City of Toledo
2022—2042 Housing Capacity Analysis

November 2022

Prepared for: City of Toledo

FINAL REPORT

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Acknowledgements

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Executive Summary

The City of Toledo last updated the Housing Element of its Comprehensive Plan in 2001. The city and housing market have changed since then. Toledo grew from 3,472 people in 2000 to 3,579 people in 2020, an increase of 107 people, or 3 percent growth. Between 2000 and 2019, Toledo added 156 new units, growth of 11 percent.

Housing affordability has decreased in Toledo over the last two decades. In 2000, the median home value was 2.9 times the median household income in Toledo. By 2019, the median home value was 3.7 times the median household income, which shows that housing values grew faster than incomes.

In 2019, 37 percent of Toledo's households were cost burdened.[1] Cost burden was worse for renter households, with 40 percent of renters cost burdened, of whom 21 percent were severely cost burdened. Rent costs increased in Toledo, from a median gross rent in 2000 of $546 to $949 in 2019, an increase of 74 percent. Home sales prices increased even faster, from an average of about $140,000 in 2012 to about $270,000 in 2021, an increase of 93 percent over the nine-year period.

In addition, housing affordability is an increasingly urgent problem in other communities in Lincoln County, especially coastal communities like Newport. About 400 people live in Toledo and commute to work in Newport each day. One reason for this commuting pattern is that housing in Newport is less affordable than housing in Toledo. In 2019, Newport's median home value was 5.3 times the median household income, showing that housing affordability is a larger issue in Toledo's nearest neighbor.

This report presents Toledo's Housing Capacity Analysis for the 2022 to 2042 period. It considers these issues and is intended to comply with statewide planning policies that govern planning for housing and residential development. This report focused on the technical analysis to understand Toledo's housing needs over the next 20 years. It presents information about buildable land and residential capacity in Toledo, as well as expected population and housing growth. It identifies key housing needs and provides information necessary to develop policy responses to Toledo's housing needs. The memorandum *Toledo Housing Capacity Analysis: Measures to Accommodate Housing Need* provides recommendations to Toledo for meeting the housing needs described in this report.

The technical analysis, which is the focus of this report, required a broad range of assumptions that influenced the outcomes. The City of Toledo and ECONorthwest solicited input about these assumptions from the City's Housing Advisory Commission, Planning Commission, City Council, and general public.

How much population growth is Toledo planning for?

The population forecast in Exhibit 1 is Toledo's official population forecast, from the Oregon Population Forecast Program. Toledo must use this forecast as the basis for forecasting housing growth over the 2022 to 2042 period. Toledo may grow at a faster rate than the forecast in in Exhibit 1, as described in

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[1] The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden" and households paying more than 50% of their income on housing experience "severe cost burden."

this report. In short, Toledo has sufficient buildable land to accommodate growth of several hundred additional people (based on analysis in Exhibit 66).

Exhibit 1. Forecast of Population Growth, Toledo UGB, 2022 to 2042
Source: Oregon Population Forecast Program, Portland State University, Population Research Center, June 2021.

3,840	3,872	32	1% increase
Residents in 2022	Residents in 2042	New Residents 2022 to 2042	0.04% AAGR

How much housing will Toledo need?

To accommodate the city's forecasted population growth of 32 people Toledo needs to plan for 15 new dwelling units. The forecast shows that 65 percent of new housing would be single-family detached, 10 percent would be single-family attached, and 25 percent would be multifamily.

If Toledo grows beyond the forecast of 15 new dwellings and new development includes a mix of housing like in the forecast, then Toledo will have a greater range of housing types. This increase in diversity of housing types can provide opportunities for additional rental housing and affordable homeownership opportunities.

How much buildable residential land does Toledo currently have?

Exhibit 2 shows buildable residential acres by plan designation, after excluding constrained and unbuildable land. The results show that Toledo has about 45 net buildable acres in residential plan designations. The majority of vacant land in Toledo is in areas outside the city limits but within the UGB.

Exhibit 2. Buildable Acres in Vacant/Partially Vacant Tax Lots by Plan Designation Toledo UGB, 2022
Source: City of Toledo, ECONorthwest analysis. Note: Numbers may not add up to the total because of rounding.

Plan Designation	Total Buildable acres	Buildable acres on vacant lots	Buildable acres on partially vacant lots
City			
Residential Single	7	5	3
Residential General	7	3	4
UGB			
Low Density Residential	26	15	11
Medium Density Residential	2	1	1
Commercial	2	2	-
Total	**45**	**26**	**19**

How much land will be required for housing?

Exhibit 66 shows that Toledo has sufficient land to accommodate housing development in each residential plan designation. Toledo has capacity for 245 dwelling units and demand for 15 dwelling units. The result is a surplus of capacity for housing, beyond the forecast of housing growth over the next 20 years of about 230 dwelling units. The largest surpluses are in the UGB Low-Density Residential and Toledo General Residential plan designations.

Exhibit 3. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Toledo UGB, 2022 to 2042

Source: Buildable Lands Inventory; Calculations by ECONorthwest

Plan Designation/Zone	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)	Land Sufficiency (Acres)
Within City Limits				
Residential Single (R-S)	31	5	26	5
Residential General (R-G)	82	10	72	5
Within UGB, Beyond City limits				
Low Density Residential	111	-	111	20
Medium Density Residential	21	-	21	1
Total	**245**	**15**	**230**	**31**

What are the key findings of the Housing Capacity Analysis?

The key findings and conclusions of the Toledo's Housing Capacity Analysis are that:

- **Toledo's population is forecast to grow slower than in the past.** Toledo UGB is forecast to grow from 3,840 people in 2022 to 3,872 people in 2042, an increase of 32 people. This population growth will occur at an average annual growth rate of 1 percent. The growth of 32 people will result in the demand for 15 new dwelling units over the 20-year planning period, averaging 1 new dwelling unit annually. *Development proposal under consideration and recent annexations of land suggest that Toledo may grow considerably faster than the forecast of growth.*

- **Toledo's needed housing mix is for an increase in housing affordable to renters and homeowners, with more attached and multifamily housing types.** Historically, about 80 percent of Toledo's housing was single-family detached. While 65 percent of new housing in Toledo is forecast to be single-family detached, the City will also need to provide opportunities for the development of new single-family attached housing 10 percent of new housing), and multifamily structures with 5 or more units (25 percent of new housing). Toledo is able to meet its needed housing mix based on these assumptions.

  The factors driving the shift in types of housing needed in Toledo include changes in demographics, commuting trends, and need for housing that is affordable. These trends drive need for a wider range of housing such as single-family detached housing, accessory dwelling units, town houses, cottage housing, duplexes, triplexes, quadplexes, and multifamily structures.

- **Toledo provides housing that is comparatively affordable relative to cities like Newport and Waldport.** About 32 percent of people who live in Toledo work in Newport, accounting for about 560 workers. Housing prices are considerably lower in Toledo (median of $265,000) compared to Newport ($403,000) or Waldport ($520,000). It is likely that some units in Toledo with the average sales price of $265,000 have housing condition problems and may have costs for housing rehabilitation, making them less affordable. To the extent that more housing (especially rental housing) can be built in Toledo, especially more housing than the forecast,

Toledo can provide a more affordable place to live, especially for service workers in Newport and other coastal areas.

- **Toledo has a need for additional housing affordable to lower and middle-income households.** Toledo has a need for additional housing that is affordable to households with extremely low incomes and very low incomes, people experiencing homelessness, and households with low and middle incomes. These households generally have incomes below 80 percent of MFI ($45,920). These needs include existing unmet housing needs and likely housing needs for new households over the 20-year planning period.

- **Toledo has enough land within its UGB to accommodate the forecast for growth between 2022 and 2042.** Toledo has a surplus of capacity in all of its plan designations that can accommodate housing outright. The largest surplus of capacity is in Low-Density Residential, which has capacity for nearly 111 units beyond the forecast for the 20-year period. Toledo also has a surplus in General, Single-Family Residential, and Medium-Density Residential designations.

- **Toledo's residential land base is heavily constrained and is a barrier to housing development.** Constraints in Toledo include floodplains, steep slopes, and areas susceptible to landslides, and areas constrained by estuaries, wetlands, or tsunami inundation zones. Within the UGB but outside of the city limits, there are about 420 acres of land in the Low-Density and Medium-Density residential zones that are *vacant and constrained*. This large amount of vacant land that is constrained land makes it difficult for Toledo to support housing development because there is so little land that is easily developable and less costly to serve.

- **Toledo's vacant land includes areas that are costly to serve with infrastructure such as water or wastewater service.** A number of vacant unconstrained areas within Toledo lack urban infrastructure and will be costly to serve. These include areas within the city limits and areas within the UGB but outside of city limits.

- **Commercial areas may provide opportunities for development of new housing, especially multifamily housing.** New multifamily housing development in downtown and in commercial areas is a conditional use, which requires special effort to get approval. Some areas zoned for commercial use are in areas that were developed as residential neighborhoods. Toledo could support housing development in downtown and commercial areas by allowing some housing types to develop in downtown and other commercial areas. In addition, Toledo has underutilized commercial buildings, where the second floor could be converted to residential uses, which can be a complex process. Some issues include ensuring there is needed ingress and egress to the new housing (as well as the building), accessibility requirements, public safety requirements (e.g., required sprinklers or addressing fire code violations), poor building condition, and other issues. Toledo could work with an existing building owner to address these issues, or the City could purchase the building and address these issues directly.

The memorandum *Toledo Housing Capacity Analysis: Measures to Accommodate Housing Need* provides recommendations to Toledo for meeting these housing needs and other needs described in this report.

1. Introduction

This report presents Toledo's Housing Capacity Analysis for the 2022 to 2042 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The City of Toledo last updated its Housing Element of its Comprehensive Plan in 2001. The city and the housing market have changed since then. Toledo grew from 3,472 people in 2000 to 3,579 people in 2020, an increase of 107 people or 3 percent growth. Between 2000 and 2019, Toledo added 156 new units, a growth of 11 percent.

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In 2019, 37 of Toledo's households were cost burdened.[2] Cost burden was worse for renter household percent s, with 40 percent of renters cost burdened, of whom 21 percent were severely cost burdened. Rent costs increased in Toledo, from a median gross rent in 2000 of $546 to $949 in 2019, an increase of 74 percent. Home sales prices increased even faster, from an average of about $140,000 in 2012 to about $270,000 in 2021, an increase of 93 percent over the nine-year period.

In addition, housing affordability is an increasingly urgent problem in other Lincoln County communities, especially coastal communities like Newport. About 400 people live in Toledo and commute to work in Newport each day. One reason for this commuting pattern is that housing in Newport is less affordable than housing in Toledo. In Newport in 2019, the median home value was 5.3 times the median household income, which shows that housing affordability is a larger issue in Toledo's nearest neighbor.

The changes in Toledo's housing market, as well as that of other communities in Lincoln County, make this a good time to update Toledo's Housing Capacity Analysis (HCA), allowing the City to plan to meet the housing needs of its residents over the next 20 years. This report provides Toledo with a factual basis to update the Housing Element of the City's Comprehensive Plan and zoning code, as well as support future planning efforts related to housing and options for addressing unmet housing needs in Toledo. It provides the city with newer information about the housing market in Toledo and describes the factors that will affect future housing demand in the city, such as changing demographics.

This analysis will help decision makers understand whether Toledo has enough land to accommodate growth over the next 20 years. It includes recommendations for changes to Toledo's development code and other housing policies intended to support the development of needed housing in Toledo.

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[2] The Department of Housing and Urban Development's guidelines indicate that households paying more than 30 percent of their income on housing experience "cost burden" and households paying more than 50 percent of their income on housing experience "severe cost burden."

The memorandum *Toledo Housing Capacity Analysis: Measures to Accommodate Housing Need* provides recommendations to Toledo for meeting the housing needs described in this report.

Framework for a Housing Capacity Analysis

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

Most of the housing in the United States is built by the private market and, therefore, responds to economic and market factors. These economic and market forces have resulted in the production of units that have housed most of our nation's households. But they have consistently left lower-income communities and communities of color with fewer housing options, competing for a limited supply of affordable housing units. The last two decades have seen significant increases in housing costs, with much slower growth in household income, resulting in increasing unmet need for affordable housing.

This report provides information about how the choices of individual households and the housing market in Lincoln County and Toledo have interacted, focusing on implications for future housing need in Toledo over the 2022 to 2042 period. This report provides policy options that can influence future housing development, such as moving highly constrained lands out of the UGB and bringing in less constrained land where housing can develop (a "land swap"), changes to Toledo's development code, and other actions to support housing development.

Statewide Planning Goal 10

Oregon has long been a national leader in planning to accommodate growth. The state mandates local government compliance with 19 statewide planning goals, which include public engagement, planning for natural areas, planning for housing, and planning for adequate land to support economic development and industry growth, among others. Oregon's Goal 10 requires each city to develop a housing capacity analysis, which must tie 20 years of projected household growth to units of varying densities and then determine whether there is adequate land inside the city's urban growth boundary to accommodate those units. Goal 10 directs cities to plan for "housing that meets the housing needs of households of all income levels." Oregon's statewide land use planning system requires one of the most comprehensive approaches to planning for housing in the country.

Goal 10 provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies. At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008). Goal 10 requires incorporated cities to complete

an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

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

> (a) Housing that includes, but is not limited to, attached and detached single-family housing and multifamily housing for both owner and renter occupancy.
>
> (b) Government-assisted housing.[3]
>
> (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.
>
> (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.
>
> (e) Housing for farmworkers.

Toledo must identify needs for all the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This Housing Capacity Analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

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

Public Process

At the broadest level, the purpose of the project was to understand how much Toledo will grow over the next 20 years. This project focused on the technical analysis to understand Toledo's housing needs over the next 20 years. The intent of the public process was to get engagement from stakeholders, decision makers, and the public. Public engagement was accomplished through the avenues described below.

Housing Advisory Committee Engagement

The City of Toledo and ECONorthwest solicited input from an ad hoc advisory committee, which met four times[4] to discuss project assumptions, results, implications, and policy options. The project relied on the advisory committee to review draft products and provide input at key points (e.g., before recommendations and decisions were made and before draft work products were finalized).

The project required many assumptions and policy choices that the committee needed to vet and agree upon, as these choices affect current and future residents. In short, local review and community input were essential to developing a locally appropriate and politically viable housing capacity analysis and housing strategy.

Planning Commission and City Council Engagement

City staff have briefed the Planning Commission and City Council on the work in the Housing Capacity Analysis during the project. ECONorthwest presented results of this analysis at a joint work session of the City Council and Planning Commission, one meeting of the Planning Commission, and one City Council meeting.[5]

Broader Public Engagement

The City of Toledo and ECONorthwest held one online open house to solicit input from the general public. The open house was held over the months of August and September 2022 and solicited comments on the results of the Housing Capacity Analysis. The results of the open house are summarized in Appendix B.

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[4] Housing Advisory Commission meeting dates: April 11, 2022, May 23, 2022, July 11, 2022, and August 29, 2022.

[5] The joint work session was held October 26, 2022. The Planning Commission meeting was on November 09, 2022, and the City Council meeting was on December 07, 2022.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Toledo's inventory of residential land.

- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Toledo's housing market.

- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Toledo** presents factors that affect housing need in Toledo, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Toledo relative to the larger region.

- **Chapter 5. Housing Need in Toledo** presents the forecast for housing growth in Toledo, describing housing need by density ranges and income levels.

- **Chapter 6. Residential Land Sufficiency in Toledo** estimates Toledo's residential land sufficiency needed to accommodate expected growth over the planning period.

- Appendix A: Residential Buildable Lands Inventory Methodology

- Appendix B: Summary of Feedback from the Online Open House

2. Residential Buildable Lands Inventory

This chapter presents the Buildable Lands Inventory for the City of Toledo. The methods used for this study are consistent with many others that ECONorthwest has completed that have been acknowledged by DLCD and LCDC. Appendix A provides a detailed discussion of the methodology used in this study.

The BLI for Toledo includes all residential land designated in the comprehensive plan within the Toledo UGB. From a practical perspective, this means that all lands within tax lots identified by the Lincoln County Assessor's Office that fall within the UGB were inventoried. ECONorthwest used the most recent tax lot shapefile from Lincoln County for the analysis, current as of 2021. The inventory then builds from the tax lot–level database to estimate buildable land by plan designation.

Residential Buildable Lands Inventory Results

Land Base

The land base for the Toledo residential BLI includes all tax lots in the urban growth boundary (UGB) in residential plan designations or plan designations where housing development is allowed with clear and objective standards. Exhibit 4 shows the land base by plan designation in the UGB.

Exhibit 4. Land Base by Plan Designation, Toledo UGB, 2022
Source: Lincoln County, ECONorthwest analysis. Note: The number of tax lots represented is greater than the actual total number of tax lots in the analysis due to split plan designations.

Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent
City				
Residential Single	592	32%	298	25%
Residential General	918	49%	286	24%
Commercial	199	11%	59	5%
UGB				
Low Density Residential	132	7%	406	35%
Medium Density Residentia	23	1%	98	8%
Commercial	13	1%	25	2%
Total	**1,877**	**100%**	**1,172**	**100%**

Development Status

Exhibit 5 shows the total acres of residential tax lots classified by development status. We used a rule-based classification (described in Appendix A) to define an initial development status. We confirmed development status through a series of reviews by ECONorthwest and City staff, based on local knowledge and review of aerial maps.

Exhibit 5. Residential Land by Development Status, Toledo UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

Plan Designation	Total acres	Committed acres	Constrained acres	Buildable unconstrained acres
City				
Residential Single	298	18	272	7
Residential General	286	25	254	7
Commercial	59	5	54	-
UGB				
Low Density Residential	406	7	373	26
Medium Density Residential	98	2	94	2
Commercial	25	0	23	2
Total	**1,172**	**57**	**1,070**	**45**

Development Constraints

The buildable lands inventory identifies the following conditions as constraints that prohibit development: FEMA 100-Year Floodplains and Regulatory Floodway, landslide susceptibility, slopes greater than 25 percent, Statewide XXL Tsunami Inundation Scenario, and the Toledo Estuary Management Zone. Exhibit 6 shows these constraints.

Exhibit 6. Development Constraints, Toledo UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

Toledo
Buildable
Lands Inventory
Constraints

City Limits	
UGB	

Constraints

FEMA Regulatory Floodway and 100-Year Floodplains	
Landslide Susceptibility "High" and "Very High"	
Slopes Over 25%	
Statewide XXL Tsunami Inundation Scenario	
Toledo Estuary Management Zone	

Date: August 4, 2022
Source: ECONorthwest; City of Toledo; Lincoln County
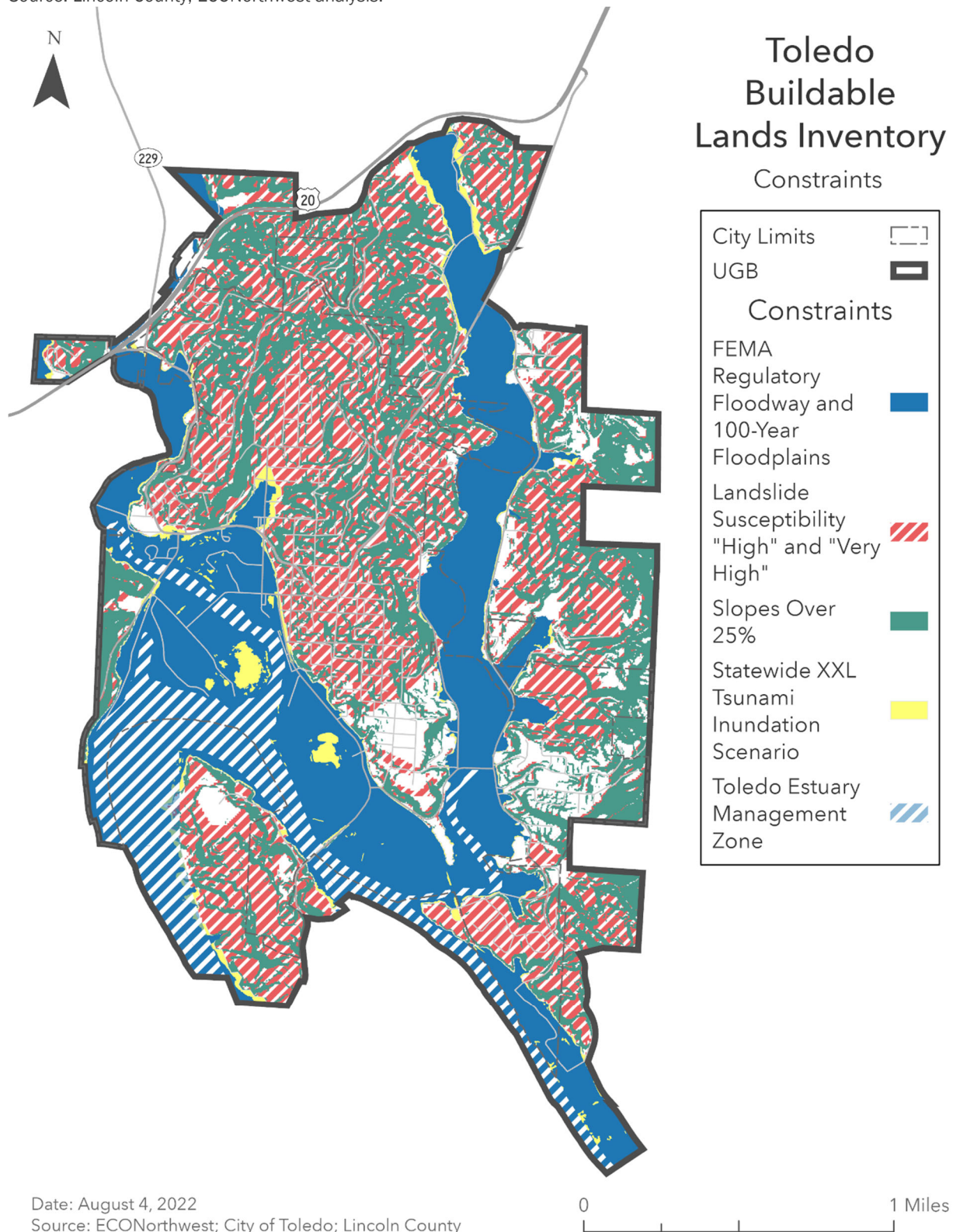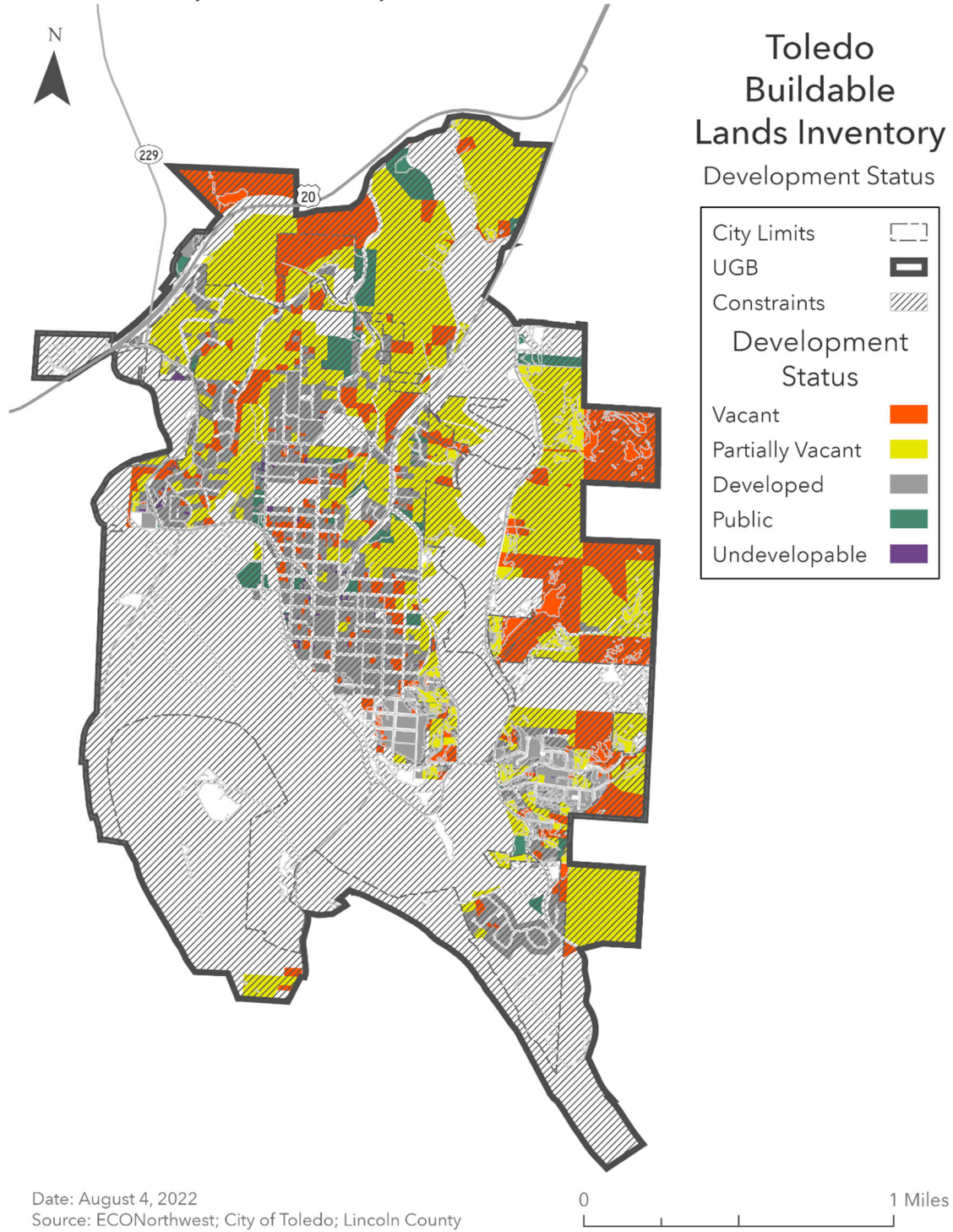
0   1 Miles

Exhibit 7 shows development status with constraints applied, resulting in buildable acres. Vacant or partially vacant land within these constraints is considered unavailable for development and removed from the inventory of buildable land.

Exhibit 7. Development Status with Constraints, Toledo UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

Toledo
Buildable
Lands Inventory
Development Status

City Limits	
UGB	
Constraints	

Development Status

Vacant	
Partially Vacant	
Developed	
Public	
Undevelopable	

Date: August 4, 2022
Source: ECONorthwest; City of Toledo; Lincoln County

0   1 Miles

Vacant Unconstrained Buildable Land

Exhibit 8 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant and partially vacant land by plan designation.

Note that partially vacant land in the map in Exhibit 7 shows the entire tax lot as being partially vacant, without distinguishing the part of the tax lot that is not available for development. The buildable lands inventory database accounts for the portion of the tax lot that is developed (and considered unavailable for future development), and the portion of the tax lot that is vacant is shown in Exhibit 8.

Exhibit 8. Buildable Acres in Vacant/Partially Vacant Tax Lots by Plan Designation, Toledo UGB, 2022
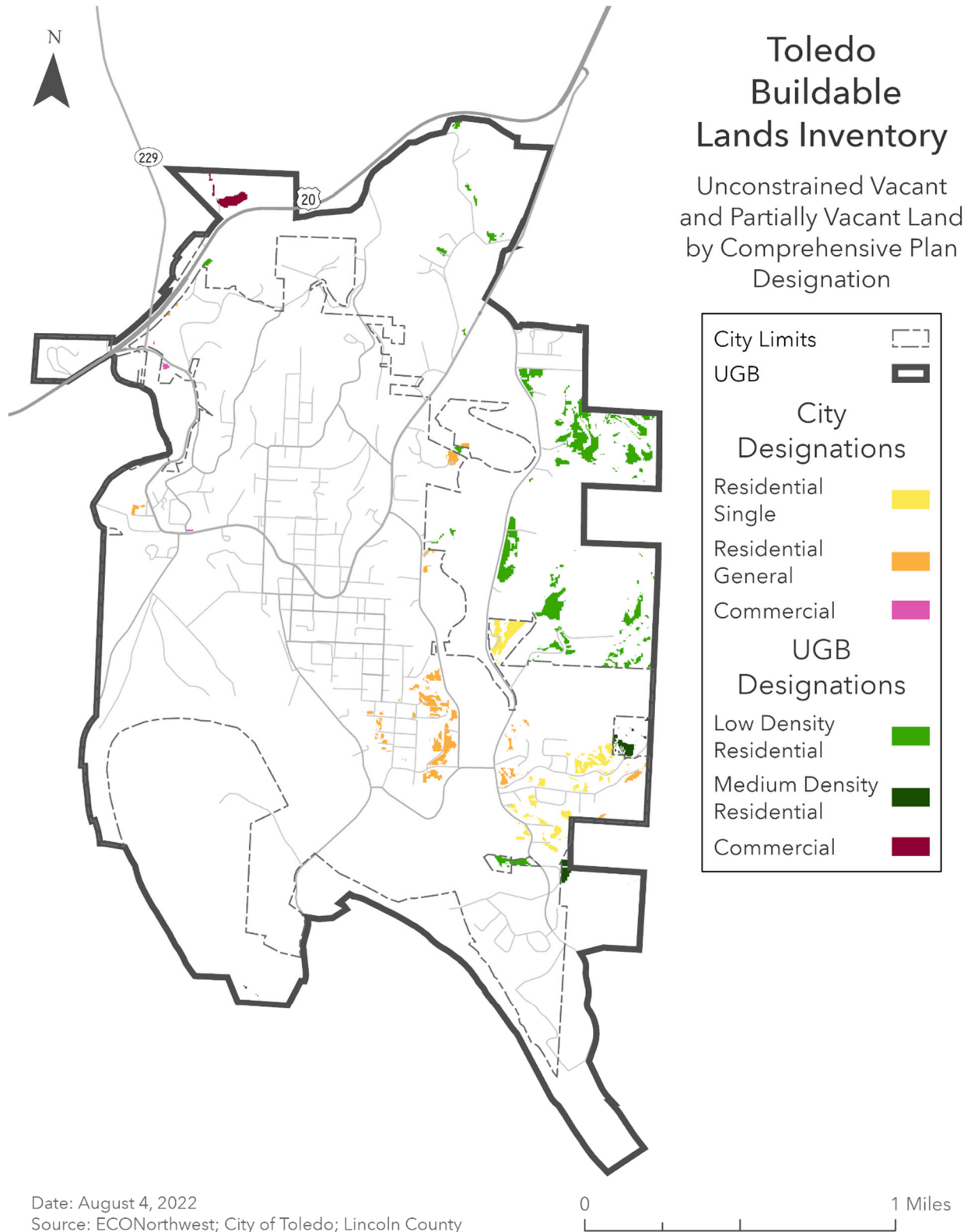Source: Lincoln County, ECONorthwest analysis.
Note: Numbers may not add up to the total because of rounding.

Plan Designation	Total Buildable acres	Buildable acres on vacant lots	Buildable acres on partially vacant lots
City			
Residential Single	7	5	3
Residential General	7	3	4
UGB			
Low Density Residential	26	15	11
Medium Density Residential	2	1	1
Commercial	2	2	-
Total	**45**	**26**	**19**

Exhibit 9 shows Toledo's buildable vacant and partially vacant residential land.

Exhibit 9. Unconstrained Vacant and Partially Vacant Residential Land, Toledo UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

Toledo
Buildable
Lands Inventory

Unconstrained Vacant
and Partially Vacant Land
by Comprehensive Plan
Designation

| City Limits | |
| UGB | |

City Designations

Residential Single	
Residential General	
Commercial	

UGB Designations

Low Density Residential	
Medium Density Residential	
Commercial	

Date: August 4, 2022
Source: ECONorthwest; City of Toledo; Lincoln County

0   1 Miles

3. Historical and Recent Development Trends

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

1. Determine the time period for which the data will be analyzed.

2. Identify types of housing to address (all needed housing types).

3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

This Housing Capacity Analysis examines changes in Toledo's housing market from 2000 to 2019, as well as residential development from 2009 to 2021. We selected this time period because (1) Toledo last updated its Comprehensive Plan in 2000; (2) the period provides information about Toledo's housing market before and after the national housing market bubble's growth, deflation, and the more recent increase in housing costs; and (3) data about Toledo's housing market during this period is readily available from sources such as the Census and the City building permit database.

For the purposes of this study, we grouped housing types based on (1) whether the structure is stand-alone or attached to another structure, and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:[6]

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.

- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or town houses.

- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In Toledo, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. Analysis within this report discusses housing affordability at a variety of incomes, as required in ORS 197.303.

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[6] ORS 197.303 defines needed housing as "all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes."

Data Used in This Analysis

Throughout this analysis (including the subsequent Chapter 4), we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from three Census sources:

- The **Decennial Census**, which is completed every 10 years and is a survey of *all* households in the U.S. The Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information.

- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics. The most up-to-date ACS data available for this report was for the 2015-2019 period.

- **Comprehensive Housing Affordability Strategy (CHAS)**, which is custom tabulations of American Community Survey (ACS) data from the U.S. Census Bureau for the US Department of Housing and Urban Development (HUD). CHAS data show the extent of housing problems and housing needs, particularly for low-income households. CHAS data are typically used by local governments as part of their consolidated planning work to plan how to spend HUD funds and for HUD to distribute grant funds. The most up-to-date CHAS data covers the 2014-2018 period, which is a year older than the most recent ACS data for the 2015-2019 period.

- **Property Radar,** which provides real estate sales data.

This report primarily uses data from the 2015-2019 ACS for Toledo and comparison areas.[7] Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. [8] Among other data points, this report also includes data from Oregon's Housing and Community Services Department, the U.S. Department of Housing and Urban Development, and the City of Toledo.

The foundation of the Housing Capacity Analysis is the population forecast for Toledo from the Oregon Population Forecast Program. The forecast is prepared by the Portland State University Population Research Center.

It is worth commenting on the methods used for the American Community Survey.[9] The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a

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[7] Five-year 2020 ACS data was not available when this report was compiled.

[8] The 2020 Census was completed at the end of 2020. However, extenuating circumstances brought on by the COVID-19 pandemic has led to some challenges with the data. The 2020 Decennial Census data is more limited than usual as a result of the COVID-19 pandemic. Where appropriate, this report uses 2015-2019 ACS data, rather than 2020 Decennial Census data, for up-to-date information.

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

sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data is an estimate that is subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

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

Trends in Housing Mix

This section provides an overview of changes in housing type mix in Toledo and compares Toledo to Lincoln County and to Oregon. These trends demonstrate the types of housing historically developed in Toledo. Unless otherwise noted, this chapter uses data from the 2000 and 2010 Decennial Census and 2015-2019 American Community Survey 5-Year Estimates.

This section shows the following trends in housing mix in Toledo:

- **Toledo's housing stock is predominantly single-family detached housing units.** Eighty-three percent of Toledo's housing stock is single-family detached; 7 percent is multifamily (with 5 or more units per structure); 5 percent is duplexes, triplexes, or quadplexes; and 4 percent is single-family attached (e.g., town houses). Toledo's mix of housing has not changed substantially since 2000.

- **Single-family detached housing accounted for a little over a third of new housing permitted in Toledo between 2010 and 2022**. About 65 percent of new units permitted were for single-family units or manufactured homes, 30 percent were for multifamily units, and 5 percent were accessory dwelling units.

- **Toledo's housing is older on average**. Nearly half of Toledo's housing was built before 1959, compared with one-quarter of the county's or state's housing stock.
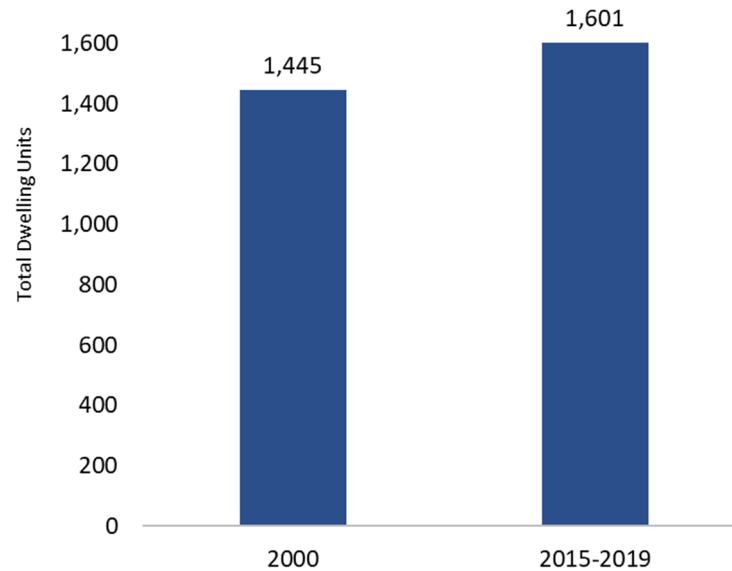
Housing Mix

The total number of dwelling units in Toledo increased by 11 percent from 2000 to 2015-2019.

Toledo added 156 new dwelling units since 2000.

Exhibit 10. Total Dwelling Units, Toledo, 2000 and 2015-2019
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.
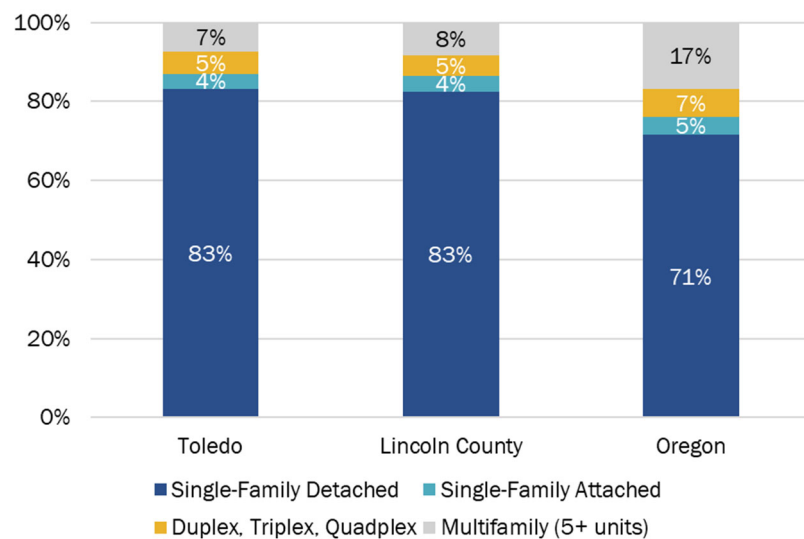

Eighty-three percent of Toledo's housing stock was single-family detached.

Toledo had a smaller share of multifamily housing (5+ units per structure) than Lincoln County and Oregon, and a smaller share of duplex, triplex, and quadplex than Oregon.

Exhibit 11. Housing Mix, Toledo, Lincoln County, and Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Table B25024.

From 2000 to 2015-2019, the share of single-family detached housing in Toledo increased by 3 percent while the share of single-family attached housing decreased by 2 precent.

Exhibit 12. Change in Housing Mix, Toledo, 2000 and 2015-2019
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.
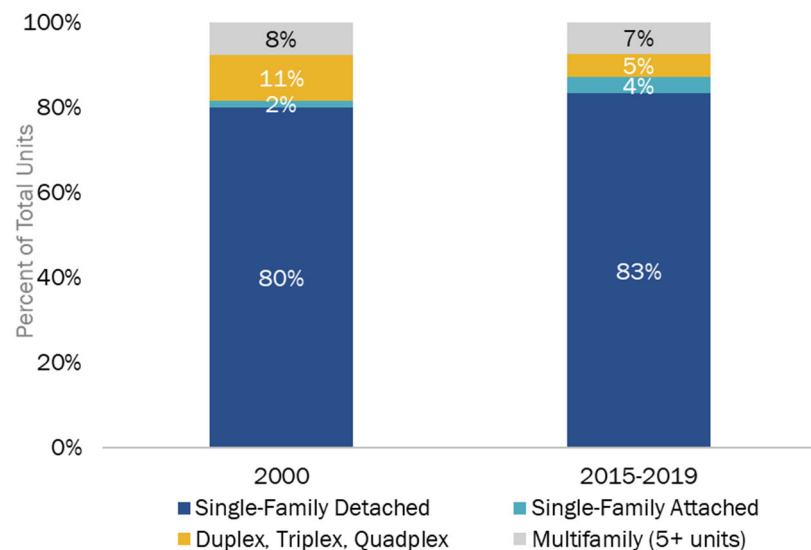

Toledo's housing stock is, on average, older than in the county or Oregon. About 48 percent of all occupied housing structures were built in 1959 or earlier, compared to 25 percent in Lincoln County and 24 percent across the state.

Only three percent of Toledo's housing was built since 2000 (Lincoln County, 16 percent, Oregon 19 percent).

Exhibit 13. Occupied Housing Structure by Year Built, Toledo, Lincoln County and Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Table B25127.
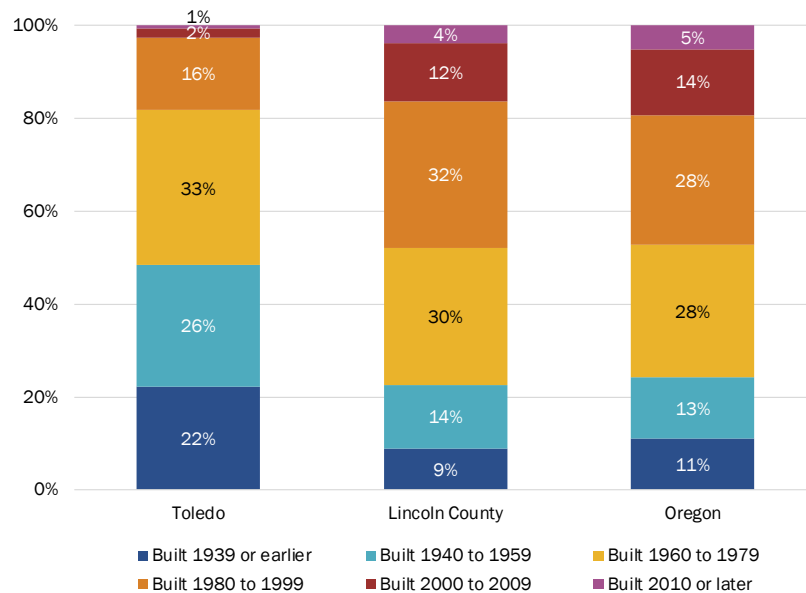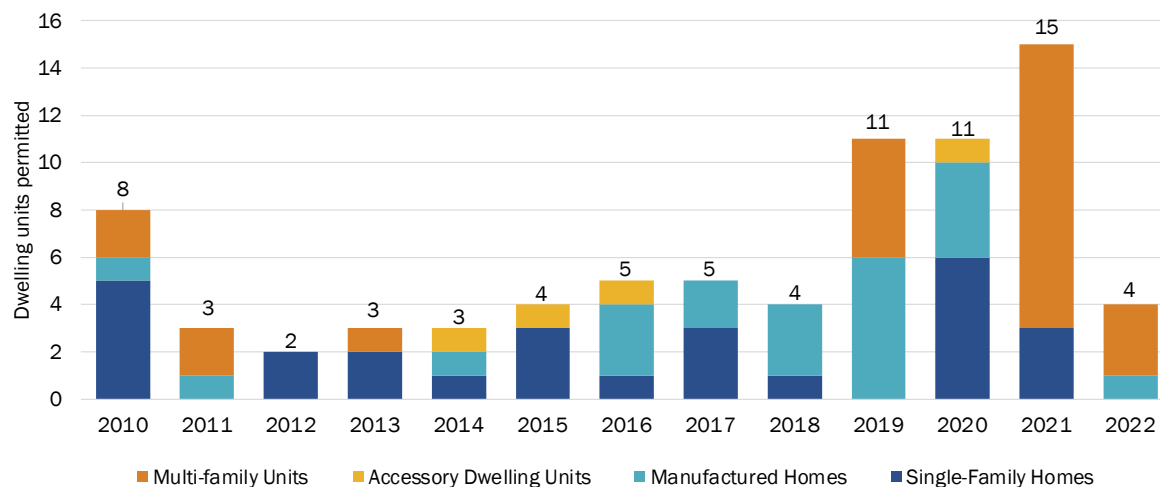
Building Permits

Over the 2010 to 2022 period, Toledo issued permits for 74 dwelling units, with an annual average of 6 permits issued. Of these permits, about 36 percent were for single-family units, 28 percent for manufactured homes, 30 percent were multifamily units, and 5 percent for accessory dwelling units. [10]

Other development under consideration that is not shown in the building permits in Exhibit 14 includes:

- An 11-unit multifamily building by Northwest Coastal Housing expected Spring of 2023.

- Annexation of nearly 7 acres (in the R-S zone) where the owner is considering subdividing and building single-family homes.

- Annexation of about 30 acres (now in the R-G zone) where the owner is considering building single-family or multifamily housing on the approximately 15 acres west of Arcadia Drive.

- A recent three-lot partition of a parcel for the potential development of a duplex and single-family home.

- Recent partition of a lot for potential development of multifamily housing by Northwest Coastal Housing.

- A recent permit for a triplex and another single-family permit in mid-2022.

Exhibit 14. Building Permits Issued for New Residential Construction by Type of Unit, Toledo, 2010 through March 2022

Source: City of Toledo, Permit Database.

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[10] This analysis does not differentiate between single-family detached and single-family attached units, because Toledo's building permit database combines them into one category: single family.

Trends in Tenure

Housing tenure describes whether a dwelling is owner or renter-occupied. This section shows:
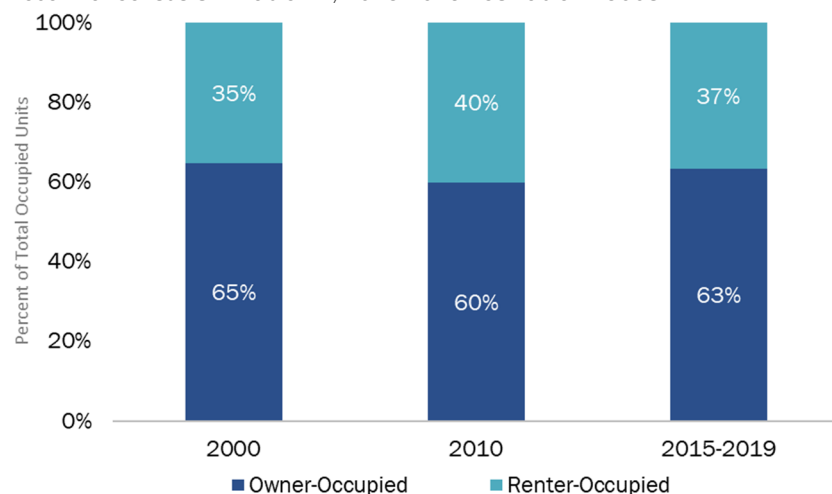
- **Homeownership rates in Toledo were lower than Lincoln County's but higher than Oregon's rates.** About 63 percent of Toledo's households own their home. In comparison, 66 percent of Lincoln County households and 62 percent of Oregon households are homeowners.

- **Homeownership rates in Toledo were relatively stable between 2000 and 2015-2019.** In 2000, 65 percent of Toledo households were homeowners and 63 percent in 2015-2019.

- Most of Toledo's homeowners (98 percent) live in single-family detached housing, while 40 percent of renters lived in multifamily housing (including units in duplexes, triplexes, quadplexes, and housing with five or more units per structure).

The implications for the forecast of new housing are that Toledo has a balance of opportunities for homeownership and for renting. Relatively few multifamily housing types (including duplexes) were owner-occupied which, combined with information about housing affordability in Chapter 4, may suggest a need for homeownership opportunities for a wider range of housing types, such as town houses, cottage housing, and duplexes, triplexes, and quadplexes. In addition, Toledo's small share of multifamily housing of any type may be a barrier to renting in Toledo, suggesting the need for a wider range of rental housing, including any type of multifamily housing and other types of rental housing like accessory dwelling units or town houses.

The homeownership rate in Toledo was relatively stable between 2000 to 2015-2019.

**Exhibit 15. Tenure, Occupied Units, Toledo, 2000, 2010, 2015-19**
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2015-2019 ACS Table B25003.

Toledo had a lower homeownership rate than Lincoln County but a higher homeownership rate than Oregon.

Exhibit 16. Tenure, Occupied Units, Toledo, Lincoln County, and Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.
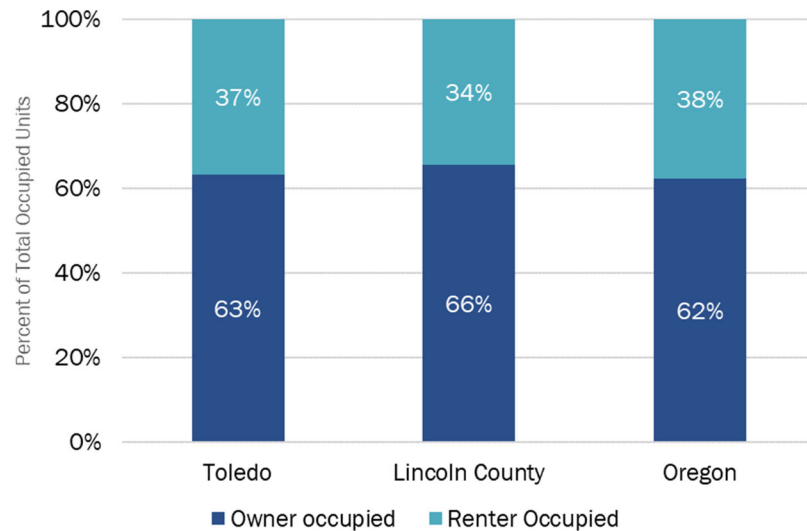

Nearly all of Toledo's homeowners (98 percent) lived in single-family detached housing.

In comparison, only 58 percent of Toledo households that rent lived in single-family detached housing.

Seventeen percent of renters lived in duplex, triplex, or quadplex housing, and about a quarter of renters lived in multifamily housing.

**Exhibit 17. Housing Units by Type and Tenure, Toledo, 2015-2019**

Source: US Census Bureau, 2015-2019 ACS Table B25032.
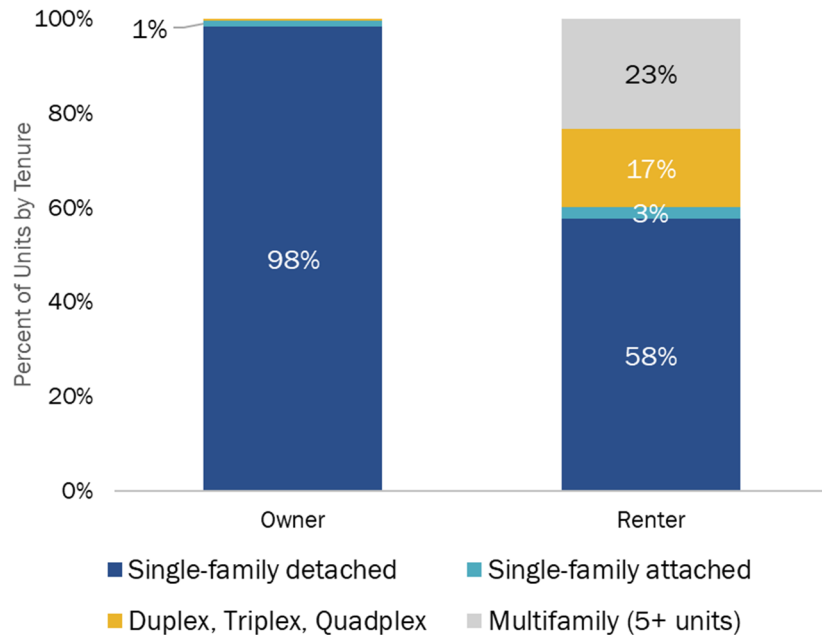
The homeownership rate in Toledo increased with age. In Toledo, about 60 percent of householders 35-59 years old owned their homes, which jumped to 88 percent for households with heads over 60.

Exhibit 18. Tenure by Age of the Head of Household, Toledo, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25007.
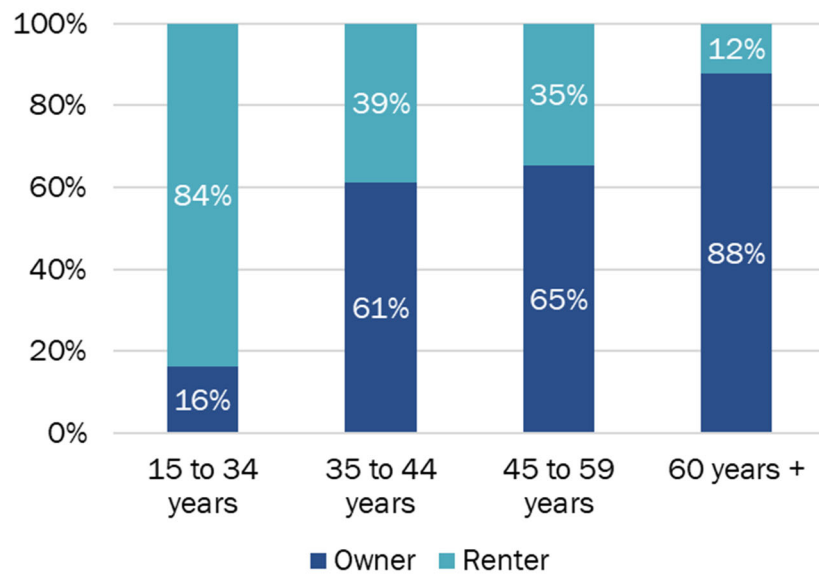
Vacancy Rates

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

Based on vacancy rate for rent/sold, excluding other reasons for vacancy, according to the 2015-2019 American Community Survey, the vacancy rate in Toledo was 6.9 percent, compared to 3.8 percent for Lincoln County and 2.9 percent for Oregon. When including all reasons for vacancy, the vacancy rate in Toledo was 12.9 percent, compared to 32.4 percent for Lincoln County and 8.9 percent for Oregon.

Manufactured Homes

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

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

OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development.

Toledo has 1 manufactured home park within its UGB, within the Commercial zone. Within this park, there are a total of 29 spaces (of which 0 spaces were vacant as of November 2021).

4. Demographic and Other Factors Affecting Residential Development in Toledo

Demographic trends are important for a thorough understanding of the dynamics of the Toledo housing market. Toledo exists in a regional economy; trends in the region impact the local housing market. This

chapter documents demographic, socioeconomic, and other trends relevant to Toledo at the national, state, and regional levels.

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

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

1. Project the number of new housing units needed in the next 20 years.

2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.

3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.

4. Determine the types of housing that are likely to be affordable to the projected households based on household income.

5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.

6. Estimate the number of additional needed units by structure type.

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

Demographic and Socioeconomic Factors Affecting Housing Choice[11]

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

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

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[11] The research in this chapter is based on numerous articles and sources of information about housing and adapted to Toledo's unique circumstances from prior housing capacity analysis conducted by ECONorthwest.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of baby boomers (people born from about 1946 to 1964), millennials (people born from about 1980 to 2000), and Generation Z (people born after 1997).

- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi person households (often with children).

- **Household income** is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached housing, duplexes, or buildings with more than five units) and to household tenure (e.g., rent or own).

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

National Trends[12]

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports, conclusions from *The State of the Nation's Housing* report from the Joint Center for Housing Studies of Harvard University, and other research cited in this section. *The State of the Nation's Housing* report (2021) summarizes the national housing outlook as follows:

> *Even as the US economy continues to recover, the inequalities amplified by the COVID-19 pandemic remain front and center. Households that weathered the crisis without financial distress are snapping up the limited supply of homes for sale, pushing up prices and further excluding less affluent buyers from homeownership. At the same time, millions of households that lost income during the shutdowns are behind on their housing payments and on the brink of eviction or foreclosure. A disproportionately large share of these at-risk households are renters with low incomes and people of color. While policymakers have taken bold steps to prop up consumers and the economy, additional government support will be necessary to ensure that all households benefit from the expanding economy.*

The domestic housing market sees many, interlocking challenges remaining as the world transitions from the COVID-19 pandemic. An extremely limited inventory of entry-level homes make housing unaffordable for many Americans, especially younger Americans. However, the conditions for homebuying are ripe for many Americans, resulting in strong demand in the market and increasing home sales prices to record levels. Furthermore, the costs of labor and materials to build new homes increased steeply. While the current amount of new housing starts is robust, newly built homes will not make up the shortfall in residential housing in the near-term, especially for single-family homes. The challenges and trends shaping the housing market are summarized below.

- **An increase in single-family and multifamily housing starts led to a continued bounce back in residential construction.** After a sharp comeback in summer 2020 led by single-family construction, single-family housing starts fell below a 700,000-unit annual rate in April 2020 due to the COVID-19 pandemic. Following that dip, housing starts nearly doubled to a high of 1,315,000 new housing units in December 2020—marking it as the strongest month for single-family homebuilding in over 13 years—with a consistent annual rate of production since then ranging from 1,061,000 to 1,255,000 units: most recently hitting 1,215,000 in February 2022. Multifamily unit starts followed similar trends, reaching a 33-year high in January 2020 of more than half a million buildings with 5 units or more, then hitting a 6-year low in April 2020 of a quarter million. Since that low, multifamily starts have increased 47 percent, reaching 501,000 units in February 2022.

- **Strong construction numbers did not alleviate the shortage of existing homes for sale.** Inventories fell from 3.0 months in December 2019 to just under 2 months in December 2020, well below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. While *The State of the Nation's Housing* report cited the COVID-19 pandemic as sharing some blame for these tight conditions, the larger cause was the

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[12] These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2021," (2) Urban Land Institute, "2021 Emerging Trends in Real Estate," and (3) the US Census.

result of underproduction of new homes since the mid-2000s. Restrictive land use regulations, the cost and availability of labor, and the cost of building materials were also cited as constraints on residential development.

- **Homeownership rates slowly, but consistently, increased.** After years of decline, the national homeownership rate increased slightly from 64.4 percent in 2018 to 65.5 percent in late 2021. Trends suggest the recent homeownership increases are among householders of all age groups, with households under age 35 making up the largest proportions of this increase. About 88 percent of net new growth (2013 to 2019) was among households with incomes of $150,000 or more. Significant disparities also still exist between households of color and white households, with the Black-white homeownership gap was 28.1 percentage points in early 2021 and the Hispanic-white gap at 23.8 percentage points, though this latter percentage was a 1.8 percentage point decrease from 2019.

- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30 percent of their income on housing in 2019, which is 5.6 million more households than in 2001. Renter households experienced a cost burden at more than double the rate of homeowners (46 percent versus 21 percent), with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges were most likely to affect households with low incomes, as three-fifths of renters and nearly half of homeowners earning less than $25,000 were reported severely cost-burdened in 2019, as well as one in six renters and one in eight homeowners earning between $25,000 and $49,999. Households under the age of 25 and over the age of 85 had the highest rates of housing cost burden, as well as households of color.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 10 million units between 2018 and 2028 if current low immigration levels continue. Much of the demand will come from baby boomers, millennials, Generation Z,[13] and immigrants. The Urban Land Institute cites an increased acceptance of working from home as increasing demand in more suburban or rural environments over closer-in markets.

- **Growth in rehabilitation market.**[14] Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With the median age of the US housing stock rising to 41 years in 2019 from 34 years in 2009, Americans are spending in excess of $400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown nearly $20 million in 2017, topping out at $433 billion in 2021.

Despite trends showing growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households

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[13] According to the Pew Research Center, millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 and 2012 (inclusive). Read more about generations and their definitions here: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

[14] These findings are copied from the Joint Center for Housing Studies. (2021). Improving America's Housing, Harvard University. Retrieved from: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

(who are more likely to live in older housing than higher-income households) or households on fixed incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment. Regardless, there is a rising urgency with the aging housing stock particularly in regard to increased disaster events caused by climate change. In 2019 spending on disaster repairs hit a record high of 10 percent of total rehabilitation spending and 2020 saw a record number of billion-dollar climate-related disasters.

- **Declining residential mobility.**[15] Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While residential mobility took a further dip in the initial stages of the COVID-19 pandemic, soon conditions emerged that encouraged homebuying, such as historically low mortgage rates, moves toward and the ensuing normalization of working from home, and a growing number of first-time Millennial buyers. Due to such conditions, existing home sales rose by more than 20 percent year over year from September 2020 through January 2021. These optimal buying conditions have created competition that puts an additional squeeze on the nationwide housing shortage, likely further dampening residential mobility.

  Other reasons for decline in residential mobility include factors such as demographic, housing affordability, and labor-related changes. For instance, as baby boomers and millennials age, mobility rates are expected to fall, as people typically move less as they age. Harvard University's Research Brief (2020) also suggests that increasing housing costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably the aging of baby boomers, housing demand from millennials and Generation Z, and growth of immigrants.

  - *Baby boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the baby boomer generation will affect the housing market. In particular, baby boomers will influence housing preference and homeownership trends. Preferences (and needs) will vary for boomers moving through their sixties, seventies, and eighties (and beyond). They will require a range of housing opportunities. For example, "aging baby boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities."[16] Many seniors are also moving to planned retirement destinations earlier than expected, as they experience the benefits of work-from-home trends (accelerated by COVID-19). Additionally, the supply of

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[15] Frost, R. (2020). "Are Americans stuck in place? Declining residential mobility in the US." Joint Center for Housing Studies of Harvard University's Research Brief.

[16] Urban Land Institute. Emerging Trends in Real Estate, United States and Canada. 2019.

caregivers is decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

Research shows that "older people in western countries prefer to live in their own familiar environment as long as possible," but aging in place does not only mean growing old in their own homes.[17] A broader definition exists, which explains that aging in place means "remaining in the current community and living in the residence of one's choice."[18] Some boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multifamily housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, "the aging of the US population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses."[19]

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.[20] However, as millennials move into their early to mid-thirties, postponement of family formation is ending, and millennials are more frequently becoming homeowners, frequently of detached, single-family homes.

At the beginning of the 2007–2009 recession, millennials only started forming their own households. The number of millennial homeowners has seen an uptick over the past few years. While the overall U.S. homeownership rate slowly decreased from 2009 to 2019, the millennial homeownership rate increased from 33 percent in 2009 to 43 percent in 2019, with 6 percent of that growth since 2016. The age group of 35 years old and younger accounted for about 15 percent of the annual household growth in 2019, up from about 10 percent in 2018. Older millennials (those age 35-44) also accounted for a growing share of growth in homeownership.[21] However, racial disparities also exist in millennial homeownership rates, with Non-Hispanic White homeowners accounting for 53 percent, Hispanic homeowners for 35 percent, and Black homeowners for 21 percent.[22]

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

[18] *Ibid.*

[19] American Planning Association. Making Space for Tiny Houses, Quick Notes.

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

[21] The Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2021"

[22] "Millennials and Housing: Homeownership Demographic Research." Freddie Mac Single-Family, 2021. https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

As this generation continues to progress into their homebuying years, they will seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level single-family homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, it only represented 24 percent of single-family units.

Millennials' average wealth may remain far below boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2022, millennials comprised 43 percent of home buyers, while Gen Xers comprised 22%, and boomers 29 percent.[23] "By the year 2061, it is estimated that $59 trillion will be passed down from boomers to their beneficiaries," presenting new opportunities for millennials (as well as Gen Xers).[24]

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early twenties and the youngest in their early childhood years. By 2040, Generation Z will be between 20 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues, they look very much like millennials. Generation Z enters into adulthood with a strong economy and record-low unemployment, despite the uncertainties of the long-term impacts of COVID-19 Pandemic.[25]

    Gen Z individuals have only just started entering the housing market in the past few years, and with a maximum age range of 23 as of 2022, this age cohort is the smallest so far in terms of home buyers and sellers, accounting for 2 percent of each type. While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.[26] A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close proximity). However, this cohort is smaller than millennials (67 million vs. 72 million), which may lead to slowing real estate demand in city centers.

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30 percent of overall household growth. Beginning in 2008, the influx of immigrants was staunched by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household

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

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

[25] Parker, K. & Igielnik, R. (2020). On the cusp of adulthood and facing an uncertain future: what we know about gen Z so far. Pew Research Center. Retrieved from: https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/

[26] "2021 Home Buyers and Sellers Generational Trends Report." National Association of Realtors, 2021. https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf.

growth, despite decline in immigration rates in 2019. The Census Bureau's estimates of net immigration in 2021 indicate that just 247,000 immigrants moved to the United States from abroad, down from a previous high of 1,049,000 between 2015-2016.[27] As noted in *The State of the Nation's Housing* 2020 report, "because the majority of immigrants do not immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time."

- *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and Blacks, as well as the larger share of minority households that are cost burdened, warrants consideration. White households had a 74.4 percent homeownership rate in 2021 compared to a 43.1 percent rate for Black households.[28] This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Hispanic households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to white households, leads to higher rates of cost burden for some groups of people. For example, of renters in arrears, Black renters account for 29 percent and Hispanic renters for 21 percent, compared to white renters at 11 percent. Additionally, for low-income renters earning less than $25,000, Hispanic and Black renters faced higher cost burden rates (86 and 8 percent respectively) than white renters at 80 percent. For low-income homeowners, 72 percent of Hispanics, 74 percent of Blacks, and 84 percent of Asians faced cost burdens, compared to 68 percent of white households. As noted in *The State of the Nation's Housing (2020)* report, "the impacts of the pandemic have shed light on the growing racial and income disparities in the nation between the nation's haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy."

- **Changes in housing characteristics.** The U.S. Census Bureau's Characteristics of New Housing Report (2020) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:[29]

  - *Larger single-family units on smaller lots.* Between 2000 and 2020, the median size of new single-family dwellings increased by nearly 10 percent nationally, from 2,057 sq. ft. to 2,261 sq. ft., and 14 percent in the western region from 2,014 sq. ft. in 1999 to 2,242 2,279 sq. ft. in 2020. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally

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[27] Jason Schachter, Pete Borsella, and Anthony Knapp (US Census, December 21, 2021), https://www.census.gov/library/stories/2021/12/net-international-migration-at-lowest-levels-in-decades.html.

[28] "Federal Reserve Economic Data: Fred: St. Louis Fed," Federal Reserve Economic Data (Federal Reserve Bank of St. Louis), accessed April 18, 2022, https://fred.stlouisfed.org/.

[29] US Census Bureau, Highlights of Annual 2020 Characteristics of New Housing. Retrieved from: https://www.census.gov/construction/chars/highlights.html

decreased by a half, from 14 percent in 2000 to 7 percent in 2020. The percentage of units greater than 3,000 sq. ft. increased from 18 percent in 2000 to 23 percent of new single-family homes completed in 2020. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2010 and 2020, the percentage of lots less than 7,000 sq. ft. increased from 25.5 percent to 34.8 percent of lots.

Based on national study about home buying preferences that differ by race/ethnicity, African American home buyers wanted a median unit size of 2,664 sq. ft. compared to 2,347 sq. ft. for Hispanic buyers, 2,280 sq. ft. for Asian buyers, and 2,197 sq. ft. for white buyers.[30] This same study found that minorities were less likely to want large lots.

- *Larger multifamily units.* Between 2000 and 2020, the median size of new multifamily dwelling units increased by 4.6 percent nationally. In the western region, the median size increased by 3.6 percent. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 29.5 percent in 2000 to 32.8 percent in 2020 and increased from 23.3 percent to 25.2 percent in the western region.

- *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90 percent for both new single-family and multifamily units). In 2000, 93 percent of new single-family houses had two or more bathrooms, compared to 96.8 percent in 2020. The share of new multifamily units with two or more bathrooms decreased from 55 percent of new multifamily units to 42.6 percent. As of 2020, 92 percent of new single-family houses in the United States had garages for one or more vehicles (from 88 percent in 2000). Additionally, if work-from-home dynamics remain a more permanent option, then there may be rising demand for different housing amenities such as more space for home offices or larger yards for recreation.

- *Shared amenities*. Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs),[31] cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.[32]

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[30] Quint, Rose. (April 2014). *What Home Buyers Really Want: Ethnic Preferences.* National Association of Home Builders.

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

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

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

State Trends

In August 2019, the State of Oregon passed statewide legislation—Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required Oregon communities with more than 10,000 people to accommodate middle housing within single-family neighborhoods.

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. It provides a range of housing choices at different price points within a community.

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

Oregon developed its *2021-2025 Consolidated Plan*, which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that the "state's performance in accomplishing past goals has been very strong, and project areas of focus remain consistent with the current needs identified in this new five-year plan. Tenant based rental assistance, in particular, has demonstrated strong demand, as has the ongoing need for rental units (including those newly developed) which meet fair market rent standards, and community facilities. The unusual events during 2020—the COVID-19 pandemic and historical wildfire activity—tilt current needs and priorities toward housing stability efforts, as well as community health care projects and access to telehealth services." It identified the following top needs in its Needs Assessment:[33]

- The most common housing problem in Oregon is cost burden. Nearly 390,000 households pay more than 30% of their incomes in housing costs, up by 7 percent since the last five-year Consolidated Plan. Renters are more likely to be cost burdened. About 27 percent of Oregon renters' households were found to be severely cost burdened. This proportion increased significantly from 2000 (19 percent) and disproportionate falls on persons of color in the state: More than 50 percent of households with persons of color are cost burdened compared to 34 percent of white households.

- Cost burden largely affects those with lower incomes—especially extremely low and very low-income renters, who have cost burden rates of 70 and 76 percent, respectively.

- According to Oregon's Statewide Housing Plan for 2019-2023, more than 85,000 units affordable to extremely low-income households (making less than 30 percent AMI) are needed to meet demand and more than 26,000 units affordable to moderate income households, making 50

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[33] These conclusions are copied directly from the report, Oregon's 2021–2025 Consolidated Plan. Retrieved from: https://www.oregon.gov/ohcs/development/Documents/conplan/2021-2025%20Action%20Plan/State-of-Oregon-2021-2025-Consolidated-Plan-Final-with-appendices.pdf.

percent to 80 percent AMI are needed to meet demand. This is down from the previous gap of 102,500 units in the 2016-2021 Plan.

By income range and special need, the estimated needs of Oregon households include:

- Extremely low-income families—those earning incomes below the poverty level—total nearly 182,000 households in Oregon. Those with unmet housing needs will grow by 10,000 over the next five years.

- Low-income families—those earning incomes between the poverty level and the median income—total 261,000 in Oregon. Their needs will grow by much less (8,300 additional households) over the next five years.

- Elderly households (62+) total nearly 905,381 and live in 526,675 households. Of these households, 23 percent have unmet housing needs. Those with unmet housing needs are expected to grow by 7,000 households by 2025. Many of these needs will take the form of home accessibility modifications, home repairs, and home health care, as seniors make up a large share of residents who live alone and who have disabilities. Frail elderly (defined as an elderly person who requires assistance with three or more activities of daily living) total 61,518 residents.

- Oregon residents with disabilities total 581,000 and occupy 428,000 households. By 2025, these households with needs will grow by nearly 12,000.

- More than 300,000 persons in Oregon struggled with substance abuse challenges before the COVID-19 pandemic occurred, and these needs have grown during the pandemic. Oregonians who have ever had mental health challenges total 757,000 with 172,000 having serious mental health challenges.

- Approximately 178,000 residents 18 and older in Oregon have experienced some type of domestic violence, dating violence, sexual assault and/or stalking by an intimate partner in the previous year. In the most severe cases, these victims must leave their homes—an estimated 4,200 residents who are victims of domestic violence in Oregon require housing services each year.

- Nearly 16,000 people were identified as experiencing homelessness in Oregon in 2019, an increase of 13 percent since 2017. Two in three are unsheltered.

- Nearly 17,000 households live in substandard housing, based on Census surveys of housing units lacking complete plumbing or kitchen facilities. The number of households in substandard housing decreased by 4 percent compared to the 2021-2025 plan.

- Approximately 29,000 households live in units that are either overcrowded or severely overcrowded. The number of households in overcrowded conditions increased by 19% since the last plan. For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities.

As part of the Consolidated Plan's Stakeholder perspective, activities to address urgent housing needs selected by the greatest number of respondents were:

- Housing activities that result in more rental units for households with income below 60 percent of AMI and households with incomes between 60 percent and 80 percent of AMI; emergency shelters for people who are homeless; and transitional housing for people moving out of homelessness.

- Repurposing vacant buildings for affordable housing.

- Affordable and accessible housing for people with disabilities.

- In 2022, minimum wage in Oregon[34] was $12.75, compared to $14.00 in the Portland metro and $12.00 for nonurban counties.

Oregon developed its *Statewide Housing Plan 2019-2023* in 2019.[35] The Plan identified six housing priorities to address in communities across the state over the 2019 to 2023 period (summarized below). In January 2022, Oregon Housing and Community Services (OHCS) released a summary of their progress.[36] The following section includes summaries and excerpts from their status report:

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

  OHCS continued it built relationships, tools, and connections to further its equity and racial justice focus. OHCS continued to gather and update Culturally Specific Organization (CSO) list, tracking funding received by CSOs. OHCS developed customized tools for equity and racial analysis and got ready to start equity and inclusion training for OHCS staff and committee chairs

- **Homelessness.** Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.

  The Homeless Services Section (HSS) made progress in demonstrating increased Housing Stability with 26,940 households paid out via the Orgon Emergency Rental Assistance Program. Additional staffing and funding ($100 million) were secured in order to build a program of eviction prevention. OHCS developed a dashboard to provide transparency into processing, equity, and capacity issues related to homelessness. OHCS executed grant agreements with HSS providers to deliver strategic housing stability services for those that have not been able to access supports. Work is ongoing to enter more partnerships with new investments in eviction prevention.

- **Permanent Supportive Housing.** Invest in permanent supportive housing (PSH), a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.

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

[35] This section uses many direct excerpts from the OHCS Statewide Housing Plan 2019-2023. Oregon Statewide Housing Plan. https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf

[36] This section uses many direct excerpts from the OHCS Statewide Housing Plan, Year 3 Quarter 1 Update September 2021 Report to HSC. Oregon Statewide Housing Plan, Status Reports.https://www.oregon.gov/ohcs/Documents/swhp/01-07-2022-JAN-SWHP-Quarterly-Summary.pdf

OHCS funded and/or created 915 of their 1,000 PSH-unit targets. In addition, 416 of the 916 supportive home units were funded with PSH resource. Other accomplishments were developing a compliance and monitoring plan for PSH, distribution of service funds, outreach to partners to ensure PSH resource information is reaching tribal and rural partners, and a hiring staff to support the PSH program.

- **Affordable Rental Housing.** Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.

  OHCS funded and/or created 18,329 affordable rental homes of their 25,000-home target. OHCS developed internal tools such as a reporting matrix for analysis of sub-contracts and an incorporated Compliance Policy and conducted community outreach with a tribal housing workgroup rules committee. OHCS also conducted a survey to get initial feedback on key program topics and projected changes, along with additional outreach on related issues.

- **Homeownership.** Provide more low and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.

  OHCS assisted 1,187 households in becoming successful homeowners, part of its target to assist a total of 6,500 homes. OHCS made strides in double the number of homeowners of colors in its homeownership programs. OHCS launched new programs to support homeownership, including lending programs. In order to align programs with the needs of communities of color, OHCS developed relationships with underrepresented organizations, maintained addressing the needs of Communities of Color as a focus in its programmatic frameworks, and regularly shared and encouraged training opportunities with its team.

- **Rural Communities.** Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.

  OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a program manager for rural communities and delivered funding for multiple direct awards, increased funding for CSOs, and updated its Land Acquisition Program to include new funding amounts and set asides. OHCS funded and/or created 2,158 units in rural communities out of a total of 2,543 units in the 5-year goal, or 85 percent of its target.

Regional and Local Demographic Trends May Affect Housing Need in Toledo

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

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

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

Families of different sizes need different types of housing.

Exhibit 19. Effect of Demographic Changes on Housing Need

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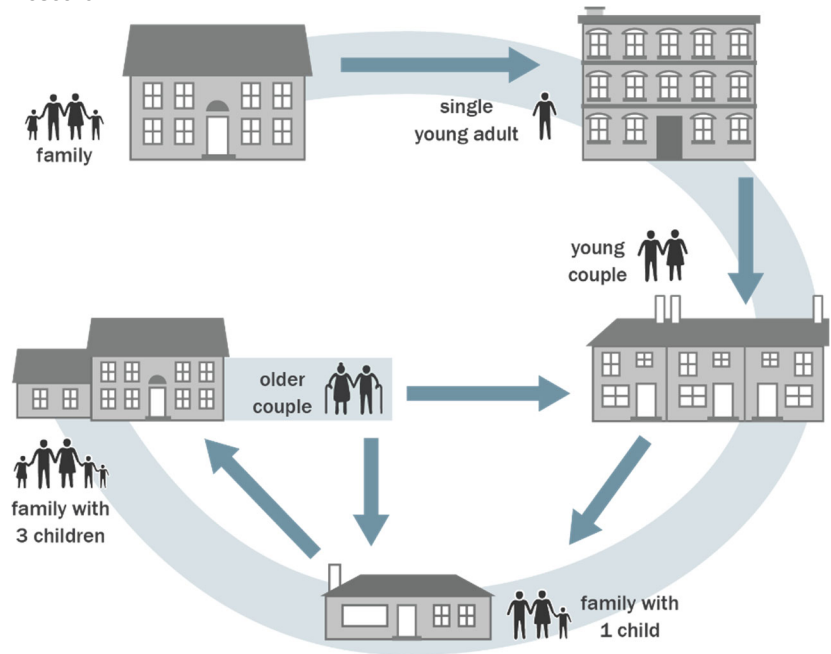
Growing Population

Toledo's population growth will drive future demand for housing in the city over the planning period. The population (within the city limits) forecast in Exhibit 21 is Toledo's official population forecast, from the Oregon Population Forecast Program. Toledo must use this forecast as the basis for forecasting housing growth over the 2022 to 2042 period.

Exhibit 20 shows that Toledo's population grew by 4 percent between 2000 and 2019. Toledo added 107 new residents, at an average annual growth rate of 0.2 percent.

Exhibit 20. Population, Toledo (city limits), Lincoln County, Oregon and Comparison Cities 2000 - 2021

Source: US Decennial Census 2000 and 2010, and Portland State University, Population Research Center.

	2000	2010	2021	Change 2000 to 2021		
				Number	Percent	AAGR
Oregon	3,421,399	3,831,074	4,266,560	845,161	25%	1.1%
Lincoln County	44,479	46,034	50,903	6,424	14%	0.6%
Toledo	3,472	3,465	3,611	139	4%	0.2%
Newport	9,532	9,989	10,591	1,059	11%	0.5%
Siletz	1,133	1,212	1,249	116	10%	0.5%
Waldport	2,050	2,033	2,321	271	13%	0.6%

Toledo's urban growth boundary (UGB) population is projected to grow by 32 people between 2022 and 2042, at an average annual growth rate of 0.04 percent.[37]

Exhibit 21. Forecast of Population Growth, Toledo UGB, 2022 to 2042

Source: Oregon Population Forecast Program, Portland State University, Population Research Center, June 2021.

3,840	**3,872**	**32**	**1% increase**
Residents in 2022	Residents in 2042	New Residents 2022 to 2042	0.04% AAGR

Aging Population

This section shows two key characteristics of Toledo's population, with implications for future housing demand in Toledo:

- **Toledo's senior population grew between 2000 and 2019 and is expected to continue to increase.** Toledo currently has a smaller share of people over 60 years old (25 percent of the population) than Lincoln County (38 percent). People over age 60 years old are expected to be the fastest growing group in Lincoln County between 2020 and 2040, accounting for 42 percent of the County's population by 2040 (adding nearly 3,600 people). It is reasonable to expect Toledo's senior population will grow with the county, even if at a slower rate.

  As Toledo's senior population grows, Toledo will have increasing demand for housing that is suitable for elderly residents. The impact of growth in seniors in Toledo will depend, in part, on whether older people already living in Toledo continue to reside there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community for as long as possible.[38]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes for as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in health-care needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[39]

- **Toledo has a slightly larger proportion of younger people than Lincoln County and Oregon.** About 29 percent of Toledo's population is under 20 years old, compared to 18 percent of Lincoln County and 23 percent of Oregon. But Toledo's population of people aged 20 to 59 decreased between 2000 and 2015-2019. The forecast for population growth in Lincoln County

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[37] This forecast of population growth is based on Toledo's UGB's official population forecast from the Oregon Population Forecast Program. ECONorthwest extrapolated the population forecast for 2020 (to 2022) and 2040 (to 2042) based on the methodology specified by DLCD.

[38] A survey conducted by the AARP indicates that 90 percent of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[39] "Aging in Place: A toolkit for Local Governments" by M. Scott Ball.

shows the percent of people under 20 years old decreasing from 18 percent of the population in 2015-2019 to 16 percent of the population by 2040.

People roughly aged 20 to 40 are referred to as the millennial generation and account for the largest share of population in Oregon. By 2040, they will be about 40 to 60 years of age, and Generation Z will be between 25 and 40 years old. The forecast for Lincoln County shows that Lincoln County's population between the ages of 20 to 60 is forecast to grow by 14 percent while maintaining a similar population share as 2015-2019.

Toledo's ability to retain and attract people in this age group will depend on whether the city has opportunities for housing that appeals to and is affordable to millennials and Generation Z, as well as jobs that allow younger people to live and work in Toledo.

In the near-term, millennials and Generation Z may increase demand for rental units. Research suggests that millennials' housing preferences may be similar to baby boomers, with a preference for smaller, less-costly units. If the number of millennials and Generation Z grow in Toledo, it will result in increased demand for both affordable single-family detached housing (such as small single-family detached units like cottages), as well as increased demand for affordable town houses and multifamily housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

From 2000 to 2015-2019, Toledo's median age increased similarly to Lincoln County and Oregon.

Exhibit 22. Median Age, Toledo, Lincoln County, and Oregon, 2000 to 2015–2019

Source: US Census Bureau, 2000 Decennial Census Table B01002, 2015–2019 ACS, Table B01002.
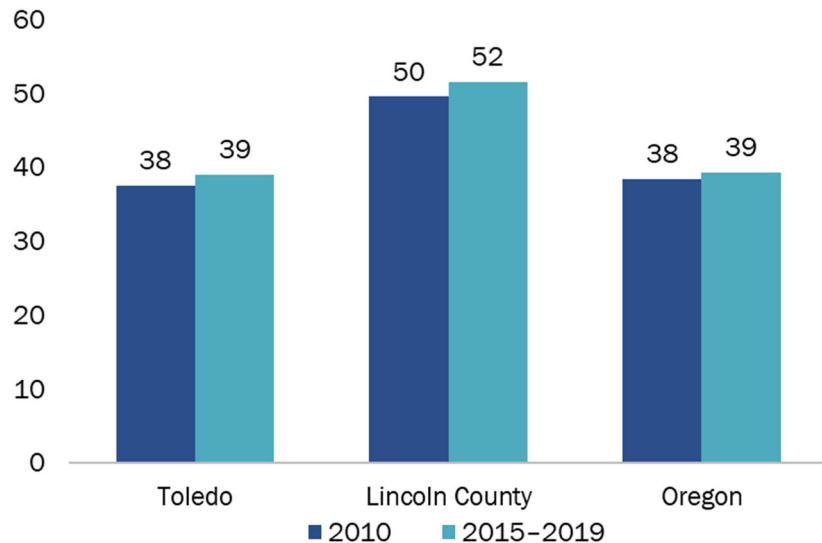
In the 2015-2019 period, about 75 percent of Toledo's residents were between the ages of 20 and 59 years.

Toledo had a smaller share of people over the age of 60 than Lincoln County.

Over a quarter of Toledo's population is under 20 years old.

Exhibit 23. Population Distribution by Age, Toledo, Lincoln County, and Oregon, 2015–2019

Source: US Census Bureau, 2015–2019 ACS, Table B01001.
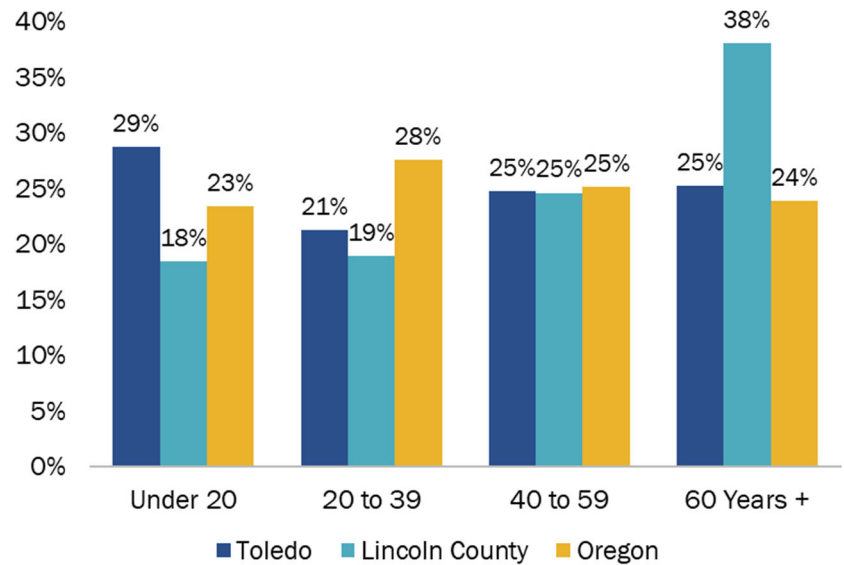
Between 2000 and 2015-2019, under 20 and over 60 age groups increased in size.

The largest increase in residents were those aged 60 and older (growth of 284 people) followed by those under 20 (growth of 67 people).

Exhibit 24. Population Growth by Age, Toledo, 2000, 2015–2019

Source: US Census Bureau, 2000 Decennial Census Table P012 and 2015–2019 ACS, Table B01001.
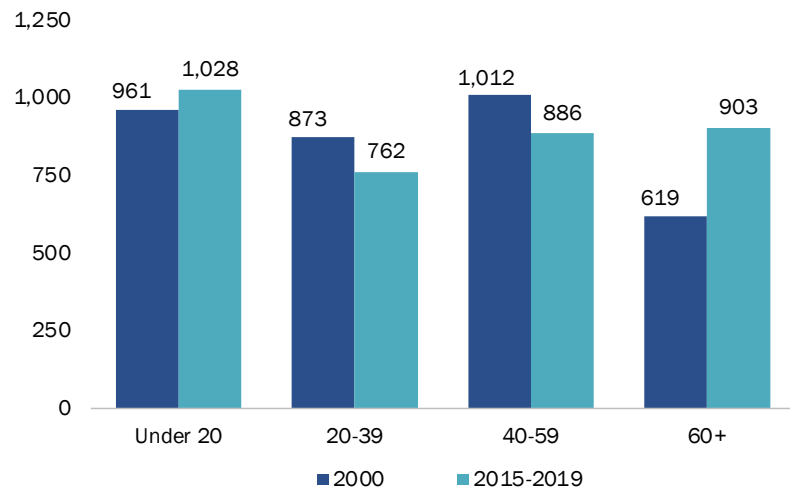
By 2040, Lincoln County's population over the age of 60 is forecast to grow 19 percent.

Exhibit 25. Fastest-Growing Age Groups, Lincoln County, 2020 to 2040

Source: PSU Population Research Center, Lincoln County Forecast, June 2021

| 0%	5%	9%	19%
(10)	466	1,075	3,593
People	People	People	People
Under 20	**20-39 Yrs**	**40-59 Yrs**	**60+ Yrs**

By 2040, Lincoln County residents aged 40 and older are forecast to make up 63 percent of the county's total population. This accounts for a 3 percent increase from this age cohort's population estimate for 2020.

Exhibit 26. Population Growth by Age Group, Lincoln County, 2020 and 2040

Source: PSU Population Research Center, Lincoln County Forecast, June 2021.
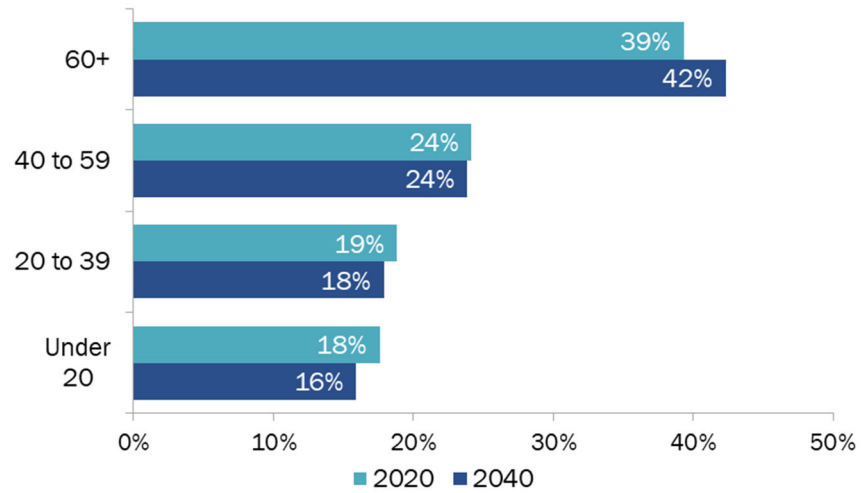
Changing Ethnic Diversity

The number of residents that identified as Latino decreased in Toledo by 46 people, from 163 people in 2010 to 117 people in the 2015-2019 period. The U.S. Census Bureau forecasts that between 2020 and 2040, at the national level, the Latino population will continue growing faster than most other non-Latino populations. The Census forecasts that the Latino population will increase 93 percent, from 2016 to 2060, and foreign-born Latino populations will increase by about 40 percent in that same time.[40]

While the Latino population has not grown as fast as all population in Toledo since 2000, Latino population are expected to increase across the state and may grow faster in Toledo as well. An increase in the Latino population will affect Toledo's housing needs in a variety of ways. An increase in first and, to a lesser extent, second and third-generation Latino immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes. In that, Latino households are twice as likely to include multigenerational households than the general populace.[41] As Latino households change over generations, household size typically decreases, and housing needs become similar to housing needs for all households.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals,[42] the Latino population accounted for 31 percent of the nation's new households in 2019, up 2.8 percentage points from 2017. The rate of homeownership for Latino households increased from 45.6 percent in 2015 to 47.5 percent in 2019. In that time, Latino households were the only demographic that increased their rate of homeownership.

The share of Toledo's households that identified as Latino decreased between 2010 and 2015–2019, while both the county and the state increased. Toledo was less ethnically diverse than both Lincoln County and Oregon in the 2015–2019 period.

Exhibit 27. Latino Population as a Percent of the Total Population, Toledo, Lincoln County, Oregon, 2000 and 2014–2018
Source: US Census Bureau, 2010 Decennial Census Tables P003001 and P005001, 2015–2019 ACS Tables B03002 and B02001.

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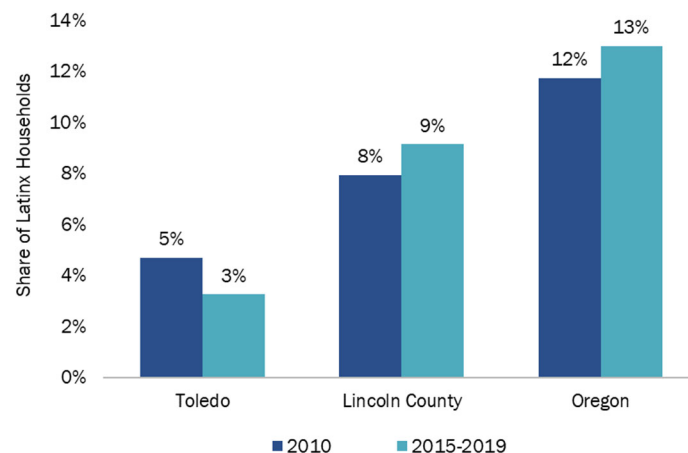
[40] US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060.*

[41] Pew Research Center. (2013). *Second-Generation Americans: A Portrait of the Adult Children of Immigrants.* National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report.*

[42] National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report.*

Racial Diversity

The majority of Toledo's population is White, with residents of other races represented at a lower percentage than that of Lincoln County's population, as show in Exhibit 28.

In the 2015–2019 period, Toledo was less racially diverse than Lincoln County and less racially diverse than Oregon.

Exhibit 28. Population by Race as a Percent of Total Population, Toledo, Lincoln County, Oregon, 2015–2019
Source: US Census Bureau, 2015–2019 ACS Table B02001.

	Toledo	Lincoln Co.	Oregon
White Alone	94%	88%	84%
Two or More Races	3%	5%	5%
Some Other Race Alone	0%	2%	3%
Asian Alone	0%	1%	4%
American Indian and Alaska Native Alone	1%	3%	1%
Black or African American Alone	0%	1%	2%
Native Hawaiian and Other Pacific Islander Alone	1%	0%	0%

In Toledo, about 190 people identified as a race other than White Alone and 117 people identified as Latino (of Any Race).

Exhibit 29. Number of People by Race and Ethnicity, Toledo, 2015-2019
Source*: US Census Bureau, 2015-2019 ACS, Table B03002.

*Toledo did not have African American, Some Other Race alone, and Asian alone populations represented in the data.
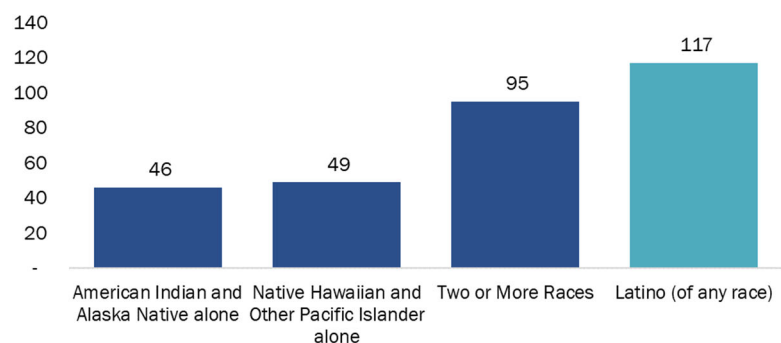
Household Size and Composition

Toledo's household composition shows Toledo had the same percentage of households with children as Oregon, but a significantly higher percentage than Lincoln County. On average, Toledo's households are slightly larger than Oregon's households and significantly larger than Lincoln County's. This indicates housing needed to accommodate households with children.

Toledo's average household size was slightly larger than Oregon's and significantly larger than Lincoln County's.

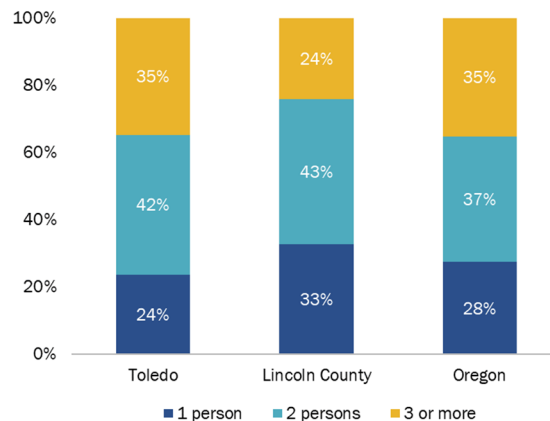**Exhibit 30. Average Household Size, Toledo, Lincoln County, Oregon, 2015-2019**
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.

2.55 Persons	2.25 Persons	2.51 Persons
Toledo	Lincoln County	Oregon

About 65 percent of Toledo's households were one and two-person households.

Exhibit 31. Household Size, Toledo, Lincoln County, Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS 5-Year, Table B25010.
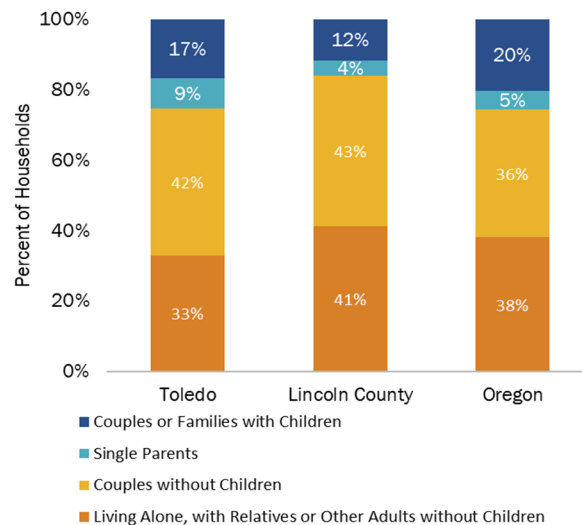

Toledo had a slightly larger share of households with children than Oregon.

About 26 percent of Toledo households have children, compared with 16 percent of Lincoln County households and 25 percent of Oregon households.

Exhibit 32. Household Composition, Toledo, Lincoln County, Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table DP02.

Income of Toledo Residents

Income is a key determinant in housing choice and households' ability to afford housing. Toledo's median household income was significantly higher than the County average. Adjusted for inflation, Toledo's household income increased by 15 percent since 2000, contrary to county and statewide trends. The increase in household income (adjusted for inflation) occurred at a time when housing prices in Toledo (and the whole region) increased substantially.

Over the 2015-2019 period, Toledo's median household income was above that of the county but below that of the state. Over this period, Toledo's median household income was $60,455. Lincoln County's median household income was $47,882 and Oregon's median household income was $62,818.

Exhibit 33. Median Household Income, Toledo, Lincoln County, Oregon, Comparison Cities, 2015-2019
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25119.
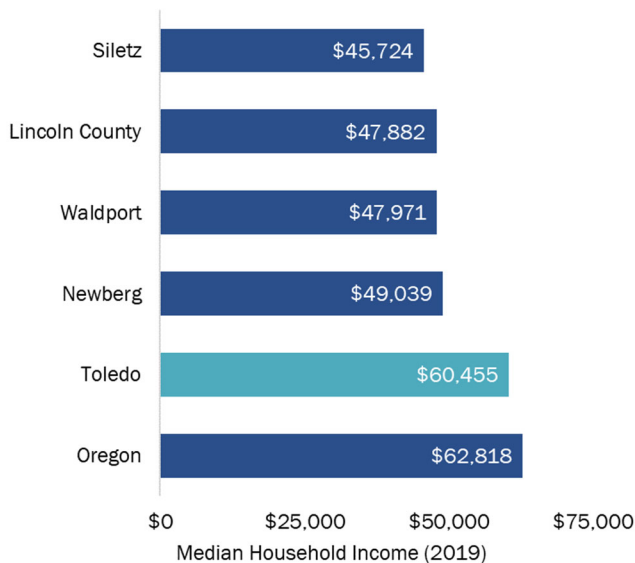

After adjusting for inflation, Toledo's median household income increased by 15 percent from 2000 to 2015-2019. Conversely, Lincoln County's median household decreased by -5 percent, while Oregon's median household income stayed constant.

Exhibit 34. Change in Median Household Income, Toledo, Lincoln County, Oregon, 2000 to 2015-2019, Inflation-Adjusted
Source: US Census Bureau, 2000 Decennial Census, Table HCT012; 2015-2019 ACS 5-Year Estimate, Table B25119.
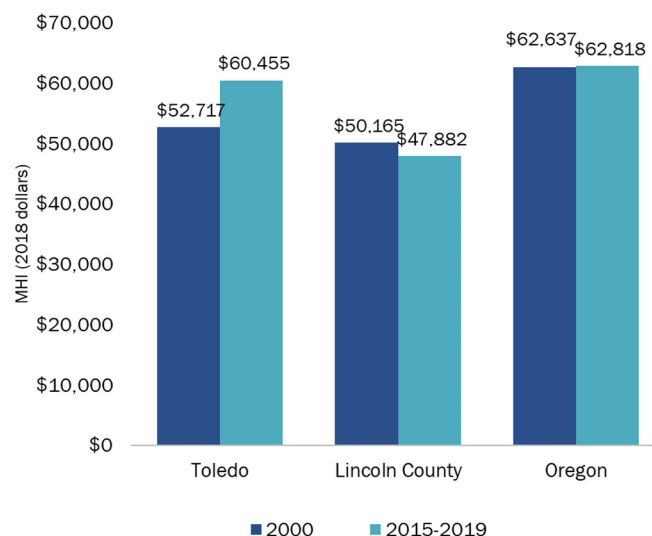
About half of all households in Toledo (47 percent) earned less than $50,000, compared to 53 percent of Lincoln County households and 40 percent of Oregon households. Toledo has fewer households earning more than $75,000 compared to Oregon, but a greater percentage of households earning more than $75,000 when compared to Lincoln County.

Exhibit 35. Household Income, Toledo, Lincoln County, Oregon, 2015-2019
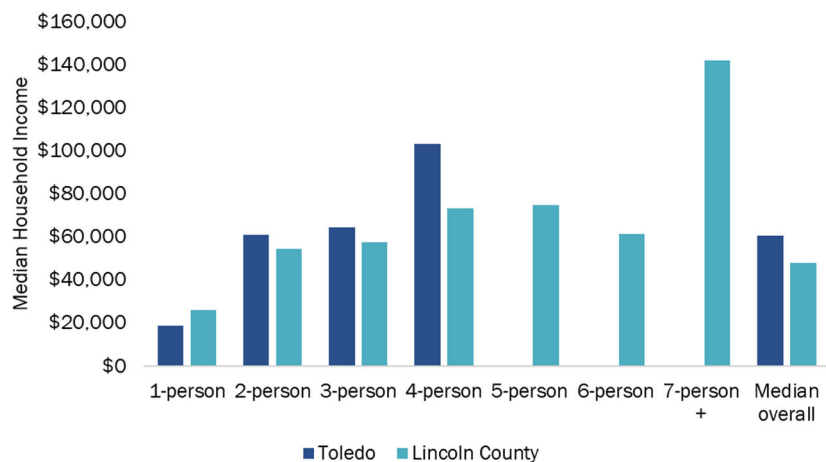
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19001.
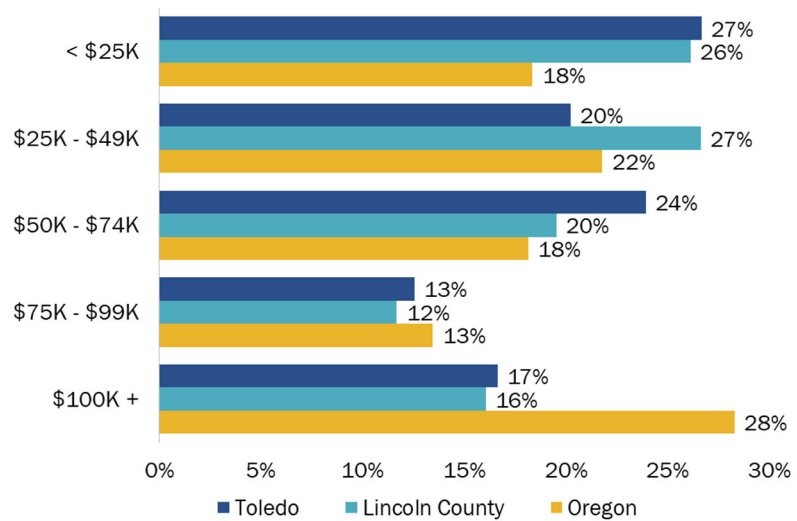
In general, larger households in Toledo have higher household incomes than smaller ones.

**Exhibit 36. Household Income by Household Size, Toledo, 2015-2019**

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19019

Seniors were also likely to have more households with incomes at or below the average.

Sixty-three percent of households with a head of household aged 65 or older earned less than $50,000 per year, compared to the citywide average of 47 percent of households with an income of less than $50,000.

Exhibit 37. Household Income by Age of Householder (Aged 65 Years and Older), Toledo, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19037. Note: Median family income for Lincoln County was $57,400 (US Department of Housing and Urban Development).
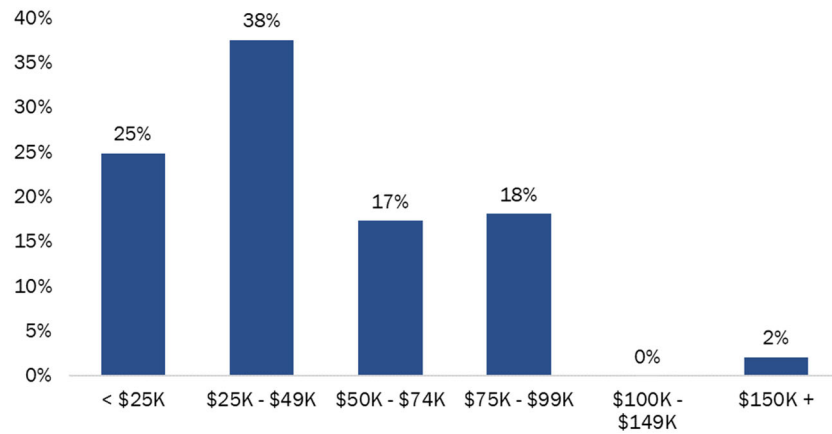
Commuting Trends

Toledo is part of the interconnected economy of the Central Oregon Coast. Of the more than 1,204 people who work in Toledo, 75 percent of workers commute into Toledo from other areas, most notably from Newport, Lincoln City, Corvallis, and Siletz. Almost 1,500 residents of Toledo commute out of the city for work, many of them to Newport, Portland, and Salem.

About 1,204 people work in Toledo. A majority of these people commute into Toledo for work.
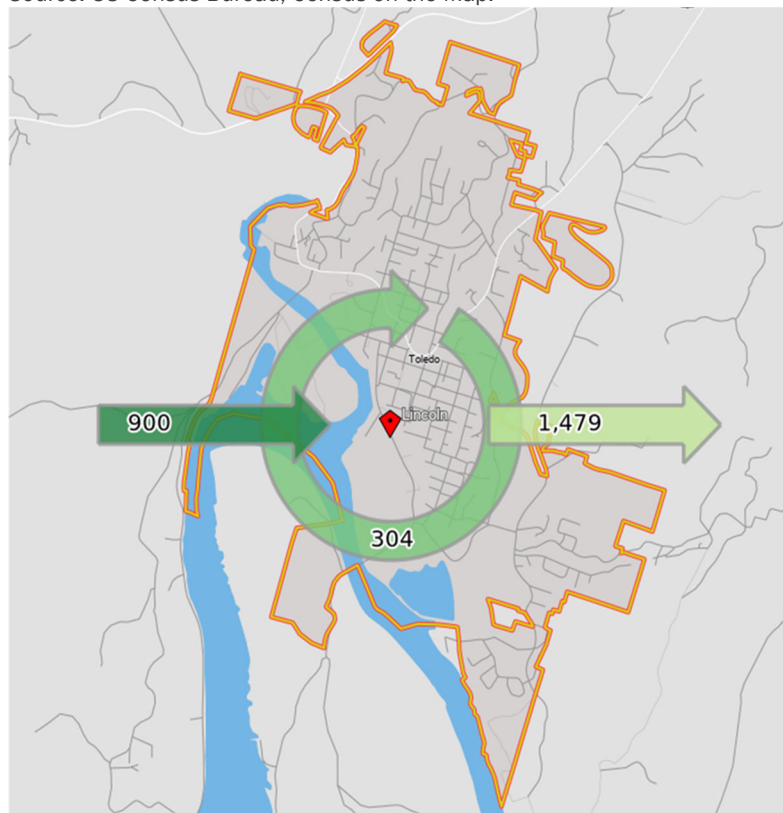
About 300 people live and work in Toledo, accounting for about 25 percent of jobs in Toledo.

Nearly 1,500 people live in Toledo but commute outside of the city for work.

Over 30 percent of working residents of Toledo commute to jobs in Newport.

Exhibit 38. Commuting Flows, Toledo, 2019
Source: US Census Bureau, Census on the Map.

About 25 percent of people who work at businesses located in Toledo also live in Toledo.

The remainder commute from Newport or other parts of Western Oregon.

Exhibit 39. Places where Workers at Businesses in Toledo Lived, 2019
Source: US Census Bureau, Census on the Map.

25%	13%	3%	3%	3%
Toledo	Newport	Lincoln	Corvallis	Siletz

About 17 percent of Toledo residents worked in Toledo.

Exhibit 40. Places where Toledo Residents Were Employed, 2019
Source: US Census Bureau, Census On the Map.

32%	17%	5%	4%	3%
Newport	Toledo	Portland	Salem	Corvallis

A little under half of Toledo residents (40 percent) had a commute time that took less than 15 minutes.

Exhibit 41. Commute Time by Place of Residence, Toledo, Lincoln County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B08303.
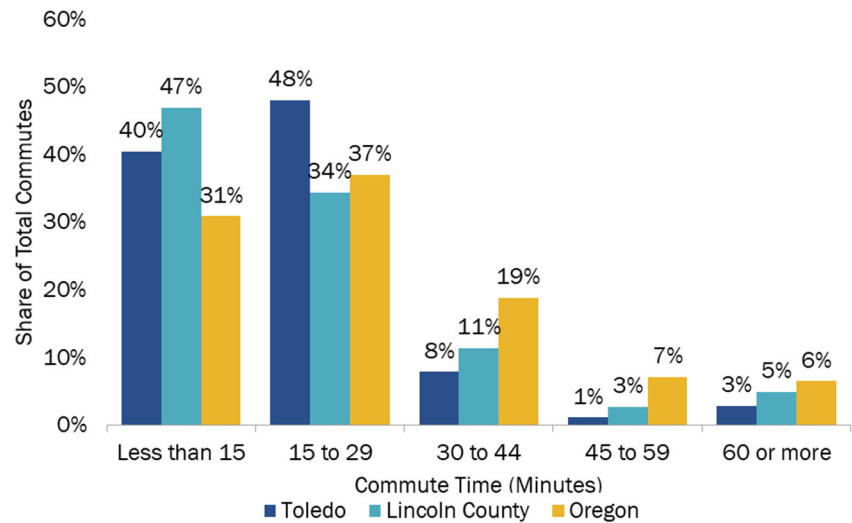
Populations with Special Needs

People Experiencing Homelessness

Gathering reliable data from individuals experiencing homelessness is difficult precisely because they are unstably housed. People can cycle in an out of homelessness and move around communities and shelters. Moreover, the definition of homelessness can vary between communities. Individuals and families temporarily living with relatives or friends are insecurely housed, but they are often neglected from homelessness data. Even if an individual is identified as lacking sufficient housing, they may be reluctant to share information. As a result, information about people experiencing homelessness in Toledo is not readily available.

This section presents information about people experiencing homelessness in Lincoln County based on the following sources of information:

- **Point-in-Time (PIT) Count:** The PIT count is a snapshot of individuals experiencing homelessness on a single night in a community. It records the number and characteristics (e.g., race, age, veteran status) of people who live in emergency shelters, transitional housing, rapid rehousing, Safe Havens, or PSH—as well as recording those who are unsheltered. HUD requires that communities and Continuums of Care (CoC) perform the PIT count during the last 10 days of January on an annual basis for sheltered people and on a biennial basis for unsheltered people. Though the PIT count is not a comprehensive survey, it serves as a measure of homelessness at a given point of time and is used for policy and funding decisions.

- **McKinney Vento Data:** The McKinney Vento Homeless Assistance Act authorized, among other programs, the Education for Homeless Children and Youth (EHCY) Program to support the academic progress of children and youths experiencing homelessness. The U.S. Department of Education works with state coordinators and local liaisons to collect performance data on students experiencing homelessness. The data records the number of school-aged children who live in shelters or hotels/motels and those who are doubled up, unsheltered, or unaccompanied. This is a broader definition of homelessness than that used in the PIT.

Although these sources of information are known to undercount people experiencing homelessness, they are consistently available for counties in Oregon.

About 208 people were identified as experiencing homelessness in Lincoln County in 2021.

Lincoln County's Point-in-Time Homeless count decreased by 20 percent from 2019 to 2021.

Exhibit 42. Number of Persons Homeless, Lincoln County, Point-in-Time Count, 2019, 2020, and 2021
Source: Oregon Housing and Community Services.

260 Persons	**218 Persons**	**208 Persons**
2019	2020	2021

Between 2015 and 2021, the number of persons that experienced sheltered homelessness grew by 33 percent, and the number of persons that experienced unsheltered homelessness increased by about 537 percent.

Exhibit 43. Number of Persons Homeless by Living Situation, Lincoln County, Point-in-Time Count, 2015, 2017, and 2019-2021

Source: Oregon Housing and Community Services.
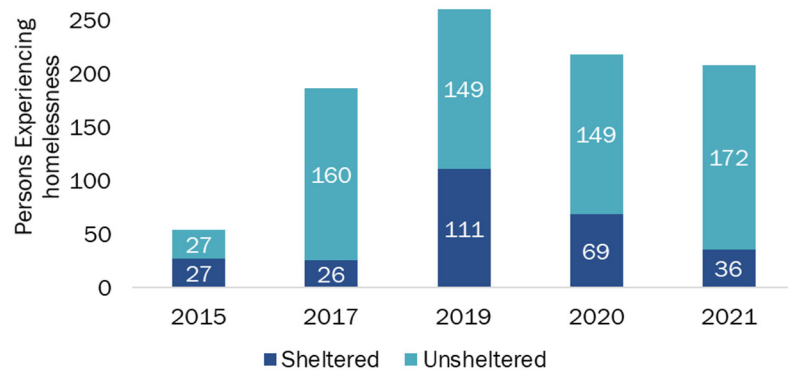
From the 2018-19 school year to the 2019-20 school year, student homelessness decreased by 3 percent (30 students), from 943 students in 2018-19 to 913 students in 2019-20.

Of the 913 students in 2019-20 experiencing homelessness, 112 were unaccompanied.

Exhibit 44. Students Homeless by Living Situation, Lincoln School District, 2018-2019 and 2019-2020

Source: McKinney Vento, Homeless Student Data.
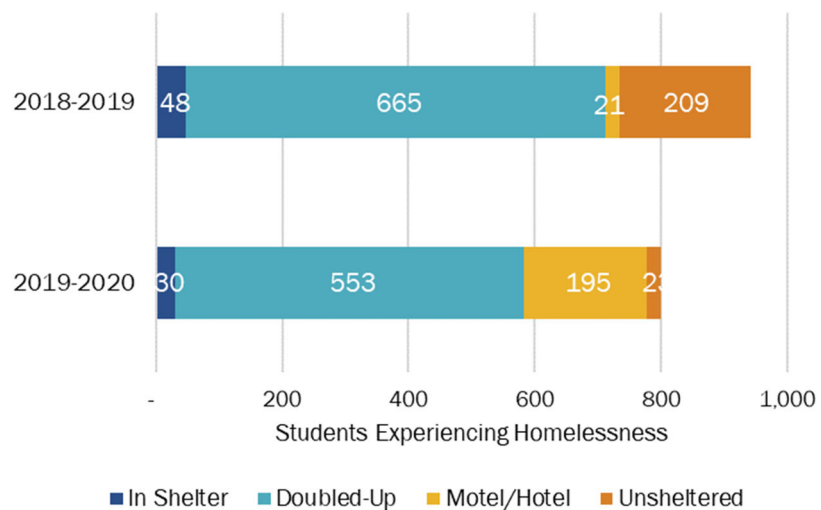
People with Disabilities

Exhibit 45 presents data on the share of residents living with disabilities in Lincoln County and Oregon. Data for Toledo was not available, so it was excluded. Persons with disabilities often require housing accommodations such as single-story homes or ground floor dwelling units, unit entrances with no steps, wheel-in showers, widened doorways, and other accessibility features. These housing options' limited supply poses additional barriers to housing access for these groups.

Exhibit 45. Persons Living with a Disability by Type and as a Percent of Total Population Lincoln County and Oregon, 2015-2019
Source: US Census Bureau 2015-2019 ACS, Table K201803.
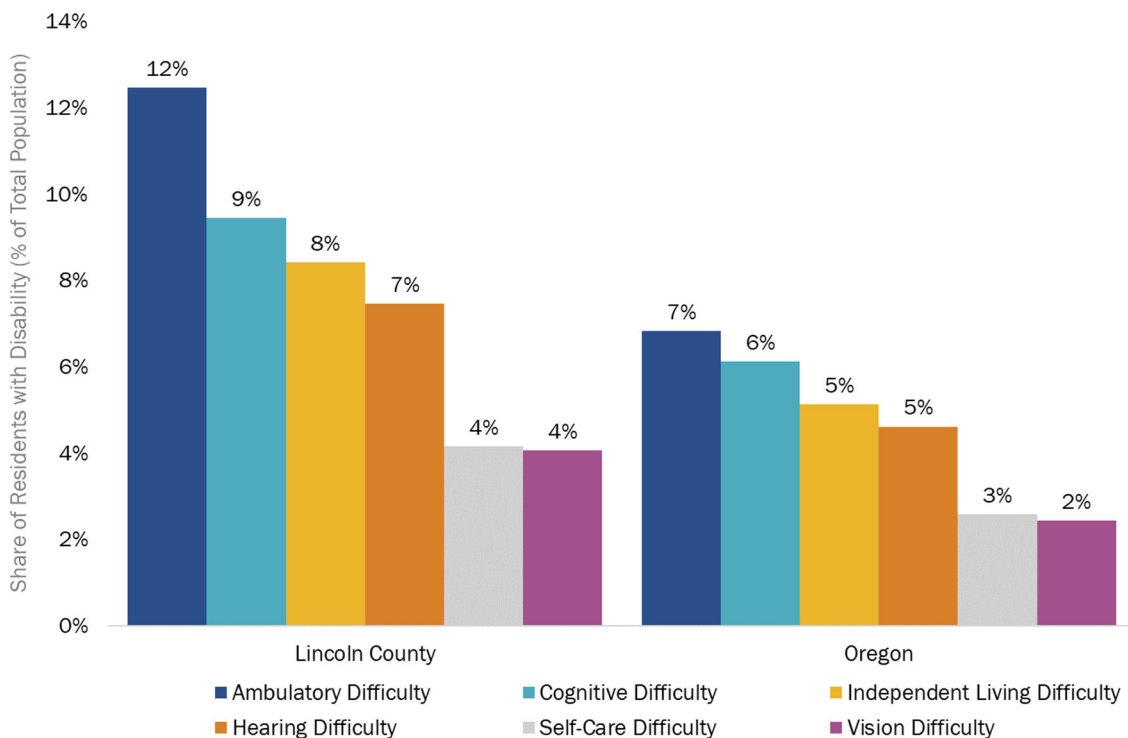
Regional and Local Trends Affecting Affordability in Toledo

This section describes changes in sales prices, rents, and housing affordability in Toledo, compared to geographies in the region. Overall, Toledo's median home sales price is about $265,000 (Exhibit 46).

Changes in Housing Costs

Toledo's median home sales price was $265,000 in December of 2021, considerably lower than sales prices in ocean-front communities such as Newport and Waldport.

Exhibit 46. Median Home Sales Price, Toledo and Comparison Cities, December 2021
Source: PropertyRadar, 2022
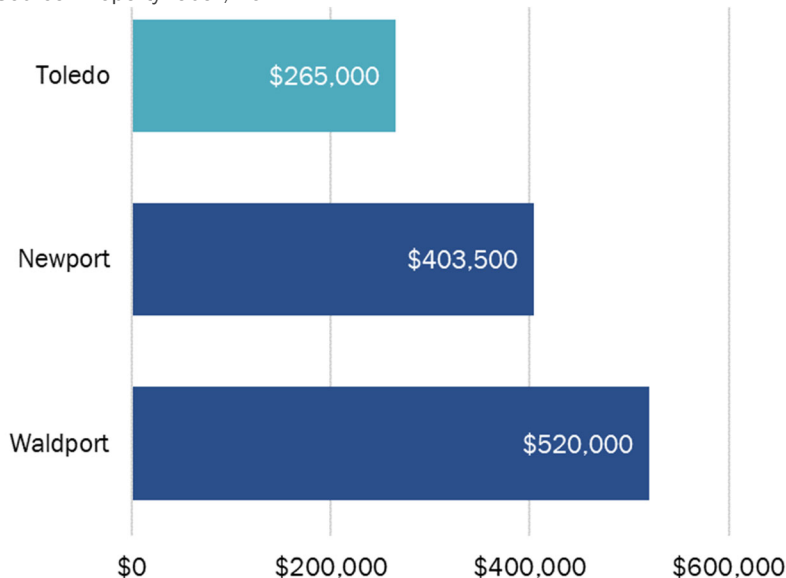
Toledo's median home sales price was generally in line with other cities in the region.

Between December 2016 and December 2021, the median sales price in Toledo increased from $165,000 to $265,000.

It is likely that some units with the average sales price of $265,000 have housing condition problems and may have costs for housing rehabilitation.

Exhibit 47. Median Sales Price, Toledo and Comparison Cities, December 2016 through 2021
Source: PropertyRadar 2022
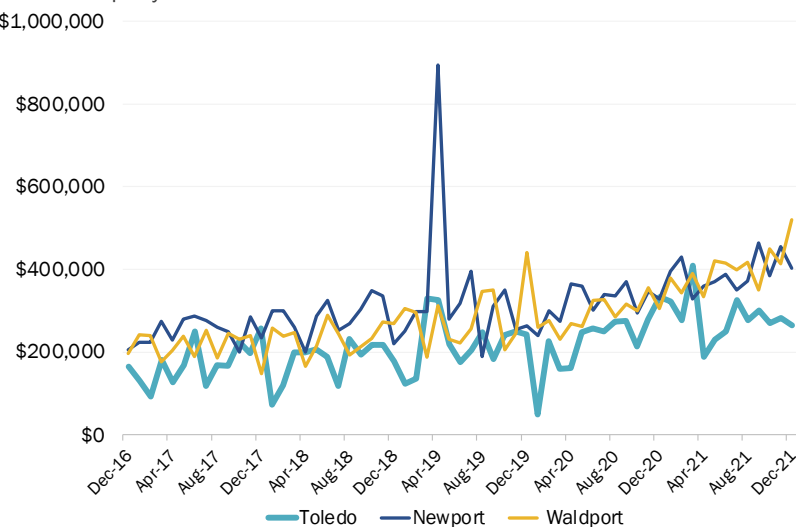
Exhibit 48 shows that, since 2000, housing costs in Toledo increased faster than incomes. The household-reported median value of a house in Toledo was 2.9 times the median household income in 2000 and 3.7 times the median household income in the 2015-2019 period.

Exhibit 48. Ratio of Median Housing Value to Median Household Income, Toledo, Lincoln County, Oregon, and Comparison Cities, 2000 to 2015-2019[43]

Source: US Census Bureau, 2000 Decennial Census (Table HCT012, H085); 2015-2019 ACS (Table B19013, B25077).

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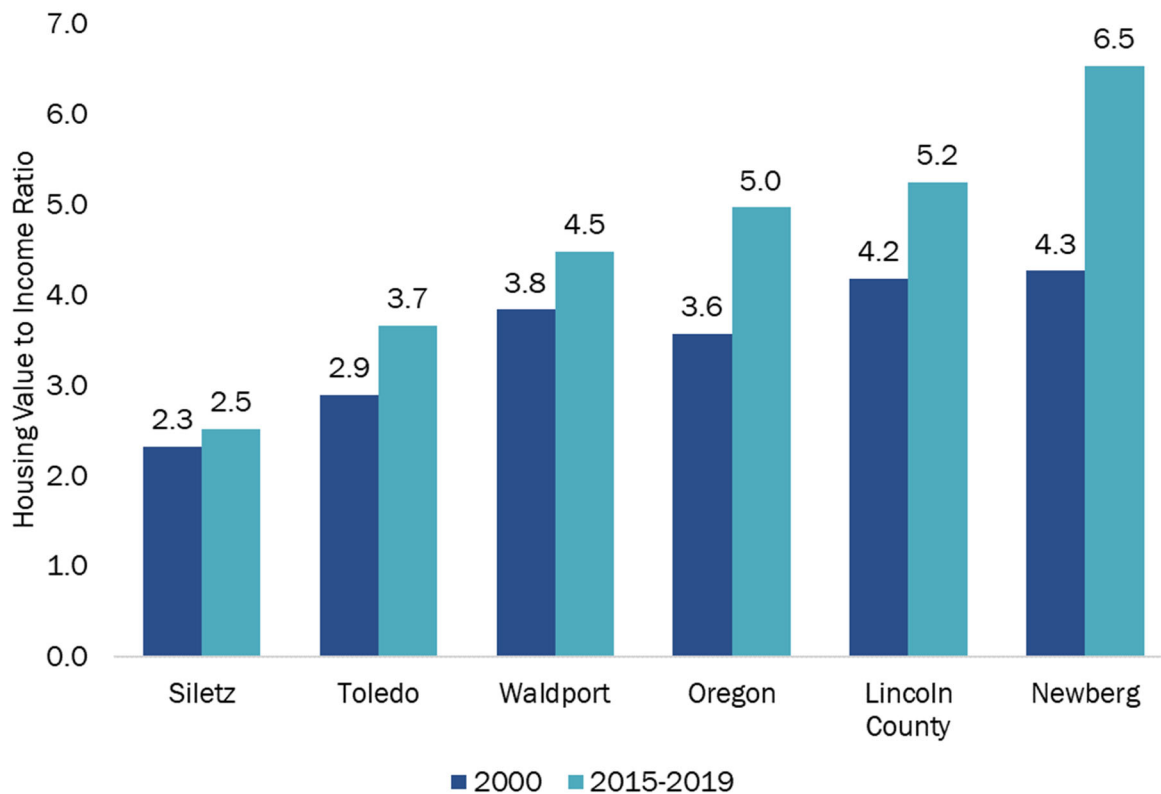
[43] This ratio compares the median value of housing in Toledo (and other places) to the median household income. Inflation-adjusted median owner values in Toledo increased from $152,688 in 2000 to $221,400 in 2015-2019, a 45 percent increase. Over the same period, inflation-adjusted median income increased from $52,717 to $60,455, a 15 percent increase.

Rental Costs

Median rental costs in Toledo were similar to costs in Lincoln County but lower than the statewide median. The charts below show gross rent (which includes the cost of rent plus utilities) based on Census data.

The median gross rent in Toledo was $949 in the 2015-2019 period.

Exhibit 49. Median Gross Rent, Toledo, Lincoln County, Oregon, and Comparison Cities, 2015-2019
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25064.
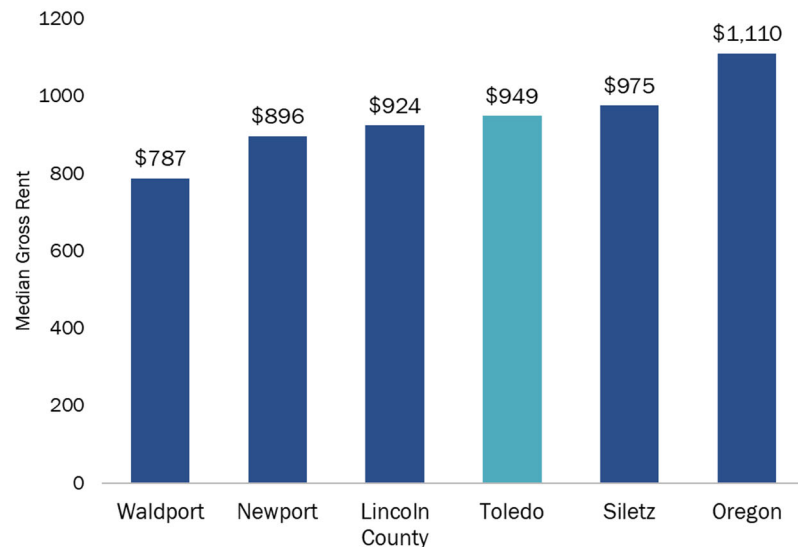
About 63 percent of renters in Toledo pay less than $1,000 per month, similarly to Lincoln County, which also had about 63 percent of renters paying less than $1,000, both higher than Oregon's 43 percent of renters.

About 19 percent of Toledo's renters pay $1,250 or more in gross rent per month, a similar share to Lincoln County but much lower than the state.

Exhibit 50. Gross Rent, Toledo, Lincoln County, and Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Table B25063.

Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development's guidelines indicate that households paying more than 30 percent of their income on housing experience "cost burden" and households paying more than 50 percent of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 36 percent of Toledo's households were cost burdened in the 2015-2019 period and 15 percent were severely cost burdened. In this period, about 49 percent of *renter* households were cost burdened or severely cost burdened, compared to 31 percent of homeowners. Overall, a larger share of households in Toledo experienced cost burden, compared to households in Lincoln County and Oregon.

Overall, about 36 percent of all households in Toledo were cost burdened.

Toledo had a similar share of cost-burdened households compared to Lincoln County and a higher share of cost-burdened households compared to the state.

Exhibit 51. Housing Cost Burden, Toledo, Lincoln County, Oregon, Other Comparison Cities, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.

City	Severely cost burdened	Cost burdened
Newport	17%	21%
Waldport	15%	24%
Toledo	15%	21%
Lincoln County	16%	20%
Oregon	15%	19%
Siletz	17%	9%

■ Severely cost burdened ■ Cost burdened
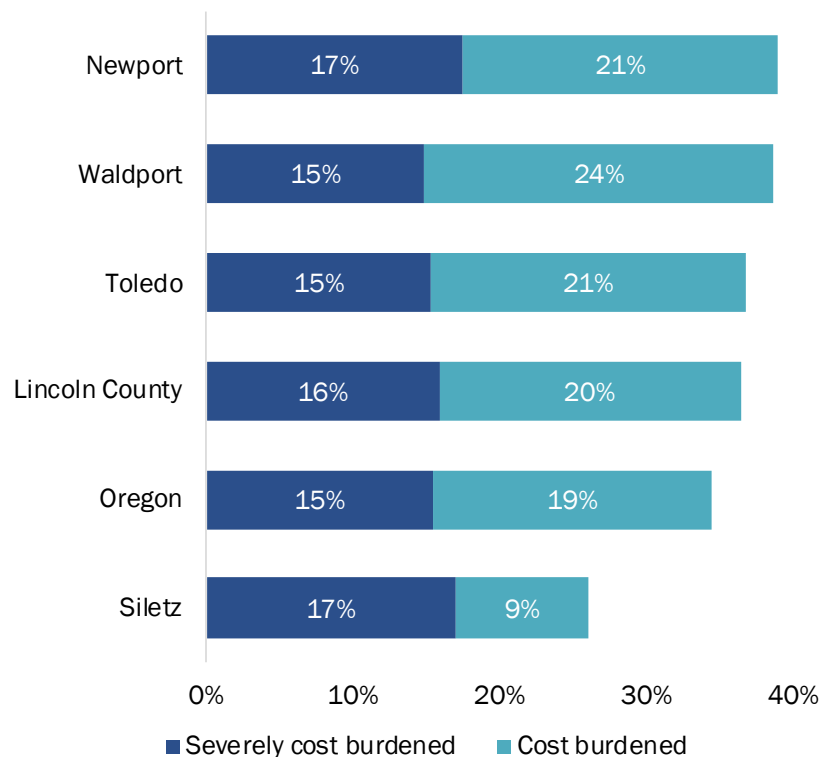
From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households grew by 5 percent in Toledo.

Exhibit 52. Change in Housing Cost Burden, Toledo, 2000 to 2015-2019
Source: US Census Bureau, 2000 Decennial Census, Tables H069 and H094 and 2015-2019 ACS Tables B25091 and B25070.
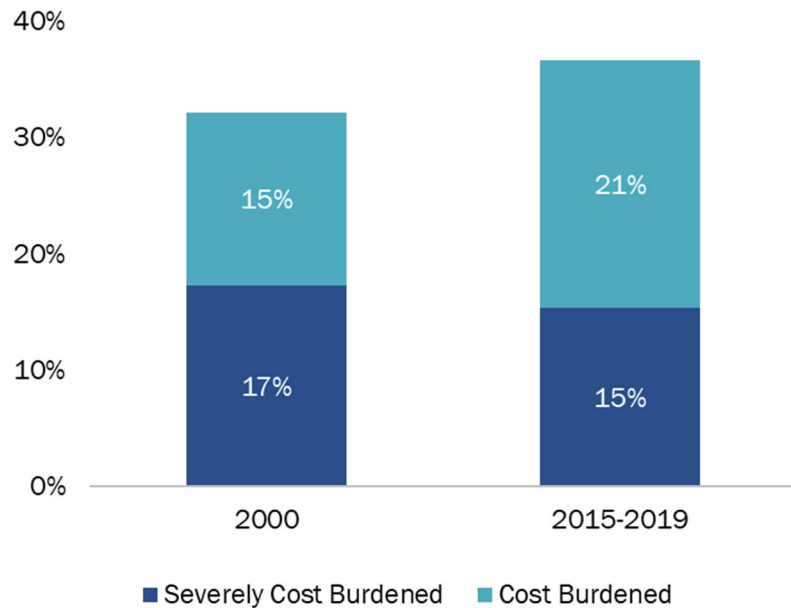
Renters are much more likely to be cost burdened than homeowners.

In the 2015-2019 period, about 40 percent of Toledo's renters were cost burdened or severely cost burdened, compared to 35 percent of homeowners.

About 21 percent of Toledo's renters were severely cost burdened (meaning they paid more than 50 percent of their income on housing costs alone).

Exhibit 53. Housing Cost Burden by Tenure, Toledo, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.
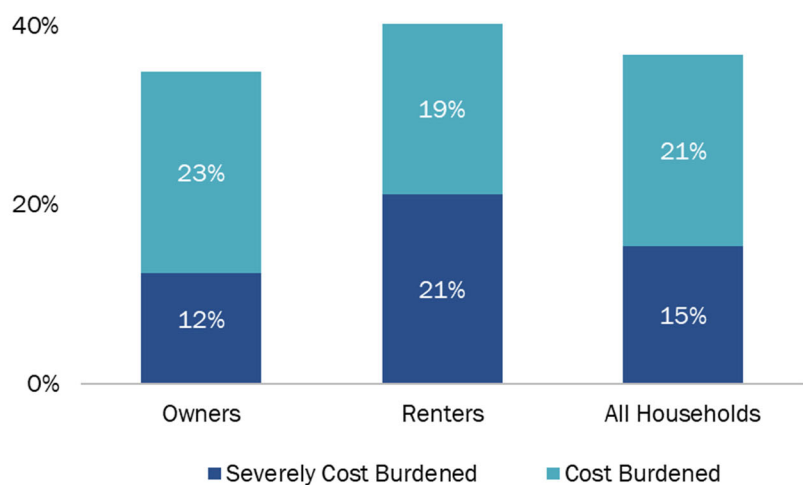
Cost burden is highest for the households with the lowest incomes.

Most households earning less than $20k are cost burdened (64 percent), compared with 21 percent of households with an income of $35k or more.

Exhibit 54. Cost-Burdened Renter Households, by Household Income, Toledo, 2015-2019
Source: US Census Bureau, 2015-2019 ACS Table B25074.

Chart: Share of Renter Households (y-axis 0% to 100%)
- Less than $20,000: Cost Burdened 16%, Severely Cost Burdened 48%
- $20,000 to $34,999: Severely Cost Burdened 100%
- $35,000 or more: Cost Burdened 21%

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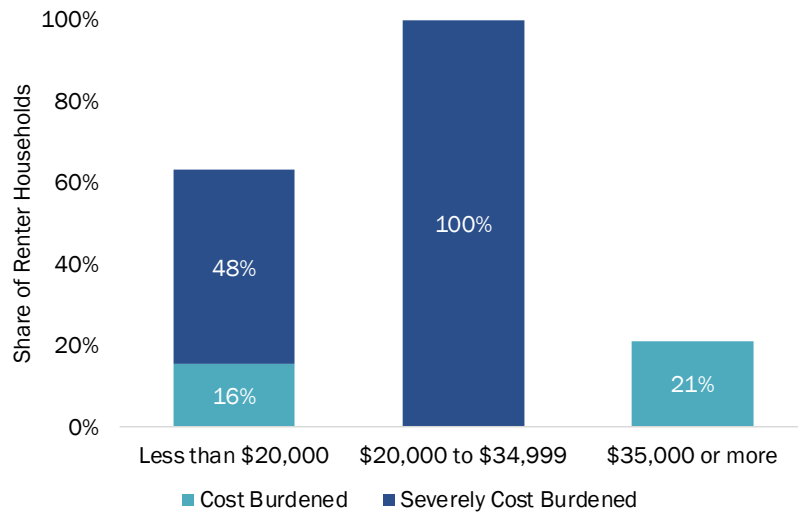
While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

▪ A household is defined as cost burdened if the housing costs exceed 30 percent of their income, regardless of actual income. The remaining 70 percent of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30 percent of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses.

▪ Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost-burden indicator.

  ▪ Cost burden does not account for debts, such as college loans, credit card debt, or other debts. As a result, households with high levels of debt may be less able to pay up to 30 percent of their income for housing costs.

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

Fair Market Rent for a 2-bedroom apartment in Lincoln County is $1,012.

Exhibit 55. HUD Fair Market Rent (FMR) by Unit Type, Lincoln County, 2021
Source: US Department of Housing and Urban Development.

$659	$812	$1,012	$1,460	$1,767
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least $19.46 per hour to afford a two-bedroom unit at Fair Market Rent ($1,012) in Lincoln County.

Exhibit 56. Affordable Housing Wage, Lincoln County, 2021
Source: ECONorthwest Analysis of data from US Department of Housing and Urban Development

$19.46 per hour
Affordable housing wage for two-bedroom unit in Lincoln County

The median family income (MFI) for Lincoln County in 2021 was $57,000 for a family of four. Exhibit 57 illustrates housing affordability at a range of incomes based on Lincoln County's MFI. A household earning median family income ($57,400) can afford a monthly rent of about $1,440 or a home roughly valued between $201,000 and $230,000. As Exhibit 58 shows, about 33 percent of Toledo's households have an income less than $28,700 (50 percent or less of MFI) and cannot afford a two-bedroom apartment at Lincoln County's Fair Market Rent (FMR) of $1,012.

To afford the average asking rent of $950, a household would need to earn about $38,000 or 66 percent of MFI. About 36 percent of Toledo's households earn less than $38,000 and cannot afford these rents. In addition, about 17 percent of Toledo's households have incomes of less than $17,220 (30 percent of MFI) and are at risk of becoming homeless.

To afford the median home sales price of $265,000 in December 2021, a household would need to earn about $75,700 or 132 percent of MFI. It is likely that some units with the average sales price of $265,000 have housing condition problems and may have costs for housing rehabilitation, making them less affordable. About 29 percent of Toledo's households have income sufficient to afford this median home sales price.

Exhibit 57. Financially Attainable Housing, by Median Family Income (MFI) for Lincoln County ($57,400), Toledo, 2021

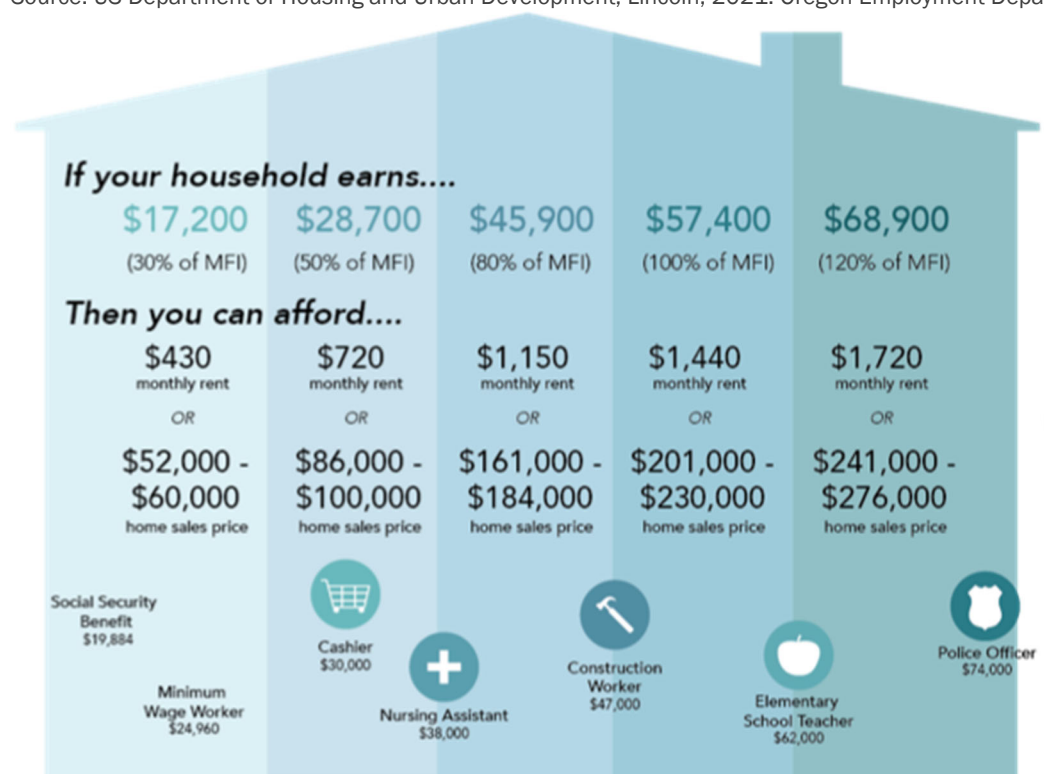Source: US Department of Housing and Urban Development, Lincoln, 2021. Oregon Employment Department.

Exhibit 58 shows that 33 percent of Toledo's households have extremely low or very low income, with incomes below $28,700. These households can afford monthly rent of $720 or less, which is below the HUD Fair Market Rent of $1,012 for a two-bedroom unit and below the median gross rent of $950. Private housing developers generally cannot build housing affordable to households in these income groups because the rents are too low to pay for the cost of development. Newly built housing for households with these incomes is generally income-restricted affordable housing, built with government subsidy.

About 13 percent of households in Toledo are low income, with incomes between $28,700 and $45,920. These households can afford rents of $720 to $1,150. The lowest-income households in this group cannot afford market-rate housing (such as HUD Fair Market Rent of $1,012 or median gross rent of $950). Other households in this income group can afford these market-rate rents. Private housing developers generally cannot build housing affordable to households in this income group because the rents are too low to pay for the cost of development. Newly built housing for households in this income group is less commonly built and generally has some form of government subsidy to make the development financially feasible.

About 20 percent of Toledo's households are middle income (with incomes between $45,920 and $68,880) and 38 percent are high income (with incomes above $68,880). These households can afford rental housing in Toledo, and some can afford the cost of homeownership (generally households with incomes above $75,700). Private housing developers can build most types of housing affordable to these income groups without government subsidy.

Exhibit 58. Share of Households by Median Family Income (MFI) for Lincoln County, Toledo, 2019
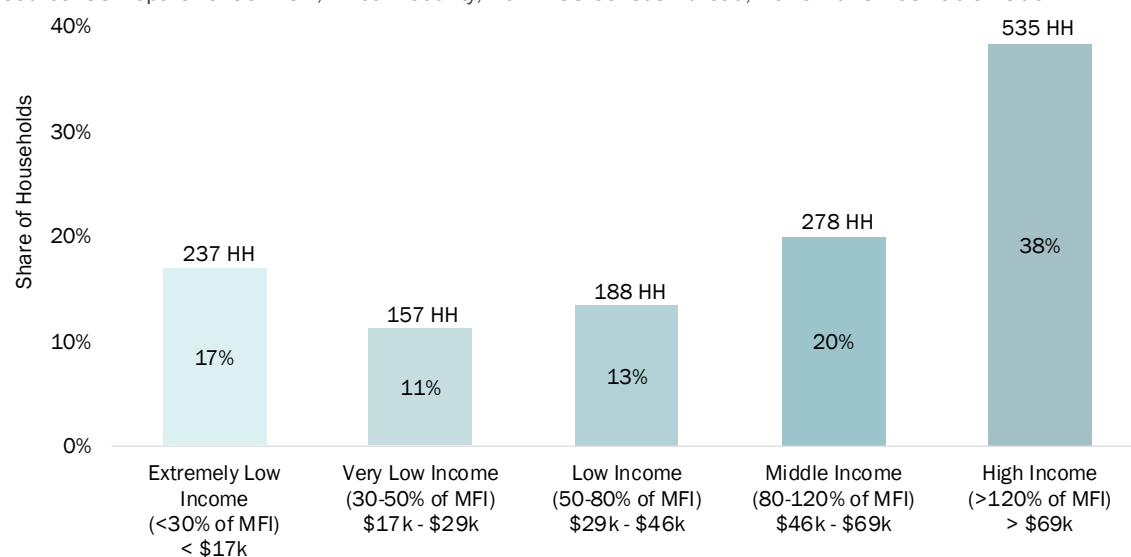Source: US Department of HUD, Lincoln County, 2021. US Census Bureau, 2015-2019 ACS Table 19001.

Exhibit 59 compares the number of households by income category with the number of units affordable to those households in Toledo. Toledo currently has a deficit of housing units for households earning 0-50 percent of the MFI (less than $28,700 per year), resulting in cost burden of these households. Contrastingly, Toledo has a surplus of units affordable to households earning 50-80 percent of the MFI ($32,600 to $52,100) who are also cost burdened. However, this becomes a slight deficit when accounting for renting down.

This indicates a deficit of more affordable housing types (such as income-restricted, existing lower-cost apartments, and manufactured housing). For households earning more than 80 percent of the MFI, some households are renting or buying down, which means they are occupying units affordable to lower-income households. These households could afford more costly housing but choose to live in less costly housing or cannot find higher-cost housing that meets their needs.

Exhibit 59. Unit Affordability by Household Income, Toledo, 2014-2018
Source: CHAS, 2014-2018, Table 18.

Unit Affordability		Household Income			
		0-50% MFI $0 to $28,700	50-80% MFI $28,701 to $45,900	80% MFI $45,901 +	Total
0-50% (Monthly housing costs of $720 or less)		130	35	40	205 *Renting/
50-80% (Monthly housing costs of $721 – $1,150)	Cost	75	59	325	459 Buying Down*
+80% (Monthly housing costs of $1,151 or more)	Burdened	118	55	548	721

Summary of the Factors Affecting Toledo's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice. While the number and interrelationships among these factors ensure that

generalizations about housing choice are difficult to make and prone to inaccuracies, it is a crucial step to informing the types of housing that will be needed in the future.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have, on average, less income than older age groups, and they are less likely to have children. These factors mean younger households are more likely to be renters, and renters are more likely to be in multifamily housing.

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate, age of the household head is correlated with household size and income, household size and age of household head affect housing preferences, and income affects the ability of a household to afford a preferred housing type. Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand. Still, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in Toledo over the next 20 years:

- **Growth in housing will be driven by growth in population.** From 2000 to 2019, Toledo's population grew by 107 people (3 percent). The population in the UGB is forecasted to grow from 3,840 to 3,872, an increase of 32 people (1 percent) between 2022 and 2042.[44]

- **Housing affordability is a growing challenge in Toledo.** Housing affordability is a challenge in most of the Central Coast region in general, and Toledo is affected by these regional trends. Housing in Toledo is generally more affordable than housing in cities along the Coast, like Newport. Housing prices are increasing faster than incomes in Toledo and Lincoln County, which is consistent with state and national challenges. Toledo has a modest supply of multifamily housing (about 12 percent of the City's housing stock), but almost half of renter households are cost burdened (40 percent). Toledo's key challenge over the next 20 years is providing opportunities for the development of relatively affordable housing of all types, such as lower-cost single-family housing, town homes, cottage housing, duplexes, triplexes, quadplexes, market-rate multifamily housing, and income-restricted affordable housing.

- **Need for affordable housing will grow with growth in nearby communities.** Nearly 30 percent of Toledo residents with jobs commute into Newport for work. It is probable that some of these residents live in Toledo because housing is more affordable in Toledo than in Newport. If Newport does not add more housing affordable to middle-income households, especially affordable to households with incomes of less than $50,000 or so, then people will continue to seek housing in Toledo as long as it is more affordable.

- **Without substantial changes in housing policy, on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that is important when trying to address demand for new housing.

   The City's residential policies can impact the amount of change in Toledo's housing market, to some degree. If the City adopts policies to increase opportunities to build smaller-scale single-

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[44] This forecast is based on Lincoln County's certified population estimate and official forecast from the Oregon Population Forecast Program for the 2021 to 2071 period, shown in Exhibit 21.

family and multifamily housing types (particularly multifamily housing that is affordable to low and moderate-income households), Toledo may begin to address unmet housing needs.

Whether that growth can keep up with the regional need for affordable housing is less clear. The City's housing development is limited in large part by the small amount of vacant unconstrained land within the UGB. The City has more than 1,000 acres of constrained land within the UGB, more than 400 acres of which is vacant and outside the city limits but within the UGB. The City could "swap" some of the vacant, constrained land within the UGB for land outside the UGB with fewer constraints and where urban services could be provided at a comparatively lower cost. If the City swaps some constrained, undevelopable land out of the UGB and brings in unconstrained more easily developable land, the City would be better able to support residential development to help address regional need for affordable housing.

- If the future differs from the past, it is likely to move in the direction, on average, of smaller units and more diverse housing types. Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for the development of smaller single-family detached homes, town homes, and multifamily housing.

Key demographic and economic trends that will affect Toledo's future housing needs are (1) the aging of baby boomers, and (2) the aging of millennials and Generation Z.

- *The baby boomer's population is continuing to age.* Household sizes decrease as this population ages. Most baby boomers are expected to remain in their homes for as long as possible, downsizing or moving when illness or other issues cause them to move.

- *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2022 and 2042, millennials and Generation Z will be key drivers of demand for housing for families with children. The ability to attract millennials and Generation Z will depend on the city's availability of renter and ownership housing that is large enough to accommodate families while still being relatively affordable.

In summary, an aging population, increasing housing costs, housing affordability concerns for millennials, and Generation Z, and other variables are factors that support the need for smaller and less expensive units and a broader array of housing choices.

5. Housing Need in Toledo

Projected New Housing Units Needed in the Next 20 Years

The results of the Housing Capacity Analysis are based on (1) the official population forecast for growth in Toledo over the 20-year planning period, (2) information about Toledo's housing market relative to Lincoln County, Oregon and nearby cities, and (3) the demographic composition of Toledo's existing population and expected long-term changes in the demographics of Lincoln County.

Forecast for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in Toledo between 2022 and 2042. The key assumptions are based on the best available data.

- **Population.** A 20-year population forecast (in this instance, 2022 to 2042) serves as the foundation for estimating needed new dwelling units. Toledo's UGB will grow from 3,840 persons in 2022 to 3,872 persons in 2042, an increase of 32 people.[45]

- **Household Size.** According to the 2015-2019 American Community Survey, the average household size in Toledo was 2.55 people. **Thus, for the 2022 to 2042 period, we assume an average household size of 2.55 persons.**

- **Vacancy Rate.** The Census defines vacancy as "unoccupied housing units [that] are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

  Vacancy rates are cyclical and represent a lag between demand and market response to demand for additional dwelling units. Vacancy rates for rental and multifamily units are typically higher than owner-occupied and single-family dwelling units.

  According to the 2015-2019 American Community Survey, Toledo's vacancy rate was 12.9 percent. **For the 2022 to 2042 period, we assume a vacancy rate of** 12.9 percent. The actual vacancy rate in Toledo, currently or in the future may be lower than 12.9 percent.

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[45] This forecast is based on Toledo UGB's official forecast from the Oregon Population Forecast Program for the 2022 to 2042 period.

Toledo will have demand for 15 new dwelling units over the 20-year period, with an annual average of 1 dwelling units.

Exhibit 60. Forecast of Demand for New Dwelling Units, Toledo UGB, 2022 to 2042
Source: Calculations by ECONorthwest.

Variable	New Dwelling Units (2022-2042)
Change in persons	32
Average household size	2.55
New occupied DU	13
times Vacancy rate	13%
equals Vacant dwelling units	2
Total new dwelling units (2022-2042)	**15**
Annual average of new dwelling units	**1**

The forecast for new housing is relatively small (15 dwelling units) because the forecast for population growth from the Oregon Population Forecast Program is small (32 new people). Toledo could (and may very well) add more housing than the 15 dwelling units over the next 20 years. Development currently under consideration includes:

- An 11-unit multifamily building by Northwest Coastal Housing and expected Spring of 2023.

- Annexation of nearly 7 acres (in the R-S zone) where the owner is considering subdividing and building single-family homes.

- Annexation of about 30 acres (now in the R-G zone) where the owner is considering selling or building single-family or multifamily housing on the approximately 15 acres west of Arcadia Drive.

- A recent three-lot partition of a parcel for the potential development of a duplex and single-family home.

- Recent partition of a city-owned lot for potential development of multifamily housing by Northwest Coastal Housing.

In Chapter 6, we discuss development potential on vacant unconstrained land within the Toledo urban growth boundary (UGB). The capacity of land within the UGB is a more likely determinant of how much Toledo may accommodate over the next 20-years, rather than the official population forecast.

Housing Units Needed Over the Next 20 Years

Exhibit 60 presents a forecast of new housing in Toledo's UGB for the 2022 to 2042 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in Toledo.

Over the next 20 years, the need for new housing developed in Toledo will generally include a wider range of housing types and housing that is more affordable. This conclusion is based on the following information, found in Chapter 3 and 4:

- Toledo's existing housing mix is predominately single-family detached. In the 2015-2019 period, 80 percent of Toledo's housing was single-family detached, 2 percent was single-family attached, 14 percent was multifamily housing (with two or more units per structure). Between 2010 and 2022, Toledo issued building permits for 74 units, of which 36 percent were single-family units (both single-family detached and attached), 30 percent were multifamily, 28 percent were manufactured homes, and 5 percent were accessory dwelling units.

- Toledo has limited opportunities for renting, with a small amount of multifamily housing in the city currently. Only 37 percent of Toledo's households are renter households. This small percentage of multifamily housing and (for a city) relatively low rates of renter households suggests that Toledo does not have enough rental units. New rental units could include many housing types, such as townhouses, cottage housing, accessory dwelling units, duplexes through quadplexes, or multifamily housing.

- Demographic changes across Toledo suggest increased demand for single-family attached housing and multifamily housing. The key demographic and socioeconomic trends that will affect Toledo's future housing needs are: commuting patterns with Newport (were more than 400 people live in Toledo and work in Newport), an aging population, increasing housing costs and housing affordability concerns for millennials and Generation Z. The implications are increased demand from smaller, older (often single-person) households and increased demand for affordable housing for families, both for ownership and rent.

- Toledo's median household income was $60,455, about $12,600 higher than Lincoln County's median. Since 2000, housing costs in Toledo increased faster than incomes. The median value of a house in Toledo was 2.9 times the median household income in 2000 and 3.7 times the median household income in the 2015-2019 period.

- About 36 percent of Toledo's households are cost burdened (paying 30 percent or more of their household income on housing costs). About 40 percent of Toledo's **renters** are cost burdened and about 35 percent of Toledo's **homeowners** are cost burdened. Cost-burden rates in Toledo are similar to those in Lincoln County.

- Toledo needs more affordable housing types for homeowners. A household earning 100 percent of Toledo's median household income ($57,400) could afford a home valued between about $201,000 and $230,000. Toledo's housing sales prices are more affordable than coastal communities nearby. The median home sales price in Toledo in was $265,000, compared with $403,000 in Newport and $520,000 in Waldport. It is likely that some units in Toledo with the

average sales price of $265,000 have housing condition problems and may have costs for housing rehabilitation, making them less affordable.

- Toledo needs more affordable housing types for renters. To afford the median gross rent of $950 a household would need to earn about $34,000 or 60 percent of MFI. About 36 percent of Toledo's households earn less than $38,000 and cannot afford these rents. In addition, about 17 percent of Toledo's households have incomes of less than $17,220 (30 percent of MFI) and are at risk of becoming homeless.

These factors suggest that Toledo needs a broader range of housing types with a wide range of price points, including new rental housing. This includes providing opportunity for the development of housing types across the affordability spectrum, such as single-family detached housing (e.g., small-lot single-family detached units, cottages, accessory dwelling units, and "traditional" single-family homes), town houses, duplexes, triplexes, quadplexes, and multifamily buildings with five or more units.

Exhibit 61 shows the forecast of needed housing in the Toledo UGB during the 2022 to 2042 period. The projection is based on the following assumptions:

- Toledo's official forecast for population growth shows that the city will add 32 people over the 20-year period. Exhibit 60 shows that the new population will result in the need for 15 new dwelling units over the 20-year period.

- The assumptions about the mix of housing (based on the discussion above) in Exhibit 61 are as follows. This represents Toledo's needed housing mix:

  - **About 65 percent of new housing will be single-family detached**, a category which includes manufactured housing. About 80 percent of Toledo's housing was single-family detached in the 2015-2019 period.

  - **About 10 percent of new housing will be single-family attached.** About 2 percent of Toledo's housing was single-family attached in the 2015-2019 period.

  - **About 25 percent of new housing will be multifamily housing of all types.** About 18 percent of Toledo's housing was duplex, triplex, and quadplex housing in the 2015-2019 period.

Toledo is forecast to grow by 15 new dwelling units over the 20-year period, 65 percent of which will be single-family detached housing.	**Exhibit 61. Forecast of Demand for New Dwelling Units, Toledo UGB, 2022 to 2042** Source: Calculations by ECONorthwest

Variable	Housing Mix
Needed new dwelling units (2022-2042)	**15**
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	65%
Total new single-family detached DU	9
Single-family attached	
Percent single-family attached DU	10%
Total new single-family attached DU	2
Multifamily	
Percent multifamily DU	25%
Total new multifamily Du	4
Total new dwelling units (2022-2042)	**15**

While the forecast for new housing is low, Toledo is likely to exceed this forecast over the next 20 years. If the mix of new housing developed in Toledo is similar to the mix in Exhibit 61, this will new housing types that may be affordable for owners and renters, which may (to *some* extent) help address housing needs for people living in coastal communities where housing is unaffordable, especially in Newport.

Exhibit 62 allocates needed housing to plan designations in Toledo. The allocation is based, in part, on types of housing allowed in zoning districts of each plan designation.

Exhibit 62 shows:

▪ Residential Single-Family (R-S)/Low-Density Residential (LDR) land will accommodate Single-family dwellings and their accessory uses, Manufactured dwellings, Duplexes (2021 update), Accessory dwelling units, Cottage Clusters and multifamily under conditional use.

▪ Residential General (R-G)/Medium-Density Residential (MDR) land will accommodate Single-family dwellings and their accessory uses. Multi-family dwelling units. Manufactured dwellings, Accessory dwelling units and Cottage Clusters.

Exhibit 62. Allocation of Needed Housing by Type and Plan Designation, Toledo UGB, 2022 to 2042
Source: ECONorthwest

Housing Type	Plan Designation / Zone		TOTAL
	Residential Single (R-S)	Residential General (R-G)	
Dwelling Units			
Single-family detached	5	4	9
Single-family attached	-	2	2
Multifamily	-	4	4
Total	**5**	**10**	**15**
Percent of Units			
Single-family detached	33%	27%	60%
Single-family attached	0%	13%	13%
Multifamily	0%	27%	27%
Total	**33%**	**67%**	**100%**

Needed Housing by Income Level

The next step in the Housing Capacity Analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on secondary data from the Census and analysis by ECONorthwest.

The analysis in Exhibit 63 is based on Census data about household income levels for existing households in Toledo. Income is distributed into market segments consistent with HUD income level categories, using Lincoln County's 2021 median family income (MFI) of $57,400. The exhibit assumes that approximately the same percentage of households will be in each market segment in the future.

This graph shows that, as Toledo's population changes, Toledo's will continue to have demand for housing across the affordability spectrum.

Exhibit 63. Future (New) Households, by Median Family Income (MFI) for Lincoln County ($57,400), Toledo, 2022 to 2042
Source: US Department of HUD, Lincoln County, 2020. US Census Bureau, 2015-2019 ACS Table 19001.
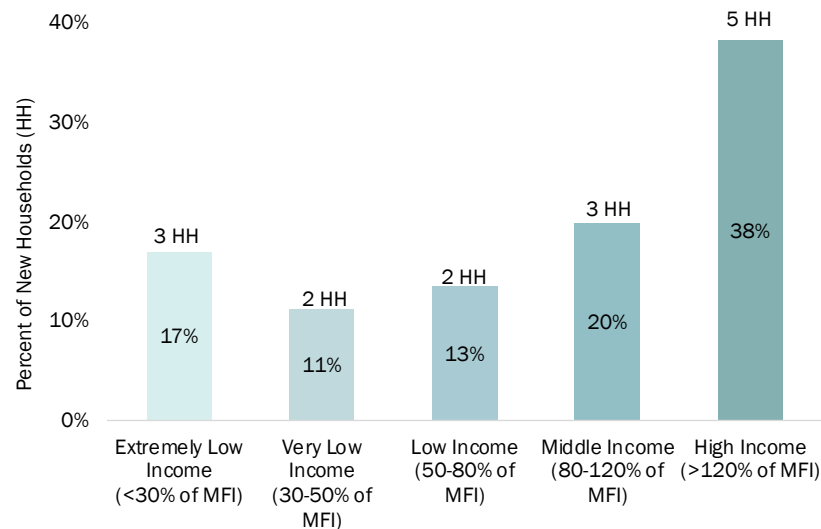
Other Housing Needs

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

- **Income-restricted and government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-family detached, apartments, etc.). Toledo allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Toledo will continue to allow government housing in all of its residential plan designations. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.

- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones, with the same development standards as market-rate housing. This analysis assumes that Toledo will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.

- **Manufactured housing on lots.** Toledo allows manufactured homes in all of its residential plan designations and zoning districts.

- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon

Housing and Community Services' Manufactured Dwelling Park Directory,[46] Toledo has 1 manufactured home park within the city, with 29 spaces, located in the commercial zone.

- ORS 197.480(2) requires Toledo to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development.

- Exhibit 60 shows Toledo will grow by 15 dwelling units over the 2022 to 2042 period.

- Analysis of housing affordability shows that about 28 percent of Toledo's new households will be considered very low or extremely low income, earning 50 percent or less of the region's median family income. One type of housing affordable to these households is manufactured housing. Manufactured housing accounts for about 9 percent (about 132 dwelling units) of Toledo's current housing stock. At 9 percent of all housing, Toledo may have 1 new manufactured unit over the planning period based on the forecast.

- The households most likely to live in manufactured homes in parks are those with incomes between $17,200 and $28,700 (30 percent to 50 percent of MFI), which includes 11 percent of Toledo's households. However, households in other income categories may live in manufactured homes in parks.

- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few new manufactured home parks have opened in Oregon. This suggests that the development of new manufactured home parks in Toledo is unlikely. However, they provide an important opportunity for affordable housing for homeownership. Preserving existing manufactured home parks and allowing smaller manufactured units in manufactured home parks are important ways to provide opportunities for affordable, lower-cost homeownership opportunities.

- The forecast of housing assumes that no new manufactured home parks will be opened in Toledo over the 2022-2042 period. ORS 197.480(1) requires that cities allow manufactured home parks in areas planned and zoned for residential density of 6 to 12 dwelling units per acre. Toledo allows manufactured home parks as a conditional use in the R-S and R-G zones. We recommend that Toledo allow manufactured home parks as an outright use in the R-G zone, to comply with ORS 197.480.

- If Toledo needed another manufactured home park similar to the size of the existing one (about 30 units of capacity), at about 8 dwelling units per acre, that would require about four acres of land. The City has sufficient land capacity to accommodate that need but many vacant residential sites in Toledo are sloped, which could cause difficulty in finding a relatively flat site.

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[46] Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, http://o.hcs.state.or.us/MDPCRParks/ParkDirQuery.jsp

- While there is statewide regulation of manufactured home parks closures designed to lessen the financial difficulties of closures for park residents,[47] the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential development to allow for the development of new, relatively affordable housing.

In addition to these required housing types, this section also addresses housing for people with disabilities and housing for people experiencing homelessness.

- **Housing for People with Disabilities.** Housing for people with disabilities can apply to all housing types, with the same development standards as market-rate housing. It can also apply to other residential/group living uses (such as nursing homes, residential care homes or facilities, or room and boarding facilities) as well as government-subsidized housing (including units that are population restricted). Broadly, housing options for people with disabilities include (1) living in housing independently (alone or with roommates/family), (2) living in housing with supportive services (e.g., with help from a live-in or visiting caregiver), or (3) living in housing in a supervised residential setting. Meeting the housing needs for people with disabilities will require addressing affordability issues, as well as ensuring that people with disabilities have access to housing that addresses their disability without discrimination.

- **Housing for People Experiencing Homelessness.** Meeting the housing needs of people experiencing homelessness ranges from emergency shelter, transitional housing, and permanent supportive housing (including supportive housing with services) and improved access to an affordable unit (including rent and utility assistance). Persons experiencing homelessness or those at risk of becoming homeless will require assistance with addressing individual, complex barriers to improve long-term housing stability.

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[47] ORS 90.645 regulates rules about the closure of manufactured dwelling parks. It requires that the landlord must give at least one year's notice of park closure and pay tenants between $5,000 and $9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

6. Residential Land Sufficiency in Toledo

This chapter presents an evaluation of the sufficiency of vacant residential land in Toledo to accommodate expected residential growth over the 2022 to 2042 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Toledo's ability to accommodate needed new housing units for the 2022 to 2042 period, based on the analysis in the Housing Capacity Analysis. The chapter ends with a discussion of the conclusions of the Housing Capacity Analysis.

Capacity Analysis

The buildable lands inventory summarized in Chapter 2 provides a *supply* analysis (buildable land by type), and Chapter 5 provided a *demand* analysis (population and growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to calculate estimates of supply and demand into common units of measurement to allow their comparison: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: It estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[48] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

Toledo Capacity Analysis Results

The estimate of capacity for new housing on Toledo's vacant land starts with assumptions about likely future development densities. Exhibit 64 shows densities for future development in Toledo by zone, starting with the average net density. Then Exhibit 64 converts between net acres and gross acres to account for land needed for rights-of-way based on empirical analysis of existing rights-of-way by zone in Toledo in areas with existing residential development.

- **Residential Single (R-S):** Exhibit 64 assumes an average density of 5.6 dwelling units per net acre, assuming that future development will occur at about 80 percent of the maximum allowed density (7.0 dwelling units for 6,000 square foot lots). This assumption is consistent with development in Toledo over the last few years. In areas with existing residential development,

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

about 23 percent of land is in rights-of-way, resulting in a future density of 4.3 dwelling units per gross acre.

- **Residential General (R-G):** Exhibit 64 assumes an average of 15.0 dwelling units per net acre, based on allowable densities, which are a maximum of about 18 dwelling units per acre, accounting for development standards in Toledo. This density assumes that development will occur around 80 percent of maximum allowed density, consistent with development under discussion in Toledo. In areas with existing residential development, about 26 percent of land is in rights-of-way resulting in a future density of 11.1 dwelling units per gross acre.

- **Low-Density Residential:** Uses the assumptions for R-S, assuming that these areas will be zoned R-S when annexed into the city limits.

- **Medium-Density Residential:** Uses the assumptions for R-G, assuming that these areas will be zoned R-G when annexed into the city limits.

Future planned residential densities vary by zone based on existing development standards and densities for recent development proposals.

Exhibit 64. Future Density for Housing Built in the Toledo UGB, 2022 to 2042

Source: ECONorthwest. Note: DU is dwelling unit.

Plan Designation/Zone	Avg. Net Density (DU/net acre)	% for Rights-of-Way	Avg. Gross Density (DU/gross acre)
Within City Limits			
Residential Single (R-S)	5.6	23%	4.3
Residential General (R-G)	15.0	26%	11.1
Within UGB, Beyond City limits			
Low Density Residential	5.6	23%	4.3
Medium Density Residential	15.0	26%	11.1

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the densities shown in Exhibit 64. Exhibit 65 shows that **Toledo** has **42.8 acres of vacant or partially vacant residential land to accommodate dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in plan designations that allow residential uses outright, as shown in Exhibit 8.

- **Future densities.** The capacity analysis assumes development will occur at needed densities. Those densities were derived from the needed densities shown in Exhibit 64.

The estimate of capacity on buildable land in Exhibit 65 uses average densities by plan designation. Based on these assumptions, Toledo's development has capacity to accommodate 245 new dwelling units, with about 54 percent of Toledo's capacity in areas outside the city limits but within the UGB.

Exhibit 65. Estimate of Capacity on Buildable Land, Toledo UGB, 2022 to 2042

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Plan Designation/Zone	Total Unconstrained Buildable Acres	Density Assumption (DU/Gross Acre)	Capacity (Dwelling Units)
Within City Limits			
Residential Single (R-S)	7.4	4.3	31
Residential General (R-G)	7.4	11.1	82
Within UGB, Beyond City limits			
Low Density Residential	26.0	4.3	111
Medium Density Residential	2.0	11.1	21
Total	**42.8**	**5.7**	**245**

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Toledo is to compare the demand for housing by plan designation (Exhibit 62) with the capacity of land by plan designation (Exhibit 65).

Exhibit 66 shows that Toledo *has* sufficient land to accommodate housing development in each of its residential plan designations. Toledo has capacity for 245 dwelling units and demand for 15 dwelling units. The result is that Toledo has a surplus of capacity for housing, beyond the forecast of housing growth over the next 20 years of about 230 dwelling units. The largest surpluses are in the UGB Low-Density Residential and Toledo General Residential plan designations.

Exhibit 66. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Toledo UGB, 2022 to 2042

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Plan Designation/Zone	Capacity (Dwelling Units)	Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)	Land Sufficiency (Acres)
Within City Limits				
Residential Single (R-S)	31	5	26	5
Residential General (R-G)	82	10	72	5
Within UGB, Beyond City limits				
Low Density Residential	111	-	111	20
Medium Density Residential	21	-	21	1
Total	**245**	**15**	**230**	**31**

Conclusions

The key findings and conclusions of the Toledo's Housing Capacity Analysis are that:

- **Toledo's population is forecast to grow slower than in the past.** Toledo UGB is forecast to grow from 3,840 people in 2022 to 3,872 people in 2042, an increase of 32 people. This population growth will occur at an average annual growth rate of 1 percent. The growth of 32 people will result in the demand for 15 new dwelling units over the 20-year planning period, averaging 1 new dwelling unit annually. Development proposal under consideration and recent annexations of land suggest that Toledo may grow considerably faster than the forecast of growth.

- **Toledo's needed housing mix is for an increase in housing affordable to renters and homeowners, with more attached and multifamily housing types.** Historically, about 80 percent of Toledo's housing was single-family detached. While 65 percent of new housing in Toledo is forecast to be single-family detached, the City will also need to provide opportunities for the development of new single-family attached housing 10 percent of new housing), and multifamily structures with 5 or more units (25 percent of new housing). Toledo is able to meet its needed housing mix based on these assumptions.

  - The factors driving the shift in types of housing needed in Toledo include changes in demographics, commuting trends, and need for housing that is affordable. These trends drive need for a wider range of housing such as single-family detached housing, accessory dwelling units, town houses, cottage housing, duplexes, triplexes, quadplexes, and multifamily structures.

    Without diversification of housing types and the development of housing affordable to households with incomes below 80 percent of MFI ($45,920), lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. About 36 percent of Toledo's households are cost burdened (paying more than 30 percent of their income on housing), including a cost burden rate of 40 percent for renter households.

- **Toledo provides housing that is comparatively affordable relative to cities like Newport and Waldport.** About 32 percent of people who live in Toledo work in Newport, accounting for about 560 workers. Housing prices are considerably lower in Toledo (median of $265,000) compared to Newport ($403,000) or Waldport ($520,000). To the extent that more housing (especially rental housing) can be built in Toledo, especially more housing than the forecast, Toledo can provide a more affordable place to live, especially for service workers in Newport and other coastal areas.

- **Toledo has a need for additional housing affordable to lower and middle-income households.** Toledo has a need for additional housing affordable to households with extremely low incomes and very low incomes, people experiencing homelessness, and households with low and middle incomes. These households generally have incomes below 80 percent of MFI ($45,920). These needs include existing unmet housing needs and likely housing needs for new households over the 20-year planning period.

- About 28 percent of Toledo's households have extremely low incomes or very low incomes, with household incomes below $28,700. At most, these households can afford $720 in monthly housing costs. Median gross rent in Toledo was $950 in the 2015-2019 period and has increased since. Development of housing affordable to these households (either rentals or homes for sale) rarely occurs without government subsidy or other assistance. Meeting the housing needs of extremely low–income and very low–income households will be a significant challenge.

- About 33 percent of Toledo's households have low or middle incomes, with household incomes between $28,700 and $68,900. These households can afford between $720 to $1,440 in monthly housing costs. Households at the lower end of this income category may struggle to find affordable rental housing, especially with growing costs of rental housing across Coastal Oregon. Some of the households in this group are likely part of the 36 percent of all households that are cost burdened. Development of rental housing affordable to households in this income category (especially those with middle incomes) can occur without government subsidy, but the City's zoning code will need to provide opportunities for the development of a wider range of housing types in more places to accommodate more of this type of housing.

  Middle-income households may be able to purchase owner-occupied housing at Toledo's median home sales price of $265,000. Unless there are opportunities to build new housing at lower costs, homeownership opportunities for households in this income category may be limited to existing housing.

- **Toledo has enough land within its UGB to accommodate the forecast for growth between 2022 and 2042.** Toledo has a surplus of capacity in all of its plan designations that can accommodate housing outright. The largest surplus of capacity is in Low-Density Residential, which has capacity for nearly 111 units beyond the forecast for the 20-year period. Toledo also has a surplus in General, Single-Family Residential, and Medium-Density Residential designations.

- **Toledo's residential land base is heavily constrained and is a barrier to housing development.** Constraints in Toledo include floodplains, steep slopes, and areas susceptible to landslides, and areas constrained by estuaries, wetlands, or tsunami inundation zones. Within the UGB but outside of the city limits, there about 420 acres of *vacant and constrained* land in the Low-Density and Medium-Density residential zones. This large amount of vacant land that is constrained land makes it difficult for Toledo to support housing development, because there is so little land that is easily developable and less costly to serve.

- **Toledo's vacant land includes areas that are costly to serve with infrastructure such as water or wastewater service.** Multiple vacant unconstrained areas within Toledo lack urban infrastructure and will be costly to serve. These include areas within the city limits and areas within the UGB but outside of city limits. For example, the proposed development on Sturdevant Rd (north of the Elementary School) will require connection to wastewater service that will require a pump station (because of topography), which may have a substantial cost.

- **Commercial areas may provide opportunities for development of new housing, especially multifamily housing.** Development of new multifamily housing in downtown and in commercial

areas is a conditional use, which requires special effort to get approval. Some areas zoned for commercial use are in areas that were developed as residential neighborhoods. Toledo could support housing development in downtown and commercial areas by allowing some housing types to develop in downtown and other commercial areas. In addition, Toledo has underutilized commercial buildings, where the second floor could be converted to residential uses, which can be a complex process. Some issues include ensuring there is needed ingress and egress to the new housing (as well as the building), accessibility requirements, public safety requirements (e.g., required sprinklers or addressing fire code violations), poor building condition, and other issues. Toledo could work with an existing building owner to address these issues, or the City could purchase the building and address these issues directly.

Appendix A: Residential Buildable Lands Inventory

The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008. This appendix describes the methodology that ECONorthwest used for this report, based on 2022 data. The results of the BLI are discussed in Chapter 2.

Overview of the Methodology

Following are the statutes and administrative rules that provide guidance on residential BLIs:

> *OAR 660-008-0005(2):*
>
> *"Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available, and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered "suitable and available" unless it:*
>
> > *(a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
> >
> > *(b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17, or 18;*
> >
> > *(c) Has slopes of 25 percent or greater;*
> >
> > *(d) Is within the 100-year flood plain; or*
> >
> > *(e) Cannot be provided with public facilities.*

Inventory Steps

The BLI consists of several steps:

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

Step 1: Generate "land base"

Per Goal 10 this involves selecting all of the tax lots in the Toledo UGB with plan designations that allow residential uses. Plan designations included in the residential inventory include:

- City limits
  - Residential Single
  - Residential General
  - Commercial
- Urban Growth Boundary
  - Low-Density Residential
  - Medium-Density Residential
  - Commercial

Exhibit 67 shows the residential plan designations included in the BLI.

Exhibit 67. Residential Land Base by Plan Designation, Toledo UGB, 2022
Source: Lincoln County, ECONorthwest analysis.
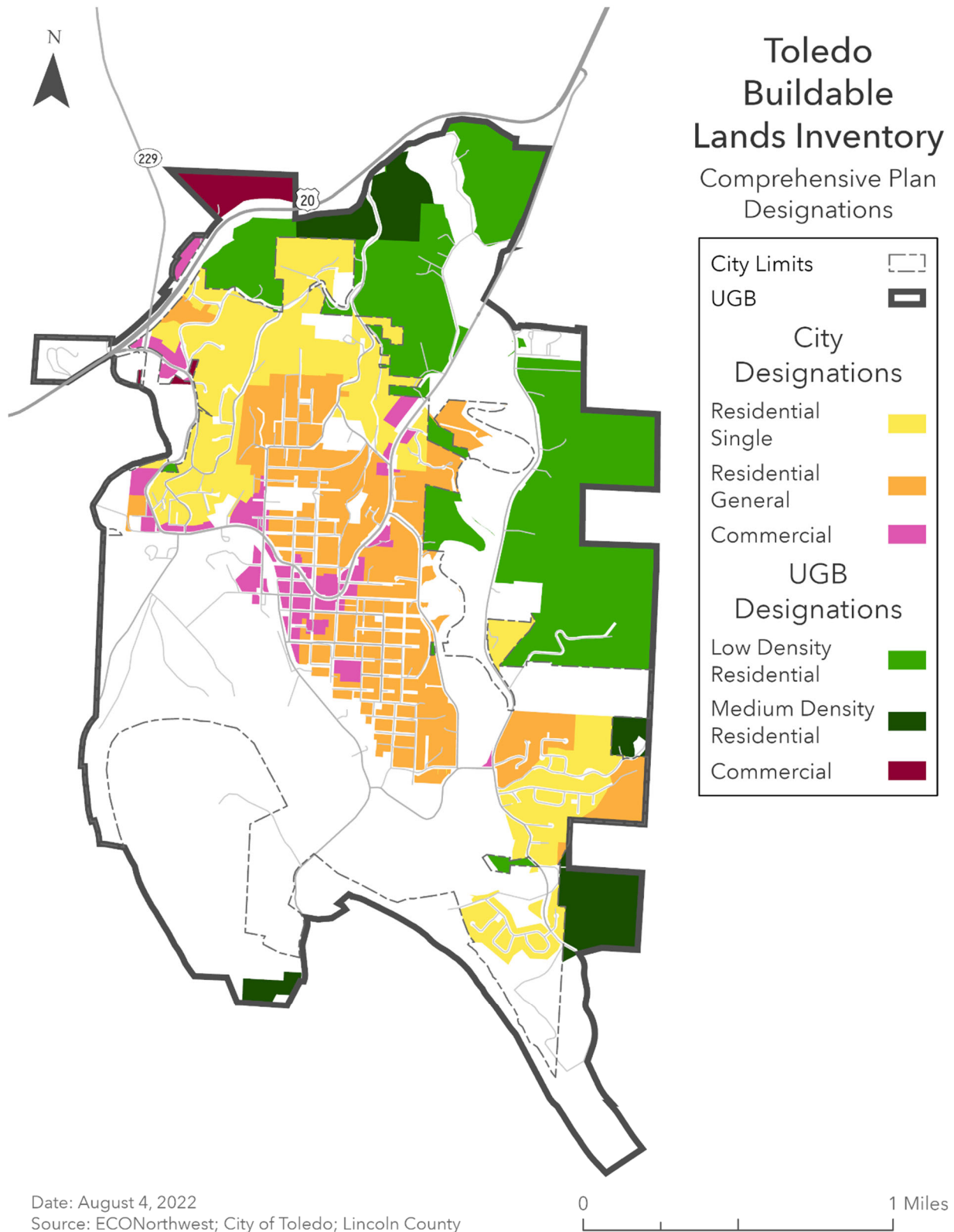
Step 2: Classify lands

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

- Vacant land
- Partially vacant land
- Undevelopable land
- Public land
- Developed land

ECONorthwest initially identified buildable land and classified development status using a rule-based methodology consistent with the DLCD Residential Lands Workbook and applicable administrative rules. The rules are described below in Exhibit 68.

Exhibit 68. Rules for Development Status Classification

Vacant Land	Tax lots that have no structures or have buildings with very little improvement value. For the purpose of this inventory, lands with improvement values of less $10,000 will be considered vacant (not including lands that are identified as having mobile homes).	OAR 660-008-0006(2) (2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available, and necessary for residential uses. Publicly owned land is generally not considered available for residential uses.
Partially Vacant Land	Partially vacant tax lots can use safe harbor established in State statute: *The infill potential of developed residential lots or parcels of one-half acre or more may be determined by subtracting one-quarter acre (10,890 sq. ft) for the existing dwelling and assuming that the remainder is buildable land;*	OAR 660-024-0050 (2)(a)
Undevelopable Land	Vacant taxlots less than 3,000 square feet in size are considered undevelopable.	No statutory definition
Public Land	Lands in public is considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership. In addition, we recommend including land for cemeteries in this category.	OAR 660-008-0005(2) — Publicly owned land is generally not considered available for residential uses.

Developed Land	Land that is developed at densities consistent with zoning and improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant, partially vacant, undevelopable, or public or exempt are considered developed.	No statutory definition	

Step 3: Identify constraints

Consistent with OAR 660-008-0005(2) guidance on residential buildable lands inventories, ECONorthwest deducted certain lands with development constraints from the BLI. We used the following constraints, as listed in Exhibit 69.

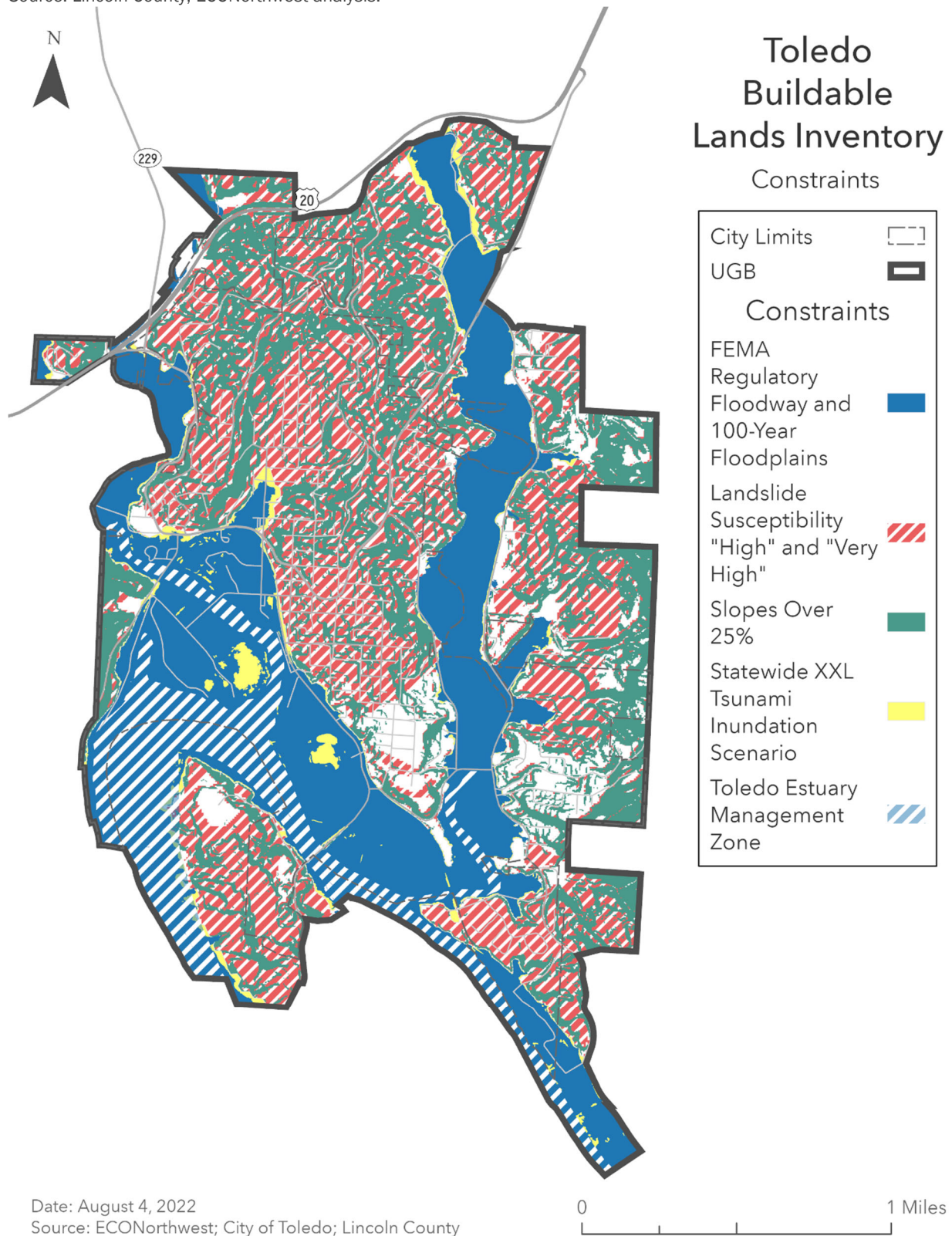**Exhibit 69. Constraints to be Included in BLI**

Estuary Management Zone	OAR 660-015-0000(5)	Per Toledo Riparian Corridor Ordinance	City of Toledo
Regulatory Floodway	OAR 660-008-0005(2a)	Lands within FEMA FIRM identified floodway	FEMA via National Map
100-Year Floodplain	OAR 660-008-0005(2d)	Lands within FEMA FIRM 100-year floodplain	FEMA via National Map
Steep Slopes	OAR 660-008-0005(2c)	Slopes greater than 25%	Oregon Department of Geology and Mining Industries
Landslide Hazards	OAR 660-008-0005(2a)	High or Very High Landslide Susceptibility	Oregon Department of Geology and Mining Industries
Tsunami Inundation Zone	OAR 660-008-0005(2a)	XXL Scenario	Oregon Department of Geology and Mining Industries

We treated these areas as prohibitive constraints (unbuildable) as shown in Exhibit 70. All constraints were merged into a single constraint file, which was then used to identify the area of each tax lot that is constrained. These areas were deducted from lands that are identified as vacant or partially vacant.

Lack of access to water, sewer, power, road, or other key infrastructure cannot be considered a prohibitive constraint unless it is an extreme condition. This is because tax lots that are currently unserviced could potentially become serviced over the 20-year planning period.

Exhibit 70. Residential Development Constraints, Toledo UGB, 2022
Source: Lincoln County, ECONorthwest analysis.

Toledo
Buildable
Lands Inventory
Constraints

Constraints	
City Limits	
UGB	
Constraints	
FEMA Regulatory Floodway and 100-Year Floodplains	
Landslide Susceptibility "High" and "Very High"	
Slopes Over 25%	
Statewide XXL Tsunami Inundation Scenario	
Toledo Estuary Management Zone	

Date: August 4, 2022
Source: ECONorthwest; City of Toledo; Lincoln County

0   1 Miles

Step 4: Verification

ECONorthwest used a multistep verification process. The first verification step involved a "rapid visual assessment" of land classifications using GIS and recent aerial photos. The rapid visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECONorthwest reviewed all tax lots included in the inventory using the rapid visual assessment methodology.

City staff and ECONorthwest performed multiple additional rounds of verification, such as the verification about partially vacant land described in Exhibit 68, which involved verifying the development status determination and the results of the rapid visual assessment. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

Step 5: Tabulation and mapping

The results are presented in tabular and map format. We included a comprehensive plan map, the land base by classification, vacant and partially vacant lands by plan designation, and vacant and partially vacant lands by plan designation with constraints showing.

Appendix B: Summary of Feedback from the Online Open House

ECONorthwest developed a virtual open house for the City of Toledo to distribute to residents and other local stakeholders.

The open house included background information on Toledo's housing trends and summarized Toledo's housing supply forecast for the 20-year period. The open house also included a series of survey questions about living, home affordability, and housing types needed in Toledo. This memorandum includes summaries of the responses.

The virtual open house was available through an online presentation website with survey questions available in an online form. The website was available for the community to review and answer the survey questions for about five weeks, starting at the beginning of August and ending September 19. Seven community members participated in the open house, with responses to survey questions ranging between about four and seven responses.

Exhibit 71 shows what qualities of life respondents' value most as residents of Toledo. When summing "valuable" and "most valuable" response rates by each quality, respondents most valued safety of neighborhoods and housing options (100 percent), followed by natural areas (86 percent), opportunities to participate in community matters (86 percent), and availability of medical services (86 percent). Religious or spiritual activities had the highest response rate of "unimportant" (14 percent).

Exhibit 71. What Characteristics of Quality of Life in Toledo Are Most Important to You?
Note: If the percent share for a response category was less than 5%, we did not report the value in the chart.

N = 7

Legend: ■ Unimportant ■ Neither Unimportant nor Important ■ Important ■ Not Applicable
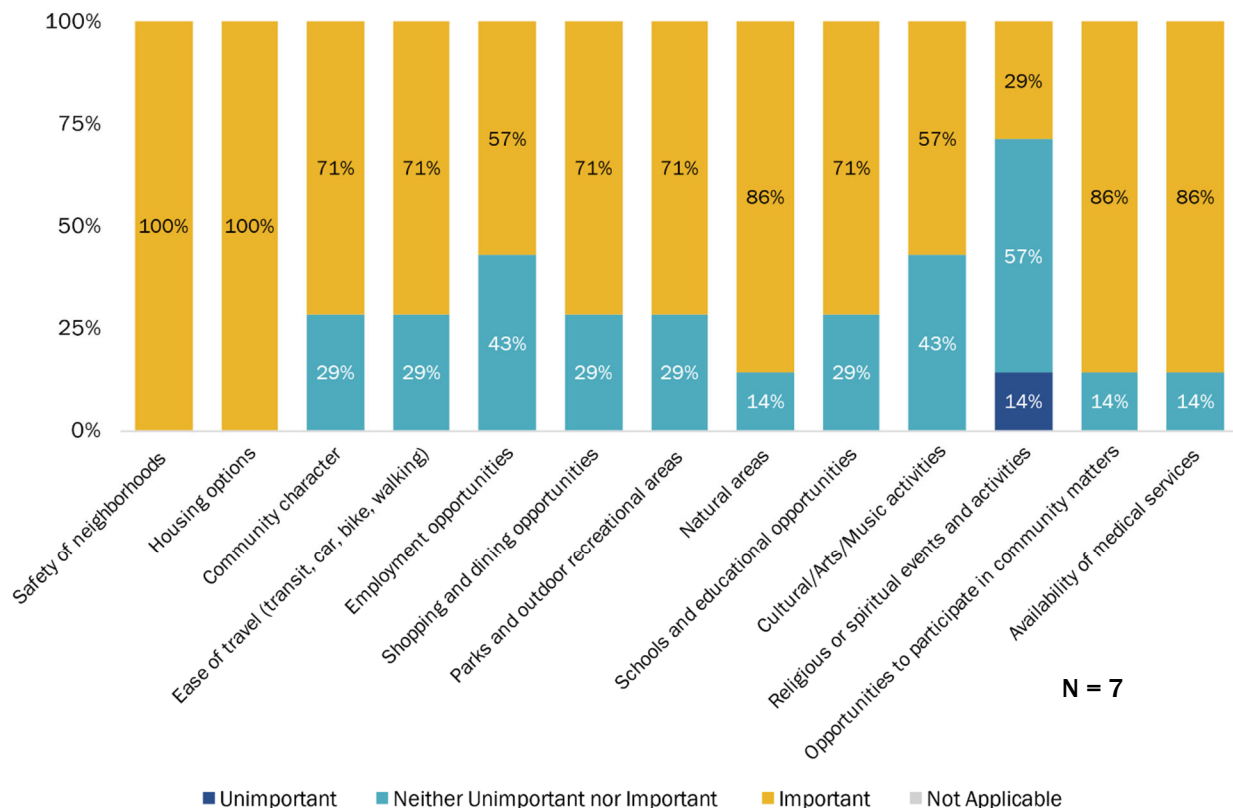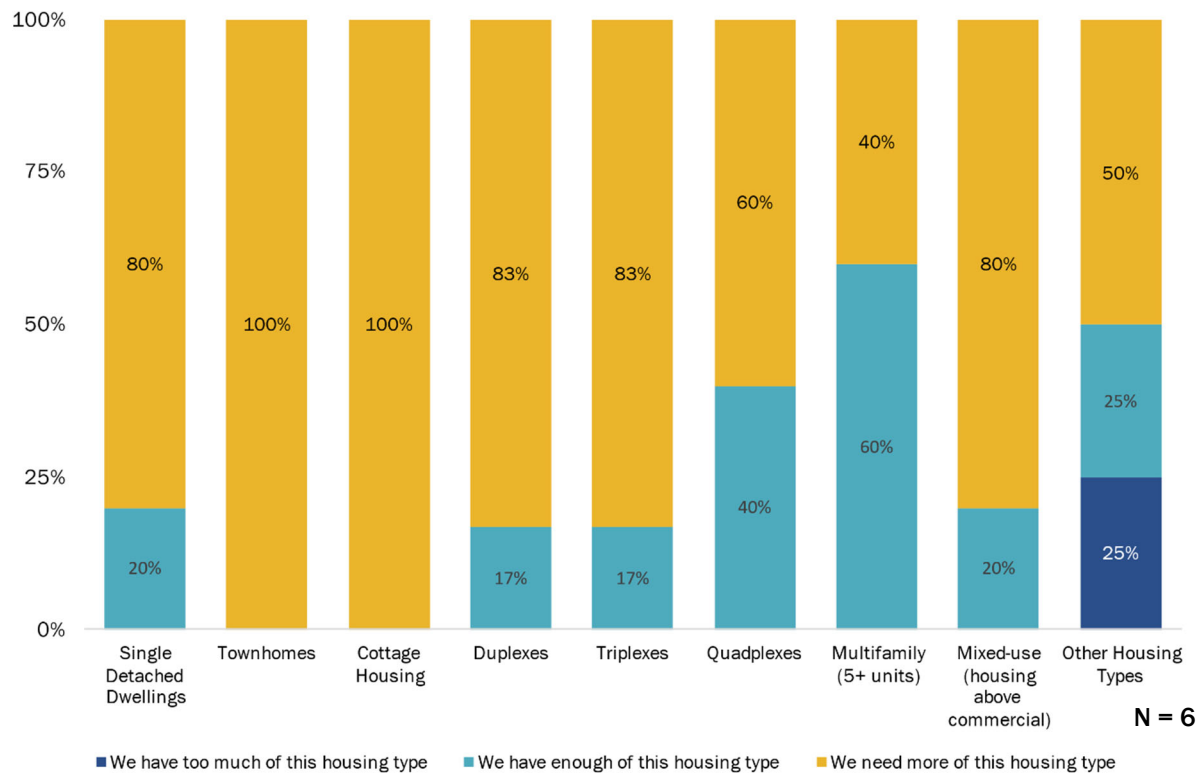
About half of those surveyed live in single-family detached households as seen in Exhibit 72. A quarter live in single-family attached households, while the remaining quarter live in manufactured housing.

**Exhibit 72. What Are Your Current Housing Circumstances?**
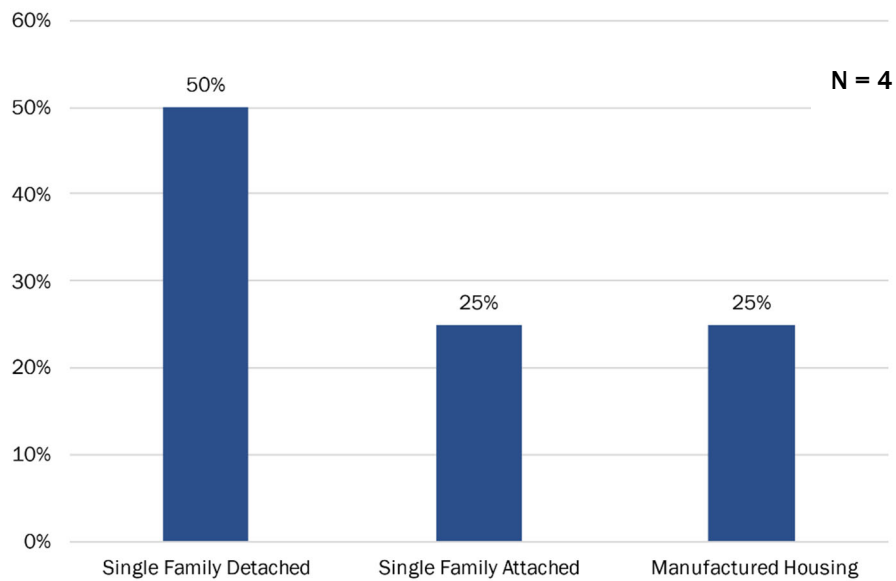
As shown in Exhibit 73, the most requested new housing types were townhomes (100 percent) and cottage housing (100 percent), followed by duplexes (83 percent), triplexes (83 percent), and single detached dwellings (80 percent) and mixed-used (80 percent).

Exhibit 73. What Housing Types Do You Think Toledo Needs More of?

N = 6

■ We have too much of this housing type   ■ We have enough of this housing type   ■ We need more of this housing type

The survey asked respondents what housing issues they were most concerned with in Toledo. As shown in Exhibit 74, the most concerning issues for those surveyed were cost of homeownership/buying a home (80 percent very concerned) and housing availability (80 percent very concerned), followed by cost of rent (60 percent), variety of housing types available (60 percent), and variety of housing sizes available (60 percent).

Exhibit 74. What Housing Issues Are You Most Concerned With in Toledo? (Choose level of concern for each issue.)

N = 5

Legend: ■ Not at all concerned ■ Neutral/No opinion ■ Somewhat concerned ■ Very concerned
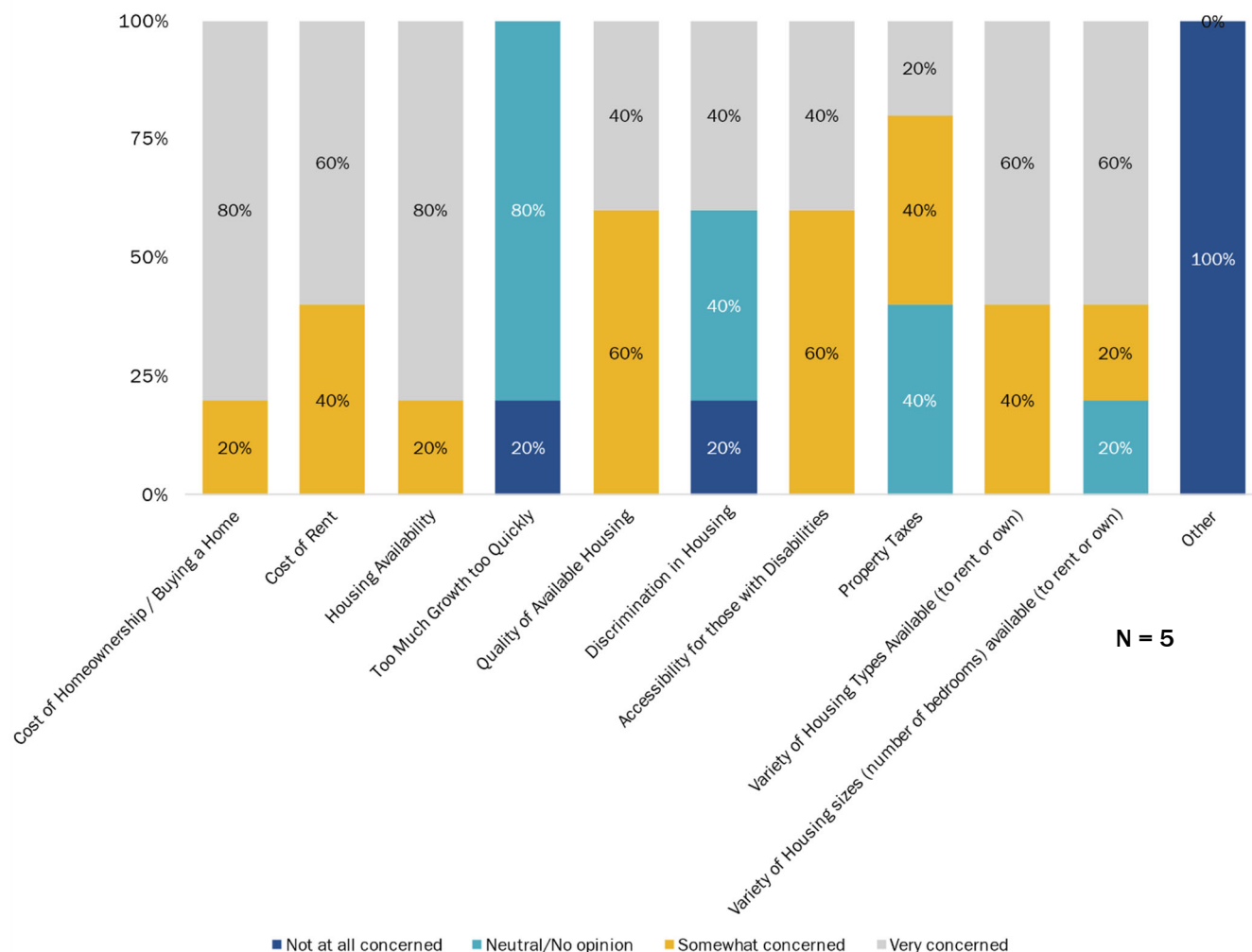
As shown in Exhibit 75, survey respondents indicated that the City of Toledo should prioritize supporting the development of more housing affordable at all income levels (83 percent) over allowing more housing development in downtown and in commercial areas (60 percent) or working with owners of residential land to identify and eliminate barriers that prevent development (17 percent).

Exhibit 75. How Should Toledo Prioritize its Housing policies?
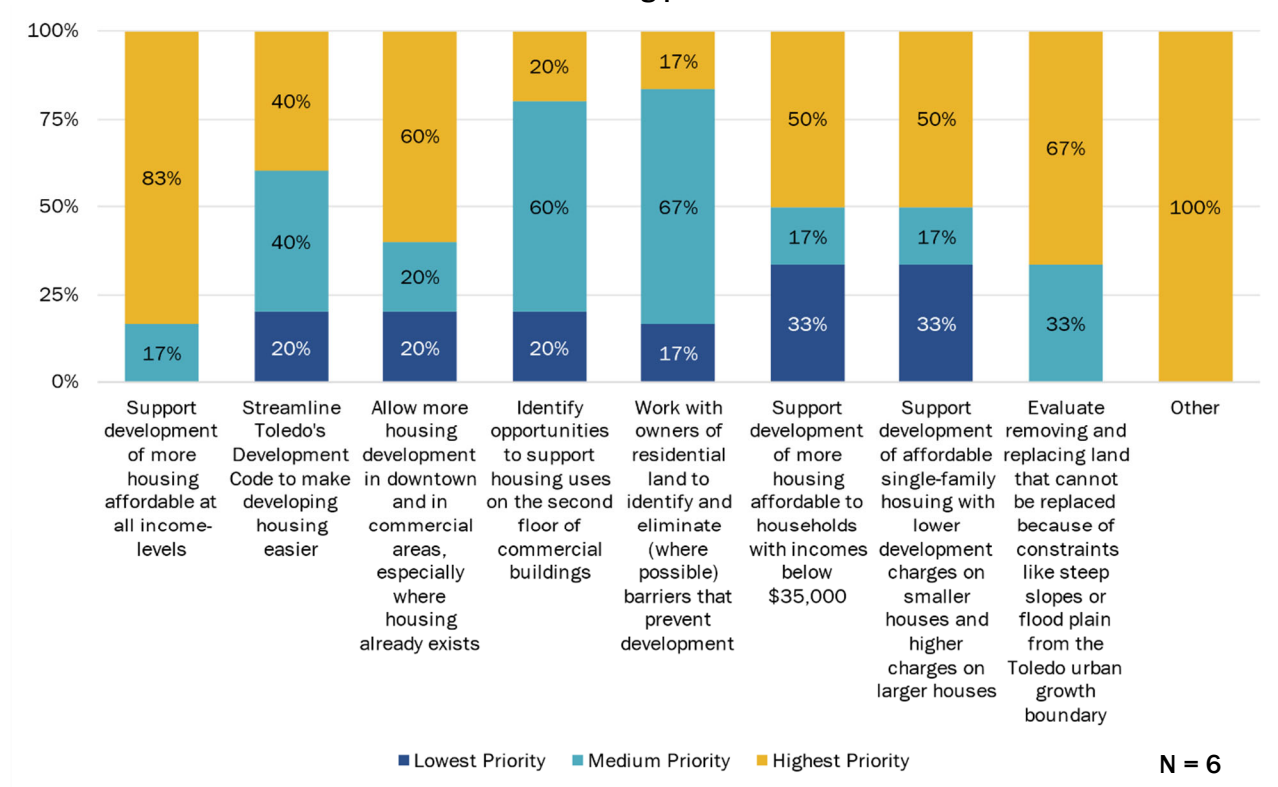
When asked to provide final comment on housing in Toledo, respondents stated the following:

- "Need to understand not just the number of housing units needed, but also broken down into the demand by bedroom count. i.e., what is missing or not available in the current market? 1-bedroom, 2-bedroom, 3-bedroom etc. If we are going to build our way out of the problem, we have to know what to build. I have been searching for this data in Lincoln County and it is not available in past housing studies."