Whether the increased supply improves affordability depends on population and household growth in the region. We will continue to monitor changes in our population, housing, and economy to understand how these forces will shape our region.



*In the Bethany area, one of the newest developments is **West Parc at Bethany Village**. The 149 units completed in 2015 include studio, one-bedroom, two-bedroom, and three-bedroom one-bedroom, two-bedroom and three-bedroom units, making them appropriate even for larger families. The three-bedroom units rent for from \$1,700 to \$2,700 per month,*

meaning that a family could afford the apartment with an income of between \$68,000 and \$108,000 per year.

<http://www.westparcatbethany.com/>



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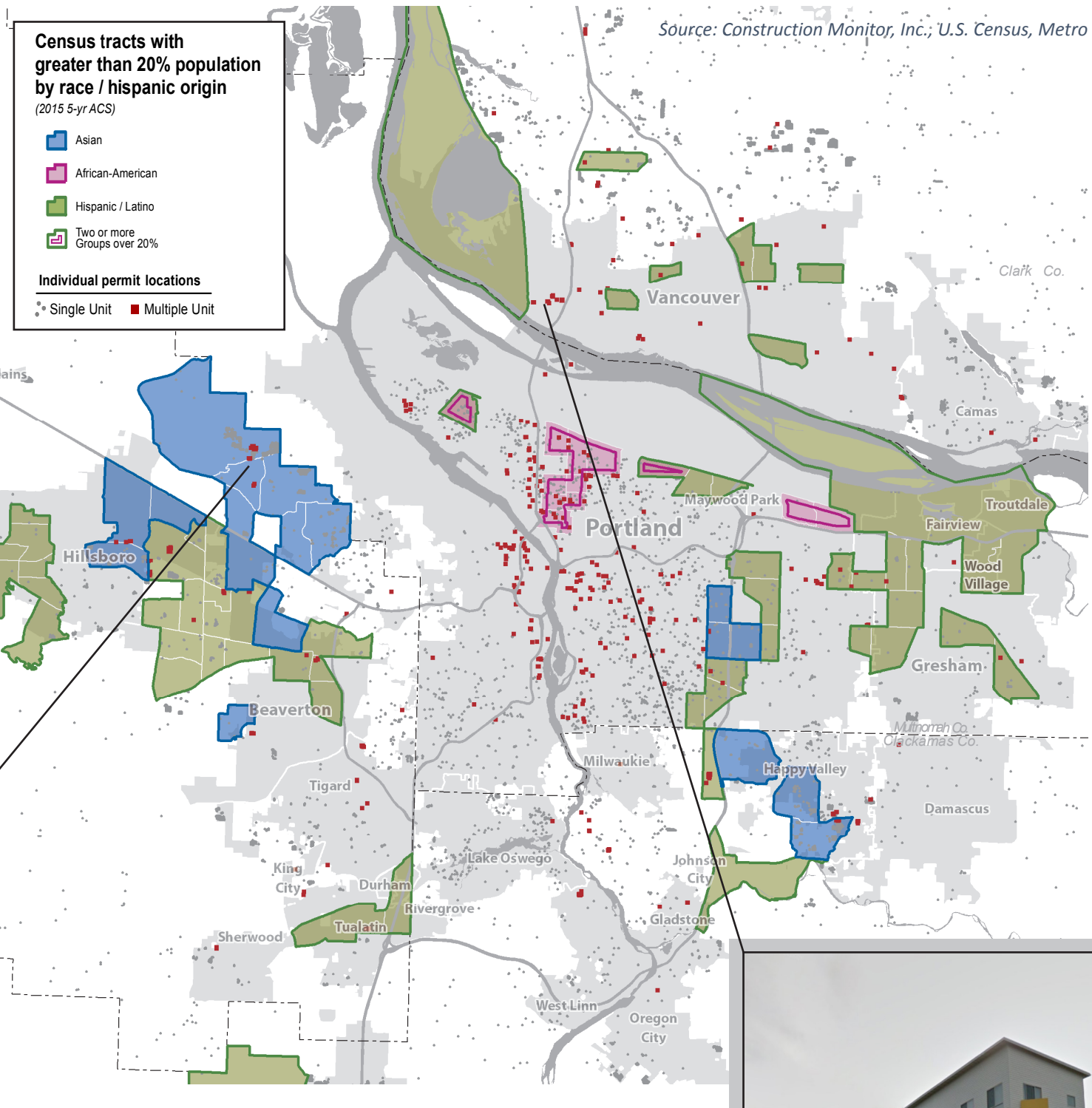
Source: Construction Monitor, Inc.; U.S. Census, Metro

Census tracts with greater than 20% population by race / hispanic origin (2015 5-yr ACS)

- Asian
- African-American
- Hispanic / Latino
- Two or more Groups over 20%

Individual permit locations

- Single Unit
- Multiple Unit



West Apartments in Vancouver is a very affordable housing project with one-, two-, or three-bedroom units. Some-restricted units are designed to be affordable to residents making no more than 60 percent of the area's median income. Studio units cost \$714; the largest two-bedroom unit is \$754, a two-

bedroom is \$903, and a three-bedroom unit is \$1,040. Thus, a three-bedroom unit is affordable to families making \$41,600 per year.

<http://www.gsl15west.com/>



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