



MEMORANDUM

DATE: March 30, 2021

TO: Matt Hastie, Angelo Planning Group
City of Sisters

FROM: Brendan Buckley
Johnson Economics, LLC

SUBJECT: Update of Housing Growth Projections, Land Need, and Reconciliation with Land Inventory

As part of the Sisters Comprehensive Plan update project of 2020/21, JOHNSON ECONOMICS has completed a review of the findings of the Housing Needs Analysis (HNA) completed for the city in 2019. As the HNA was completed in 2019, and based on some data and assumptions from 2018, the City is seeking an update that reflects any changes since its completion that impact the 20-year projection of housing and residential land need, and changes to the Buildable Land Inventory (BLI).

This memo presents the findings of this update, including new demand projection, land inventory, and reconciliation of the two.

I. UPDATED 20-YEAR GROWTH PROJECTION (2041)

As part of this analysis, Johnson Economics updated the baseline and projected growth rate of population and households, based on the latest estimates for the Portland State University Population Research Center (PRC). When the prior HNA was prepared, the PRC had provided estimates through the year 2018, which was used as the baseline year in that study.

As of this update, the program has provided estimates through 2020. 2020 was used as the baseline of this update, as reflected below.

Current Population and Housing (2020): The PRC methodology incorporates the estimated population from within the city limits and an estimated population from those areas within the UGB, but outside of the city limits. To estimate the additional population within the UGB area, the PRC assigned a share of the population from the relevant Census tracts.



FIGURE 1.1: CURRENT HOUSING PROFILE (2020)

CURRENT HOUSING CONDITIONS (2020)		SOURCE
Total 2020 Population:	3,270	PSU Pop. Research Center
- Estimated group housing population:	34 (1.2% of Total)	US Census
Estimated Non-Group 2020 Population:	3,236 (Total - Group)	
Avg. HH Size:	2.39	US Census
Estimated Non-Group 2020 Households:	1,354 (Pop/HH Size)	
Total Housing Units:	1,689 (Occupied + Vacant)	Census 2010 + permits
Occupied Housing Units:	1,354 (= # of HH)	
Vacant Housing Units:	335 (Total HH - Occupied)	
Current Vacancy Rate:	19.8% (Vacant units/ Total units)	

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

*This table is an update to Figure 3.1 in the *Sisters Housing and Residential Land Need Assessment* (2019).

The current population is estimated at roughly 3,270 residents, living in 1,354 households (excluding group living situations). Average household size is 2.39 persons. This is an increase of an estimated 500 residents, or 18% growth, since the prior report.

There are an estimated 1,689 housing units in the city, translating to a vacancy rate of 19.8%. This includes units vacant for any reason, not just those which are currently for sale or rent. In Sisters, most of this vacancy is believed to represent second homes and vacation rentals, while vacancy for year-round residents remains very low. Housing production has been swift in the last two years, with an estimated 207 units permitted in 2019 and 2020. This is sufficient to account for the growth of 500 residents, at the average household size.

The total vacancy rate has declined slightly to 19.5% (from an estimated 22.5% in 2018). This reflects the rapid growth of the community continuing to utilize available housing, as well as the probable impact of remote working during the COVID-19 crisis, allowing some residents to live and work in their second homes in Sisters.

Forecasted Population and Housing (2041): The projected future housing profile (Figure 1.2) in the study area is based on the current housing profile (2020), multiplied by an assumed projected future household growth rate.



The projected future growth is the official forecasted annual growth rate (2.4%) for 2040 generated by the PSU Oregon Forecast Program. This rate is applied to the year 2041. (Because this project is anticipated to be completed in 2021, 2041 is used as the end of the “20-year” projection period.)

FIGURE 1.2: FUTURE HOUSING PROFILE (2041)

PROJECTED FUTURE HOUSING CONDITIONS (2020 - 2041)		SOURCE
2020 Population (Minus Group Pop.)	3,236	PSU
Projected Annual Growth Rate	2.42%	OR Population Forecast Program PSU
2041 Population (Minus Group Pop.)	5,343	(Total 2041 Population - Group Housing Pop.)
Estimated group housing population:	56	Share of total pop from Census US Census
Total Estimated 2041 Population:	5,399	
Estimated Non-Group 2041 Households:	2,236	(2039 Non-Group Pop./Avg. Household Size)
New Households 2020 to 2041	882	
Avg. Household Size:	2.39	Projected household size US Census
Total Housing Units:	2,789	Occupied Units plus Vacant
Occupied Housing Units:	2,236	(= Number of Non-Group Households)
Vacant Housing Units:	139	
Vacation Home, 2nd Home, Seasonal:	414	
Projected Market Vacancy Rate:	5.0%	(Vacant Units/ Total Units)
Projected Vacation Rate, 2nd Home:	14.8%	(US Census, Johnson Economics est.) US Census

Sources: PSU Population Research Center Oregon Population Forecast Program, Census, JOHNSON ECONOMICS LLC

*Projections are applied to estimates of 2020 population, household and housing units shown in Figure 1.1

*This table is an update to Figure 4.1 in the *Sisters Housing and Residential Land Need Assessment* (2019).

The model projects growth in the number of non-group households by 2041 of roughly 880 households, with accompanying population growth of 2,130 new residents. (The number of households differs from the number of housing units, because the total number of housing units includes a percentage of vacancy. The vacancy rate for market-rate housing is estimated at 5%, which is considered a healthy vacancy that allows from some mobility for households. The estimated vacancy rate for second homes/vacation homes is held constant from the 2020 estimate. Projected housing unit needs are discussed below.)

The projected growth of 880 households is an increase from the 820 new households projected in the 2019 HNA.



New Future Housing Need (2041): The profile of occupied future housing demand was compared to the estimated current housing inventory to determine the total future need for *new* housing units by type and price range (Figure 1.3).

This estimate includes a vacancy assumption. As reflected by the most recent Census data, and as is common in most communities, the vacancy rate for rental units is typically higher than that for ownership units. An average vacancy rate of 5% is assumed for the purpose of this analysis, plus additional vacancy for vacation homes.

FIGURE 1.3: PROJECTED FUTURE NEED FOR NEW HOUSING UNITS (2041), SISTERS

OWNERSHIP HOUSING									
Unit Type:	Single Family		Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units
	Detached	Attached	2-unit	3- or 4-plex	5+ Units MFR				
Totals:	503	70	31	13	30	17	0	663	60.3%
Percentage:	75.8%	10.5%	4.7%	2.0%	4.5%	2.5%	0.0%	100%	

RENTAL HOUSING									
Unit Type:	Single Family		Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units
	Detached	Attached	2-unit	3- or 4-plex	5+ Units MFR				
Totals:	200	34	37	37	95	34	0	437	39.7%
Percentage:	45.7%	7.7%	8.5%	8.5%	21.9%	7.7%	0.0%	100%	

TOTAL HOUSING UNITS									
Unit Type:	Single Family		Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units
	Detached	Attached*	2-unit	3- or 4-plex	5+ Units MFR				
Totals:	702	103	68	50	125	50	0	1,100	100%
Percentage:	63.9%	9.4%	6.2%	4.6%	11.4%	4.6%	0.0%	100%	

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

*This table is an update to Figure 4.3 in the *Sisters Housing and Residential Land Need Assessment* (2019).

- The results show a need for 1,100 new housing units by 2041, which would represent 65% growth over the current estimated supply. (This is an increase from the 2019 HNA, which estimated 20-year growth of 1,057 units.)
- Of the new units needed, roughly 60% are projected to be ownership units, while 40% are projected to be rental units. This is due to the forecast of a higher homeownership rate in the future as well as the second home market, leading to marginally more need for ownership units than rental units.



- The projected unit types and pricing levels have not changed since the 2019 HNA as the expected demographic breakdown of the future households has not changed significantly. (See Section IV of the HNA Report for more discussion of housing types and affordability levels.)

II. RECONCILIATION OF FUTURE NEED (2041) & LAND SUPPLY (CITY OF SISTERS)

This section summarizes the results of the updated 2020 Buildable Lands Inventory (BLI) and compares it to the updated forecast of housing need described in the previous sections. (This section represents an update to Section V of the 2019 HNA Report.)

This analysis relies on an update to the City’s BLI, completed at the end of 2020. By necessity, these findings are a snapshot-in-time of land capacity and land need in Sisters as of the time of this analysis. Housing development has been steady and robust in the years preceding this report and is expected to continue at a steady pace. Therefore, these numbers will continue to change after adoption of this report.

Figure 2.1 presents the estimated acreage of buildable residential lands identified in the City of Sisters UGV. There are an estimated 102 buildable acres remaining, with roughly 37% (38 acres) in lower-density residential zones, and 63 acres in the multi-family residential zone.

FIGURE 2.1: ESTIMATED BUILDABLE LANDS CAPACITY BY ACREAGE (2020)

Zoning Designation	Partially Vacant or Vacant Parcels	Gross Vacant Acres			Net Vacant Acres ¹
		Partially Vacant	Vacant	Total	
R - Residential	156	3	35.8	38.8	33
MFR - Multi-Family Residential	92	1.3	70.4	71	63
SRR - Sun Ranch Residential	35	0	7.1	7	5
Subtotal	283	4.3	113.3	116.8	102

[1] Subtracting 25% of acreage to account for public utilities and open space, as well as .25 acres for “partially vacant” properties.

Sources: City of Sisters, Angelo Planning Group

Figure 2.2 presents the above inventory of buildable acreage converted to an estimate of housing unit capacity within the UGB. There is a total remaining capacity of 996 units of different types within the study area (up from an estimated capacity of 835 units in the prior study.) Much of this capacity (75%) is within the multi-family residential (MFR) zone.



FIGURE 2.2: ESTIMATED BUILDABLE LANDS CAPACITY BY NUMBER OF UNITS (2020)

Zoning Designation	Estimated Housing Unit Capacity		
	Net Vacant Acres	Projected DU/Net Acre	Projected Housing Capacity
R – Residential	33	5	211
MFR – Multi-Family Residential	63	15	750
SRR – Sun Ranch Residential	5	4	35
Total	102	--	996

Sources: City of Sisters, Angelo Planning Group

Comparison of Housing Need and Capacity

The following tables summarize the forecasted future unit need for Sisters. These are the summarized results from Figure 1.3 of this memo. There is a total forecasted need for roughly 1,100 units over the next 20 years based on the PSU forecasted growth rate. This is higher than the estimated remaining land capacity for 996 units.

FIGURE 2.3: SUMMARY OF FORECASTED FUTURE UNIT NEED (2041)

TOTAL HOUSING UNITS									
Unit Type:	Single Family Detached	Single Family Attached*	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
Totals:	702	103	68	50	125	50	0	1,100	100%
Percentage:	63.9%	9.4%	6.2%	4.6%	11.4%	4.6%	0.0%	100%	

Sources: PSU Population Research Center, Census, Johnson Economics

As Figure 2.4 below presents the estimated 20-year need for housing units compared to the estimated current housing unit capacity. It is projected that there is sufficient capacity for the forecasted multi-family housing, but a shortage of capacity for single-family housing.



FIGURE 2.4: COMPARISON OF FORECASTED FUTURE HOUSING UNIT NEED (2041) WITH AVAILABLE CAPACITY

<u>NEED vs. LAND SUPPLY</u>	Unit Type		<u>TOTAL</u>
	Single Family Detached	Multi-Family	
New Housing Unit Need by 2039:	753	347	1,100
Housing Unit Capacity:	246	750	996
Surplus Unit Capacity (or Need):	-507	403	-104

Sources: City of Sisters, Johnson Economics

Figure 2.5 shows the estimated housing unit surplus or deficit, converted to an estimate of the equivalent acreage of residential land. The shortage of capacity of 507 housing units in low-density residential zones translates to a potential need for 101 acres of low-density residential land. At the same time, there is an estimated excess capacity of multi-family land of 27 acres.

The finding of a remaining deficit of 74 acres of residential land, is similar to the deficit found in the prior HNA study (67 acres), however the breakdown of the type of land needed is different: there is now a greater estimated shortage of capacity of low-density residential land, and a greater estimated surplus capacity of multi-family land.

FIGURE 2.5 FORECASTED HOUSING UNIT NEED (2041) CONVERTED TO ACREAGE

<u>NEED vs. LAND SUPPLY</u>	Residential Land Class		<u>TOTAL</u>
	Single Family Detached	Multi-Family	
Surplus Unit Capacity (or Need):	-507	403	-104
Estimated Avg. Density:	5	15	
Surplus Acreage Capacity (or Need):	-101.3	26.9	-74

Sources: City of Sisters, Johnson Economics



FINDING: It is estimated that there may be insufficient residential lands within Sisters to accommodate the projected need, particularly for low-density residential development, while there is some excess capacity in multi-family zones if used efficiently. These findings will help guide further discussion of potential housing policies and measures to increase efficient land use and address deficits.