

State of the State's Housing

Oregon Housing and Community Services | 2024



OREGON HOUSING *and*
COMMUNITY SERVICES

Our Mission

We provide stable and affordable housing and engage leaders to develop an integrated statewide policy that addresses poverty and provides opportunities for Oregonians.

Our Vision

All Oregonians have the opportunity to pursue prosperity and live free from poverty.

Acknowledgements

Author

Brandon Schrader is the Housing Economist for Oregon Housing and Community Services


Contributors

Megan Bolton, Research Director
Elise Cordle Kennedy, Senior Research Analyst

Review and Production Team

Patricia Akers
Fiona Bai
Beth Byrne
Angie Cleveland
Stephen Cornwall
Dan Elliott
Talia Kahn-Kravis
Julian McKenna
Marilyn Merritt
Kristin Pineda
Willy Schumann
Nicole Stingham
Lisè Stuart
Liz Weber

Contents



04	Foreward
06	Executive Summary
10	Background
17	For-Sale Housing Markets
26	Rental Market
38	Housing Challenges
44	Homelessness
50	Conclusion

Foreword



Oregon Housing and Community Services (OHCS) is pleased to present the first edition of the State of the State’s Housing Report for Oregon. This report comes at a critical time, as people from every corner of the state have voiced that housing availability and affordability are top priorities. The information within will provide leaders, policymakers, and the public essential insights into recent trends in

Oregon’s rental and homeownership markets, illustrating the impact of these trends on residents’ pursuit of safe, affordable housing in thriving communities.

OHCS is committed to being a data-driven agency and has used the type of analyses in this report to inform past strategic plans. That includes our 2019-2024 Statewide Housing Plan, which recently concluded with significant progress toward our ambitious production goals. While we’ve conducted analyses like this before, this is the first time we are committing to providing this information on a regular basis. You can expect a new State of the State’s Housing Report every two years, with additional localized analyses in the years between each release.

Reliable data is important for making informed decisions about where to invest the public resources entrusted to OHCS. Boosting housing supply isn’t just about numbers – it’s about improving everyday life for all Oregonians. Data enables us to identify where our efforts are making an impact and where improvements are needed. This report highlights ongoing challenges, including how wages have failed to keep pace with rising housing costs and the lag in housing production. It also underscores the disproportionate impact these issues have on Black, Indigenous, and People of Color (BIPOC) communities and low-income households. Insights like these will inform our work in the upcoming legislative session and shape our priorities for the next biennium.

We look forward to hearing about how you will use this information in your work and what you’d like to see in future editions of this report.

In partnership,

A handwritten signature in black ink, appearing to read 'AB'.

Andrea Bell
Executive Director

A handwritten signature in black ink, appearing to read 'Megan Bolton'.

Megan Bolton,
Assistant Director of Research



Las Adelitas | Portland



Lazy Days | Blue River

Executive Summary

In this inaugural State of the State's Housing Report, Oregon Housing and Community Services (OHCS) explored various data sources related to housing, the economy, and the people of Oregon to better understand the challenges residents across the state face in accessing and affording high-quality housing in thriving communities. This report serves as a source for understanding the state of housing in Oregon and advancing housing progress that makes life better for the people and communities we serve.

More than half of all renters in Oregon and a third of homeowners experience a housing cost burden, meaning that they spend more than 30% of their income on housing costs. Neighbors, friends, and families struggle to make ends meet each

month as rent or mortgage payments come due. The lack of affordable housing isn't a new issue, particularly for low-income households and Black, Indigenous, and People of Color (BIPOC) Oregonians. However, the past decade has been marked by rapid population growth and housing underproduction, exacerbated by a global pandemic that caused housing prices to skyrocket, deepening the housing crisis.

To address the affordable housing shortage and related issues such as homelessness, well-informed stakeholders must continue collaborating as significant challenges lie ahead for the state. The first biannual State of the State's Housing Report is one of the ways OHCS aims to inform and support affordable housing strategies.

Home prices have far outpaced wage gains over the past decade in the for-sale market, limiting access to the financial security and wealth-building potential of homeownership. While housing was not particularly affordable in 2013, it was more aligned with the economic realities of the time. Approximately 53% of Oregonians had a household income that qualified them to purchase the average home. Since then, wage growth has lagged, and only 29% of households could afford a typical home in 2023. This decrease is primarily because, for every dollar Oregonians earned in wage increases between 2013 and 2022, the median sales price of a home increased by \$7.10, further distancing homeownership from reach. Depending on interest rates and personal debt, individuals can typically afford homes priced three to five times their household – price increases beyond this range negatively impact affordability. While low interest rates in 2021 and early 2022 softened some effects of rising housing costs, as rates have increased, affordability has deteriorated, and housing market activity has slowed.

BIPOC communities, which have historically been excluded from homeownership, continue to face significantly lower homeownership rates (49%) compared to their white counterparts (66%). While purchasing a home is challenging for anyone, certain communities bear the brunt of these economic consequences. This is partly because the housing crisis began much earlier for BIPOC populations, who generally have lower household incomes and face systemic hurdles when attempting to purchase a home. By 2018, the average home was already unaffordable for every demographic group in Oregon except white and

Asian individuals and the situation has since worsened as the gap between wages and housing prices has widened. Although the overall homeownership gap between white and BIPOC Oregonians remained relatively stable from 2013 to 2022, it expanded explicitly for Black and Native American groups during this period.



For every **\$1** dollar Oregonians earned in wage increases, the median sales **price of a home increased by \$7.10.**

Similar to for-sale markets, people in the rental market face severe challenges as income and housing costs drift further apart. Despite rebounds in residential construction, building permits, and a slowdown of in-migration trends, housing production remains well below what is needed to address the shortfall. Rent was stable going into 2020 but began to climb sharply alongside for-sale prices during the summer and has not returned to pre-pandemic levels. Rapid rent increases have largely eroded the wage gains Oregon renters experienced over the last five years, with more than 50 cents of every new dollar earned going to rent hikes. Rising housing costs pose significant consequences for labor markets, particularly moving forward. One of Oregon's strongest economic advantages has been its ability to

attract a talented and highly educated workforce, but this is at risk. A lack of affordable rentals, let alone for-sale homes, creates a high barrier to entry, especially as remote work becomes more common. Employers may struggle to find employees, particularly since 14 of the top 20 fastest-growing occupations have average wages insufficient to afford a one-bedroom apartment in Oregon.

**Oregon must add
500,000
housing units**
over the next two decades
to begin addressing
supply issues.



With homeownership out of reach and rent prices climbing, Oregonians face financial precarity, eviction, and, ultimately, homelessness. The renter cost burden has increased by 11% between 2019 and 2022, representing tens of thousands of new households struggling to keep up. This increase predominately affects households making between \$45,000 and \$75,000, whose representation among cost-burdened renters grew from just 18% in 2001 to 44% in 2022. Additionally, more than 27% of all renters are severely cost-burdened, meaning they spend 50% or more of their income on housing. Unsurprisingly, foreclosures and eviction cases have rebounded to pre-pandemic levels

since COVID-era protections ended. In fact, the number of eviction cases filed in 2023 was the highest Oregon has seen since 2011, following the exit from the Great Recession.

The shortage of affordable housing and increasing cost burden have resulted in a rising number of people without a safe place to call home. When adjusted for population size, Oregon ranks third in the nation for people experiencing homelessness, behind only New York and Vermont. As of 2023, more than 20,000 individuals were experiencing homelessness, with three in ten classified as chronically homeless. In other words, nearly 48 out of every 1,000 Oregonians are experiencing homelessness, compared to 46.5 in California and 36 in Washington. Notably, Oregon ranks first in the nation for unsheltered homelessness among families with children, with the number of children experiencing unsheltered homelessness in the state being 14 times higher than the national average and nearly three times higher than Hawaii, the second-highest state. Oregon has made significant progress in supporting individuals experiencing homelessness. Initiatives such as Executive Order 23-02 have rapidly mobilized resources to increase the number of available shelter beds, facilitate the transition of unsheltered individuals to permanent housing, and work to prevent homelessness and evictions through rental assistance. Additionally, the state has invested in permanent supportive housing, which provides wraparound support services and long-term rent assistance for those struggling with chronic homelessness. While public institutions and nonprofit organizations have demonstrated that viable policy options exist to address homelessness,



Wickiup Townhomes | Bend

continued investment is needed. In conclusion, Oregon faces a profound housing crisis that demands immediate and collaborative action from all stakeholders. The stark realities of cost-burdened renters and homeowners, combined with alarming rates of homelessness, highlight the urgent need for comprehensive and sustainable solutions. This report clarifies that persistent housing challenges exist across the state, underscoring the need for ongoing investment in the full spectrum of housing services. Addressing these issues is crucial for Oregonians' economic stability and social well-being and essential for maintaining the state's ability to attract and retain a skilled workforce. As Oregon navigates these complex challenges, it

must prioritize equitable strategies that consider the unique barriers faced by BIPOC communities and other vulnerable populations to ensure an inclusive path forward.

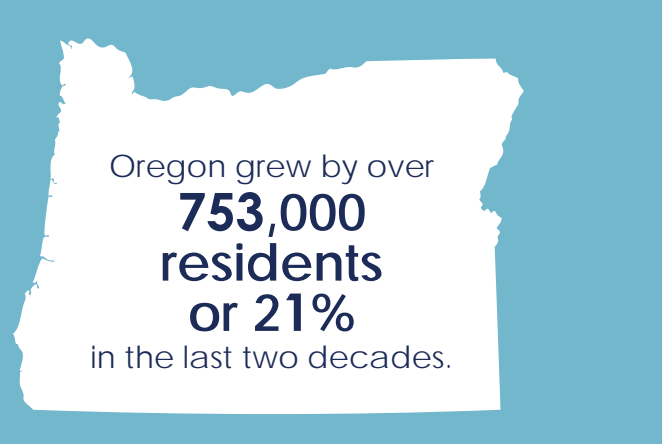


Despite how expensive housing has become over the last several years, **buying a home for a white household today is still more affordable than it was for BIPOC households back in 2018.**

Background

Oregon's Population Growth Between 2003 and 2023 Far Outpaced the National Average

The housing crisis in Oregon has worsened in recent decades, but the lack of affordable housing has affected Black, Indigenous, and People of Color (BIPOC), migrant, and low-income Oregonians since the state's founding. Essential workers, from dockhands to loggers, who helped build cities like Portland, couldn't afford homes in the communities they contributed to, often leading families to rely on places coined "poor farms" in 1854. These initiatives, typically led by counties or cities, supported low-income, elderly, and ill residents but largely faded with the advent of Social Security.



Oregon grew by over
753,000 residents
or **21%**
in the last two decades.

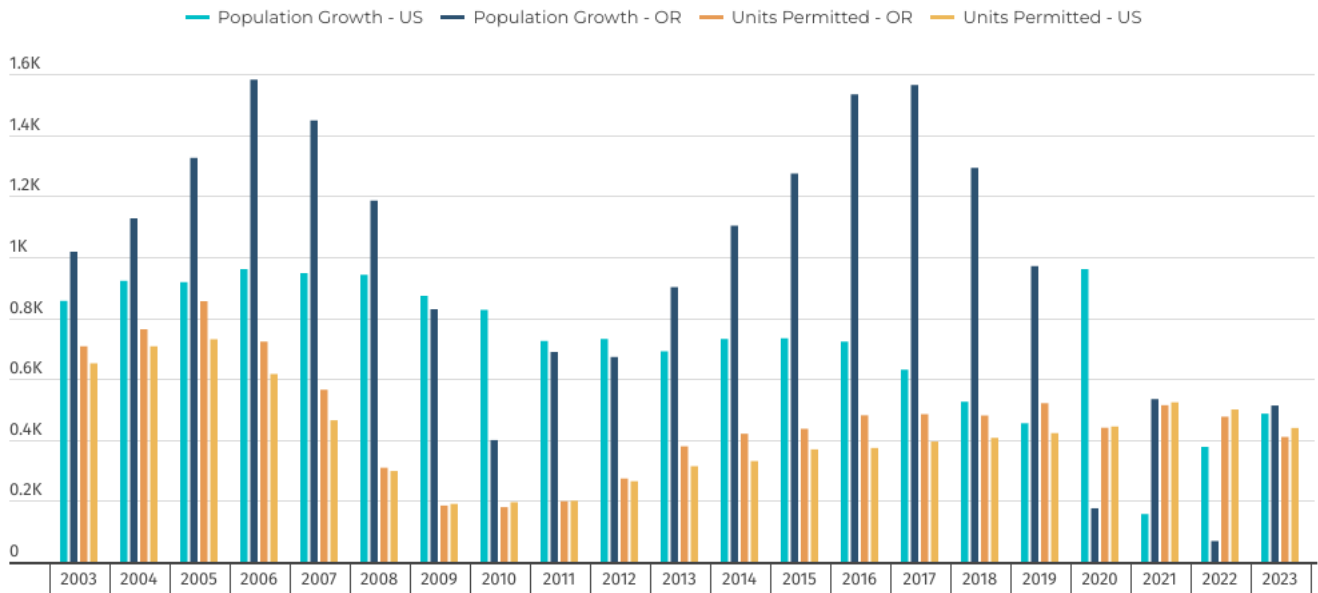
Mid-century policy decisions, under the guise of "urban renewal," dismantled many affordable housing properties, gentrified neighborhoods, and displaced thousands of Oregonians, particularly BIPOC and low-income Oregonians. The impact of the war on drugs, inadequate investment in mental healthcare, redlining, and other policies further compounded Oregon's housing

challenges. While the complete history of Oregon's housing crisis exceeds the scope of this paper, it remains crucial to focus on those harmed by federal, state, and local policies and recognize that current issues have deep roots.

Despite a growing shortage of affordable housing over the last two decades, Oregon's population continues to increase as people from across the country migrate to the state. Whether it's the Cascade Mountains, the Oregon Coast, or the Columbia River Gorge, the appeal of Oregon is hard to overstate. With Oregon's relative affordability compared to other west coast states and a strong economic rebound following the Great Recession, it's no surprise that the state has attracted hundreds of thousands of people from around the country over the past few decades. Oregon's population grew by more than 753,000 residents, representing a 21% increase between 2003 and 2023. This rate of growth outpaced the national average in 14 of those 20 years except during recessionary periods (Figure 1). Oregon's in-migration patterns tend to be pro-cyclical, meaning they outperform the country during good economic times but fall further in recessions. While this resulted in stagnant growth during the Great Recession and the COVID-19 recession, Oregon came out ahead overall between 2004 and 2023, growing 55% faster than the national average. Oregon's population has also become more diverse over the last decade with the share of BIPOC residents, accounting for 77% of population growth. Oregon's BIPOC community represented 22.7% of the population in 2013 but has grown by 5.7 percentage points to 28.4% in 2022.

Figure 1

Population growth in Oregon far outpaced residential construction and national increases



Source: OHCS Tabulation of Portland State Population Research Center, Population Estimates, 2003 – 2023; U.S. Census, Residential Building Permits Survey, Annual Estimates, 2003 – 2023

Statewide population growth was already strong before the 2010s, exceeding trends in other parts of the country every year between 2003 and 2009, but the gap in new residents per capita between Oregon and the U.S. widened in the years after the Great Recession. Oregon’s share of new residents was more than double the national average every year between 2016 and 2019, putting extreme pressure on housing markets. High demand spurred the residential construction sector to build more housing units and like population growth, Oregon outperformed the U.S. However, construction was insufficient to keep pace with a rapidly increasing population.

Despite Strong Residential Construction, Housing Production Failed to Keep up With In-Migration

The roots of today’s housing shortage began decades ago despite relatively robust residential construction efforts. For instance, adjusted for population size, Oregon permitted housing 13% faster than the U.S., yet the state’s population increased 22% more rapidly from 2003 to 2009. Similar trends persisted in housing production after the Great Recession, with Oregon continuing to permit housing at rates above the national average, but still insufficient to keep pace with rapid population growth.

It's crucial to consider the national context, as the U.S. has also faced significant housing underproduction in recent decades. A report from Up for Growth in late 2023 estimated a national need for an additional 3.9 million housing units to meet current demands. Even if Oregon were to match the national average in production rates, it would still need more housing stock. Comparisons with the broader U.S. underscore the severity of Oregon's housing crisis. Housing affordability continues to decline nationwide, exacerbating challenges in Oregon, which remains one of the least affordable states in terms of cost burden and homelessness.

Another lens through which to view the history of housing shortages is by comparing new residents per permitted housing unit over the past two decades.

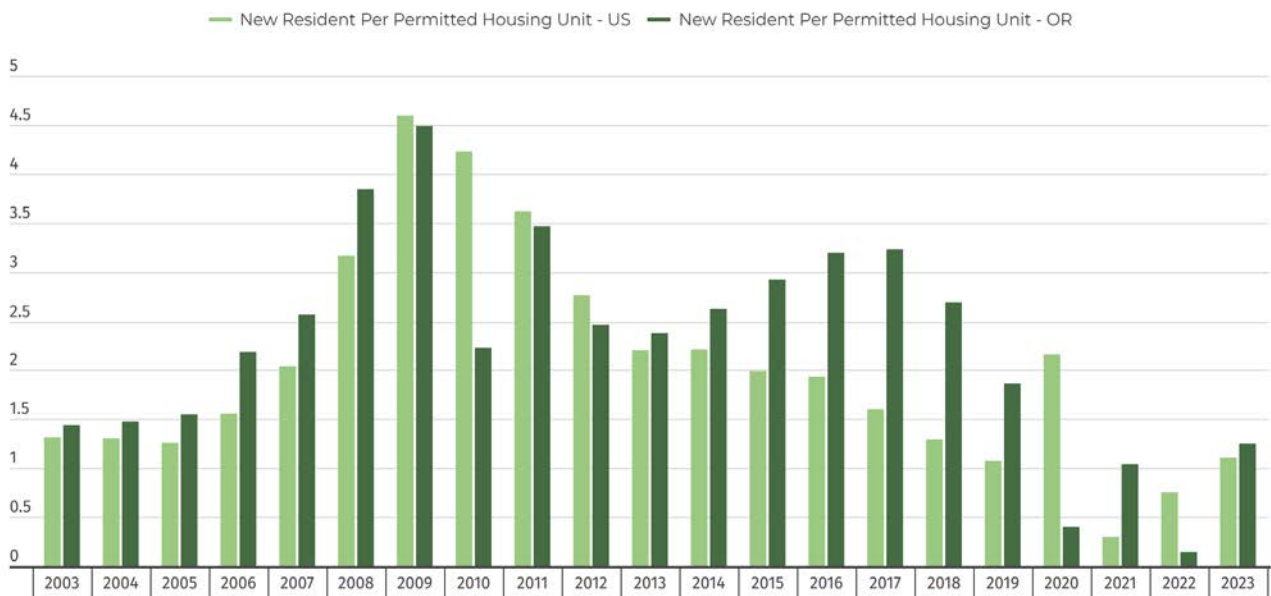
This metric reveals how many new housing units were built for each new Oregon resident between 2003 and 2023. When new residents outstrip housing production, competition for limited housing intensifies, exerting upward pressure on prices.

In the early 2000s, Oregon saw approximately 1.5 new residents per permitted housing unit, slightly above the U.S. average. This ratio continued to rise leading into the Great Recession. Despite a significant slowdown in in-migration, housing production declined even more sharply, with only one new housing unit being built for every 4.5 new residents by 2009, which was in line with the national average of 4.6 (Figure 2).

From that point onward, Oregon's housing dynamics began to diverge from national trends. While much of the

Figure 2

Oregon's housing crisis rapidly devolved in the mid-2010's as new residents outpaced permitted units by over 3 to 1



Source: OHCS Tabulation of Portland State Population Research Center, Population Estimates, 2003 – 2023; U.S. Census, Residential Building Permits Survey, Annual Estimates, 2003 – 2023

country witnessed a decline in the ratio of new residents to homes as construction recovered, Oregon's ratio began to climb again as early as 2013, driven by in-migration that overwhelmed the capacity of a recovering construction sector. Between 2015 and 2019, Oregon's population grew by three residents for every new housing unit, significantly worsening the housing shortage and doubling the national average growth rate annually.

These shortages were not new phenomena but were intensified by booming in-migration over the past two decades, aggravating an already unsustainable situation. Conversely, the ratio of new residents per permitted housing unit steadily declined from its peak in 2009 leading into the pandemic for most states.

Low-Income Households Continue to Face the Worst of Housing Shortages

The lack of affordable housing in Oregon has not affected all residents equally. While higher-income groups and white individuals are increasingly experiencing cost burdening, this has long been a reality for BIPOC communities and low-income households. Over the past two decades, these disparities have worsened, disproportionately impacting Oregon's most vulnerable populations.

Households earning at or below 30% of the Area Median Income (AMI) are classified as extremely low income (ELI), and those earning at or below 50% of AMI as very low income (VLI). These households face a severe shortage of available and affordable housing options. Approximately 242,000 households fall into

these categories, yet Oregon only offers approximately 113,000 housing units that are both affordable and available to them, resulting in a deficit of 128,000 units for these households (Figure 3). In order for housing to be considered affordable, a household must not spend more than 30% of their income on housing costs. Another way to understand this gap is that for every unit affordable to an ELI household, there are 4.2 families in need of such housing. The lack of affordable options forces people to accept housing beyond their financial means, leading to cost burden, financial instability, and, in some cases, homelessness.



This analysis, known as a gap analysis, provides a conservative estimate of the severity of housing shortages, as it does not account for instances of reverse filtering. Reverse filtering occurs when higher-income households can potentially occupy relatively affordable housing, thereby reducing availability for lower-income households due to price limitations.

Filtering is a process where housing units gradually become more affordable over time due to factors like aging and depreciation, while new units are continuously added to the market. In theory, new single-family homes or multifamily complexes command the

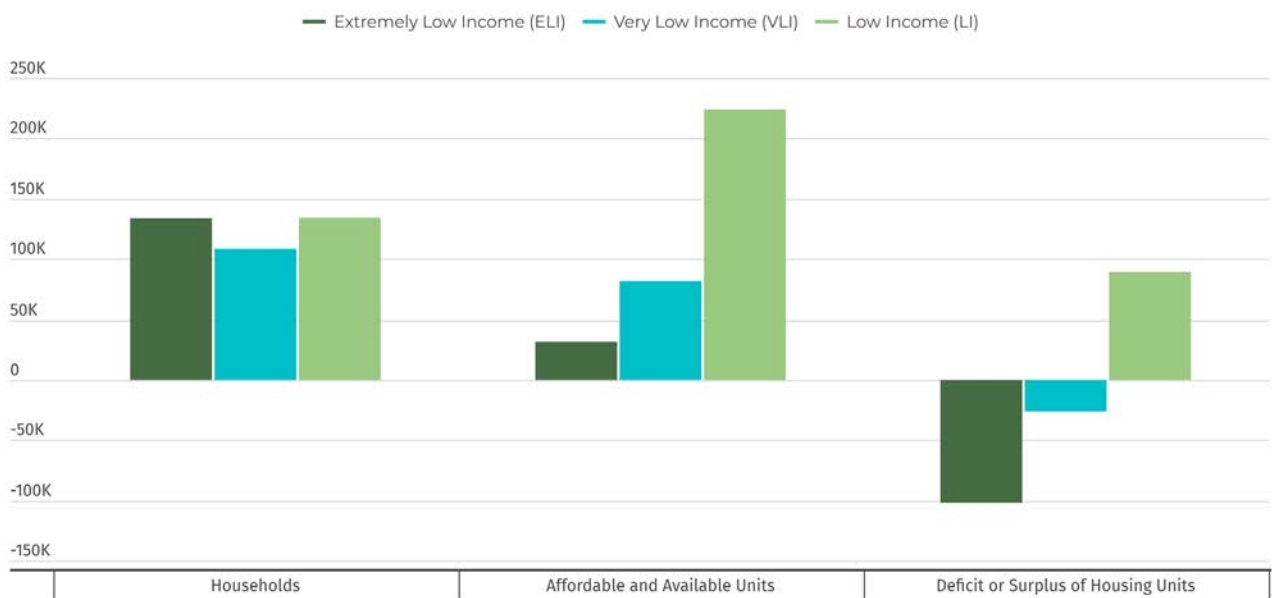
highest prices upon completion and decrease in value over the years. As higher-income households move into newer, more luxurious accommodations, they vacate their older, more standard units. Over time, this turnover can lead to a gradual decline in prices, making these units accessible to lower-income families. This phenomenon is also known as naturally occurring affordable housing. However, in regions like Oregon, severe housing underproduction complicates this process. Research by the Federal Housing Finance Agency indicates that during economic downturns (such as the Great Recession and the COVID-19 pandemic), west coast cities experienced reverse filtering. This means that previously affordable units are bid up by higher-income households, increasing their cost due to heightened competition. For instance, while luxury apartments saw

price declines across the U.S. during the pandemic, the cost of more affordable housing remained stable or even rose in some areas.

While filtering is a natural mechanism in healthy housing markets, it cannot reliably provide affordable housing, especially during economic downturns or in Oregon’s constrained housing market, where demand far exceeds supply. Market conditions change rapidly, and once affordable units can quickly become unattainable, particularly when coupled with economic uncertainties such as job losses or reduced hours. Reversed filtering exacerbates the already profound gap in affordable housing as more people compete for a limited pool of available units.

Figure 3

The gap in housing that is affordable to extremely low and very low-income households



Source: OHCS Tabulation of CHAS 5-Year Estimates, 2016 – 2020

Looking Forward: Oregon will need more than 500,000 Housing Units Needed Over 20 Years, But Slower In-Migration and Strong Residential Construction Provide a Promising Starting Point

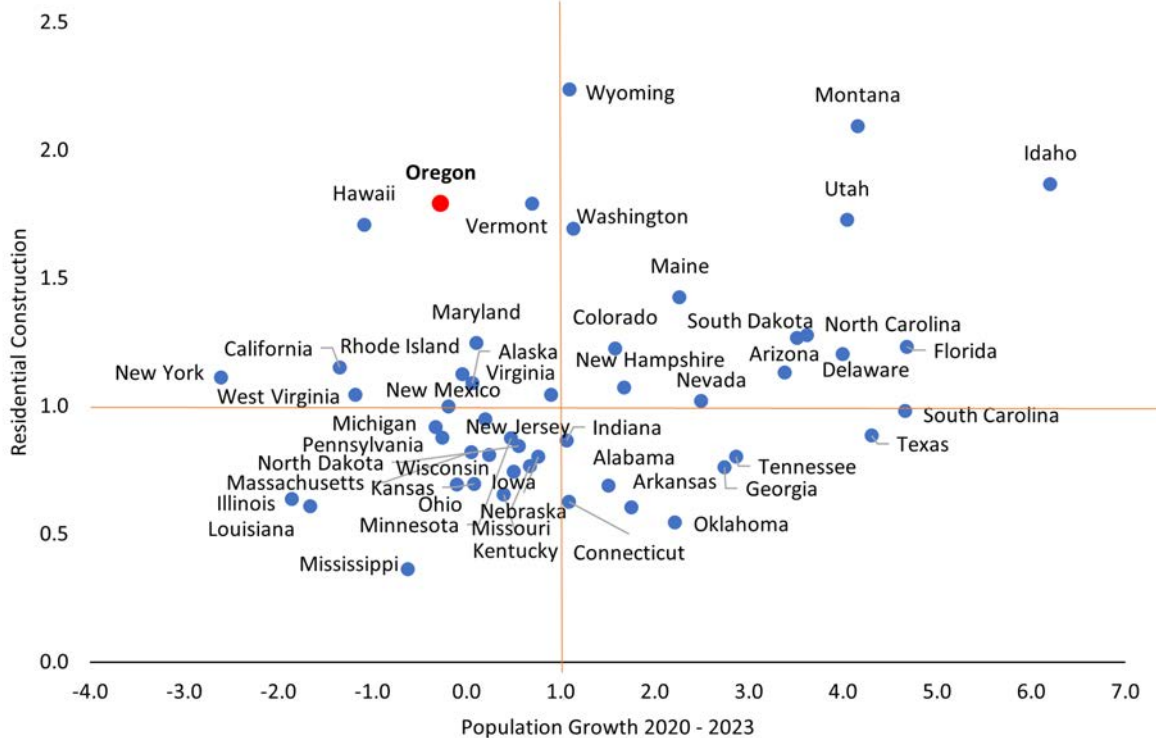
Oregon faces a significant challenge in addressing its housing crisis and preparing for future growth. The Oregon Housing Needs Analysis (OHNA) is nearing completion, with its first comprehensive release scheduled for December 2024. This methodology assesses current housing needs based on underproduction and homelessness and also projects future housing needs. Preliminary figures are daunting, suggesting Oregon will need to

add 500,000 housing units over the next two decades to begin alleviating supply issues, among other barriers to affordability.

While constructing hundreds of thousands of units is formidable, Oregon benefits from two favorable conditions as it strives to meet housing demand. First, Oregon’s residential construction sector has thrived and expanded since the Great Recession. The state’s residential construction labor force concentration has grown faster than any other state in the nation from 2012 to 2023, ranking 5th overall. Although the industry has faced challenges like labor shortages, Oregon remains better positioned than most states. External factors such as land availability, permitting, zoning restrictions, and material

Figure 4

Oregon has two favorable conditions for addressing the housing crisis: 1) a strong residential construction industry and 2) slower population growth



Source: OHCS Tabulation of Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2022 and U.S. Census, Population Vintage, 2020 – 2023



27th Street Townhomes | Southeast Bend

undoubtedly influence future housing production, but Oregon’s robust residential construction industry will be pivotal in addressing the housing crisis.

Additionally, population growth in Oregon has slowed significantly since 2020. In-migration nearly ceased during the peaks of the COVID-19 pandemic and has since rebounded moderately. Regional forecasts indicate gradual and steady growth in the years ahead. While slower population growth presents challenges, such as potential labor shortages, it also offers an opportunity for Oregon to alleviate pressure on the housing market and begin to catch up. Initiatives like the OHNA, which calculates housing need and creates production targets for each city with a population of 10,000 or more in Oregon, paired with funding for affordable housing development, will be essential in incentivizing action and capitalizing on this opportunity. Balancing moderate population growth with rapid housing production could prove to be an effective strategy as Oregon moves forward.

When considering both population growth and residential construction, it becomes apparent which states may face housing shortages and which are better equipped to manage current demands or maintain pace. States with small residential construction sectors but high population growth rates (e.g., Georgia, Tennessee, or Oklahoma) may struggle with or be headed toward housing crises. Conversely, Oregon, along with states like Hawaii and Vermont, boasts a high concentration of residential construction workers and comparatively lower population growth, suggesting a favorable starting point compared to states facing the pressures of rapid growth and limited residential construction sector capacity (Figure 4).

While these factors do not fully address Oregon’s current housing crisis and its associated challenges of instability and homelessness, they do highlight potential opportunities for the state to make significant strides forward.



For-Sale Housing Markets

Affordability Remains a Fundamental Issue as Prices Persist Despite Cooling Markets

Despite a decrease in population growth, stable residential construction figures, and reduced housing market activity in 2023, affordability did not improve, particularly when contrasted with the rapid price surges seen post-COVID. Following a brief decline in spring 2020, prices for single-family homes soared by over \$68,000 in just five months—an increase that typically spans several years of growth (Figure 5). Factors such as heightened demand for larger homes, supply chain disruptions, remote work arrangements, and other pandemic-related influences likely contributed to this sharp escalation in prices.

Subsequently, home prices continued to rise until peaking in late 2021 and

remaining high into early 2022. The onset of record-breaking inflation and subsequent interest rate hikes aimed at cooling an overheated economy further exerted pressure on housing markets. Although the sticker price of homes decreased by 2.3% in 2023, the average single-family home still costs 11% more than pre-pandemic levels, equivalent to an additional \$52,000—a situation unlikely to see swift change.

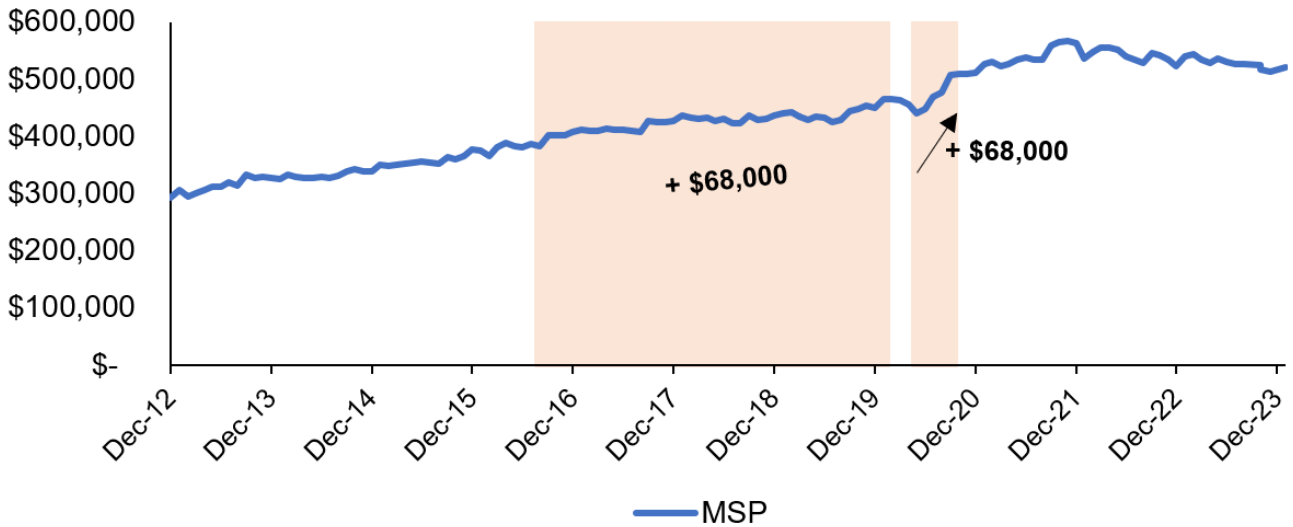
For-sale markets were sluggish in 2023, with fewer than 38,000 homes sold and only 44,000 new listings added. In fact, housing market activity slowed for two consecutive years, with 2022 showing a notable decline compared to the peak in 2021. As Oregonians bought homes in 2020 and 2021 with historically low rates or refinanced mortgages, interest in buying or selling a home had dwindled by 2024. Mortgage rates of less than 3%

were unprecedented and opened the doors to homeownership for thousands of Oregonians, but it was ultimately a temporary spike. After the rush of activity, home sales declined by nearly 39%, and

listings decreased by 33% between 2021 and 2023, reaching the lowest level in a decade (Figure 6). So, why didn't home prices fall in tandem?

Figure 5

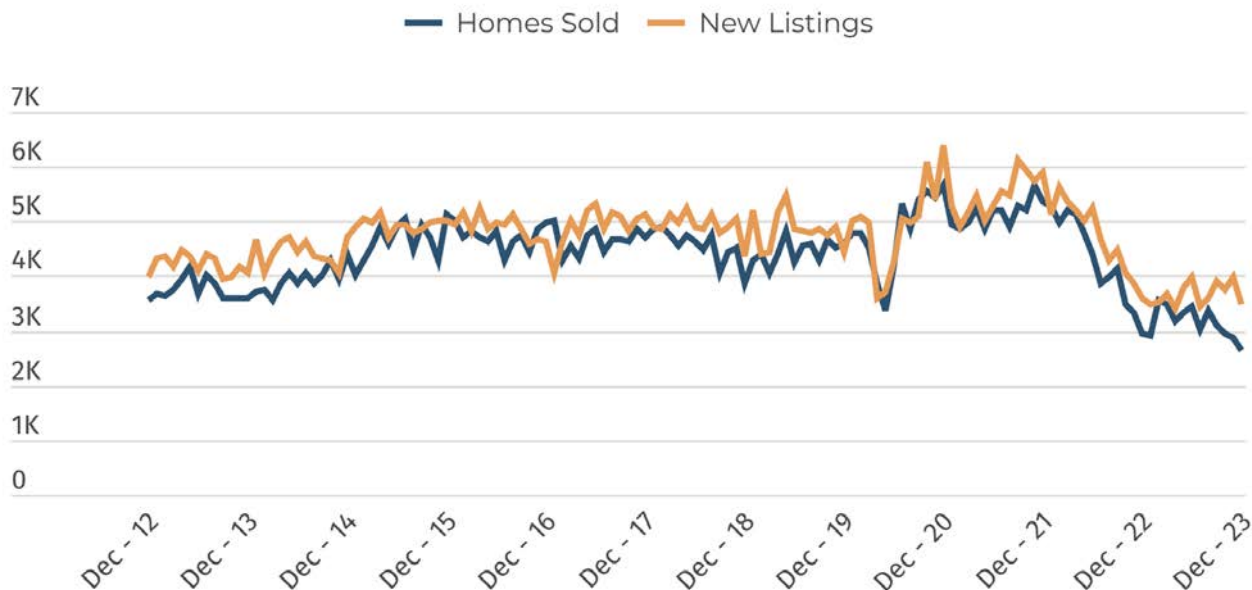
Home prices increased by \$68,000 from May to September 2020 representing prior 3.5 years of growth in only five months



Source: OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2012 - 2023

Figure 6

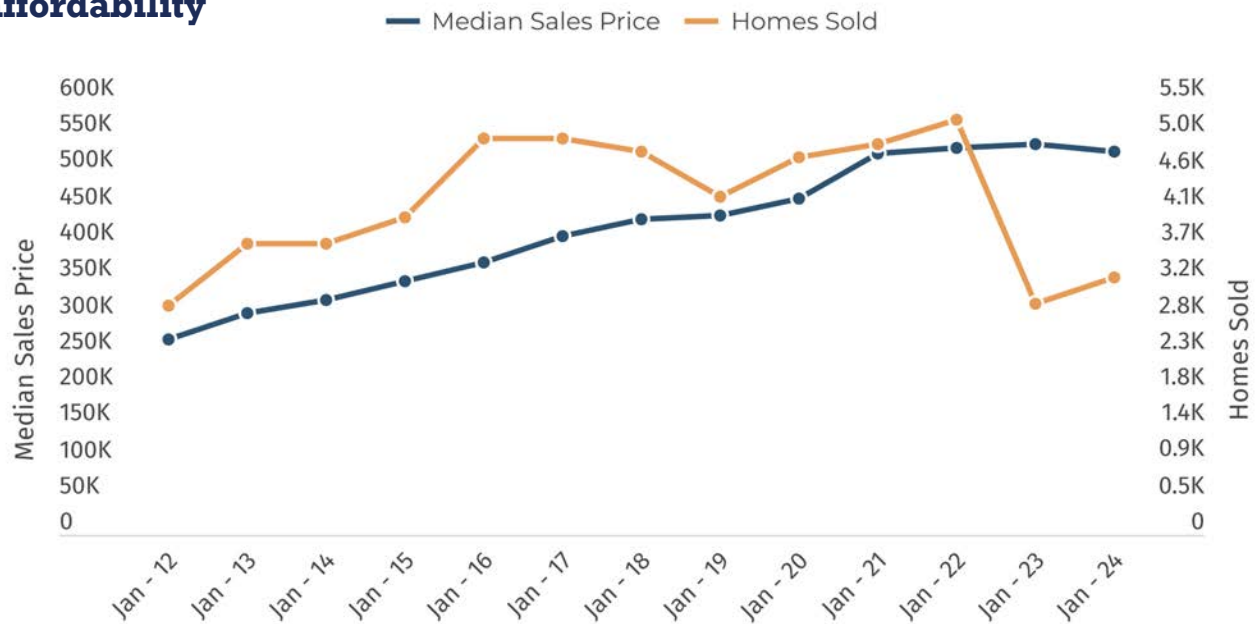
Housing market activity slowed in 2023 – falling since spring of 2022



Source: OHCS Tabulation of National Association of Realtors MLS Data, Homes Sold and New Listings, Seasonally Adjusted, 2012 - 2023

Figure 7

Oregon home prices remain stable or grow in spite of downward pressure from slowing migration, higher mortgage rates, deteriorating affordability



Source: OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2012 - 2023

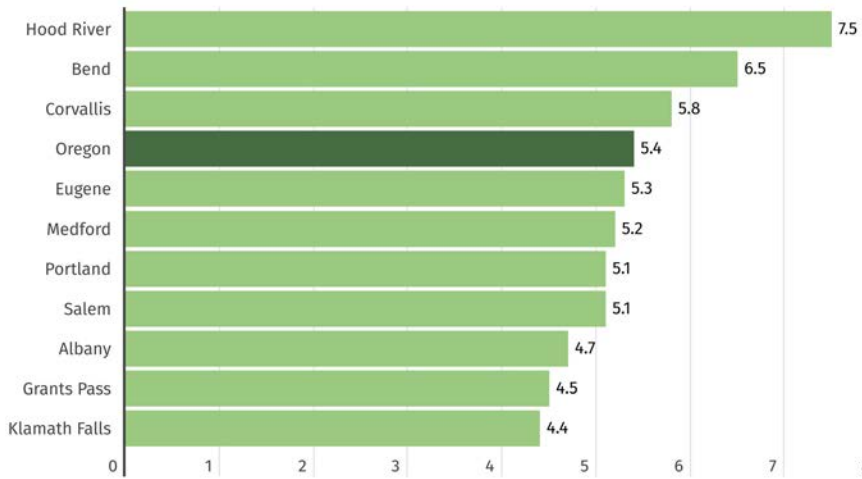
Home prices are sticky, meaning they tend to resist downward pressure – even more so in states like Oregon, where high demand and low supply create a seller’s market. For instance, if someone had a neighbor with a similar home that sold for \$500,000 in 2021, they may feel “stuck” asking for that price for their home regardless of market changes. Homeowners may also be reluctant to reduce asking prices if they are locked into a low mortgage rate or bought a home near their maximum budget. Additionally, even with a relaxed market, sellers still hold an advantage, with more than 29% of homes selling above the asking price in 2023. While markets can experience temporary dips or exceptions, such as the Great Recession – primarily caused by predatory lending that artificially inflated access to markets and resulted in a housing crisis – Oregon housing prices have steadily increased

over the past several years despite fluctuations in the number of homes sold.

Before COVID-19, the number of homes sold peaked in late 2015 at 5,120 and gently trended downward over the next few years by 7.5% until early 2020. However, prices increased by 23% during this same period, or \$87,132 (Figure 7). A more dramatic example of price stickiness comes from the beginning of the pandemic when the number of homes sold declined by 30% between February and May 2020, while prices decreased by just 5%. The best example of this phenomenon in Oregon occurred between 2021 and 2023 when the number of homes sold decreased by 39%, yet prices only declined by 2.3%. Even when housing markets face headwinds from rising mortgage rates, slowing in-migration, and poor affordability, prices have largely remained unaffected.

Figure 9

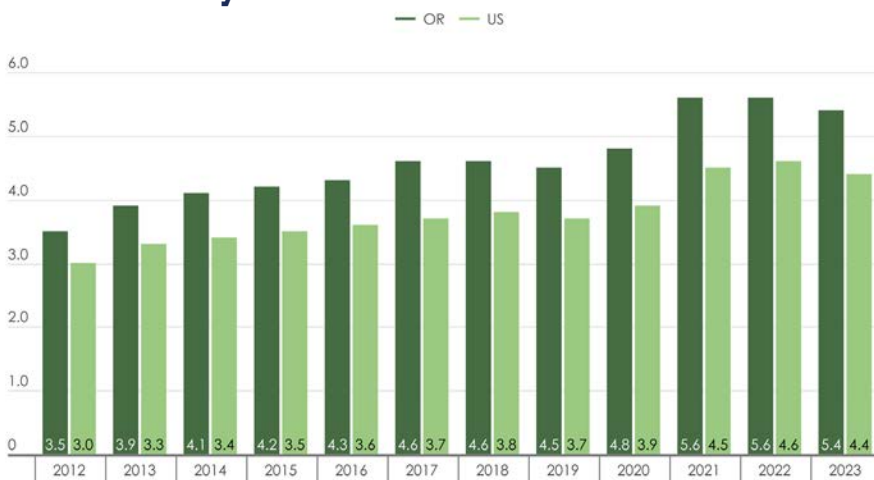
Hood River and Bend were most expensive places to purchase home in 2023, high wages in Portland cushion housing affordability compared with other parts of the state



Source: OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2014 – 2023; American Community Survey, 1-Year Estimates S1901, 2014 – 2023; HUD, Median Family Income Limits, 2023

Figure 8

Housing affordability remains worse than the nation, but crisis is worsening around the country



Source: OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2014 – 2023; American Community Survey, 1-Year Estimates S1901, 2014 – 2023; HUD, Median Family Income Limits, 2023

Income Has Failed to Keep Pace with Housing Prices – Eroding Affordability

As of 2023, the typical home in Oregon costs around \$528,000, 24% more than the U.S. average of \$425,000. But do local wages compensate for these differences? The short answer is no: wages in Oregon have historically fallen below the U.S. average by a few percentage points. Although Oregon has seen rapid wage gains following the Great Recession, statewide figures only reached the national average in 2022. It's common knowledge that housing is less affordable in Oregon than in the rest of the U.S., but it can be challenging to translate this into what it means for homebuyers. While it's relatively easy to show that people are struggling to buy a home, it can be more challenging to quantitatively represent those financial barriers across different periods, interest rates, and other factors. A useful metric for understanding homebuying affordability is the home price-to-income ratio (HPI). The HPI divides the median sales price by income to determine a ratio, offering insights about affordability as income and prices change.

In a healthy housing market, the sales price of a home shouldn't exceed 3 to 5 times the median annual income. Someone with little revolving debt (car payments, student loans, etc.) could afford a home closer to 5 times their income, whereas those with more debt may need to aim for 3 times their income. In 2023, the HPI for Oregon was 5.4 compared with 4.3 for the United States, a slight decline from 2022, which was 5.6 and 4.6, respectively (Figure 8). The median sales price of a home in Oregon has increased 7.1 times faster than income over the last decade. In other words, for every \$1 Oregonians received in increased income, the price of a home increased by almost \$7.10. This makes it especially difficult for those who haven't already entered homeownership to catch up, save, and ultimately buy a home because they're not benefiting from equity gains that can offset sales prices.

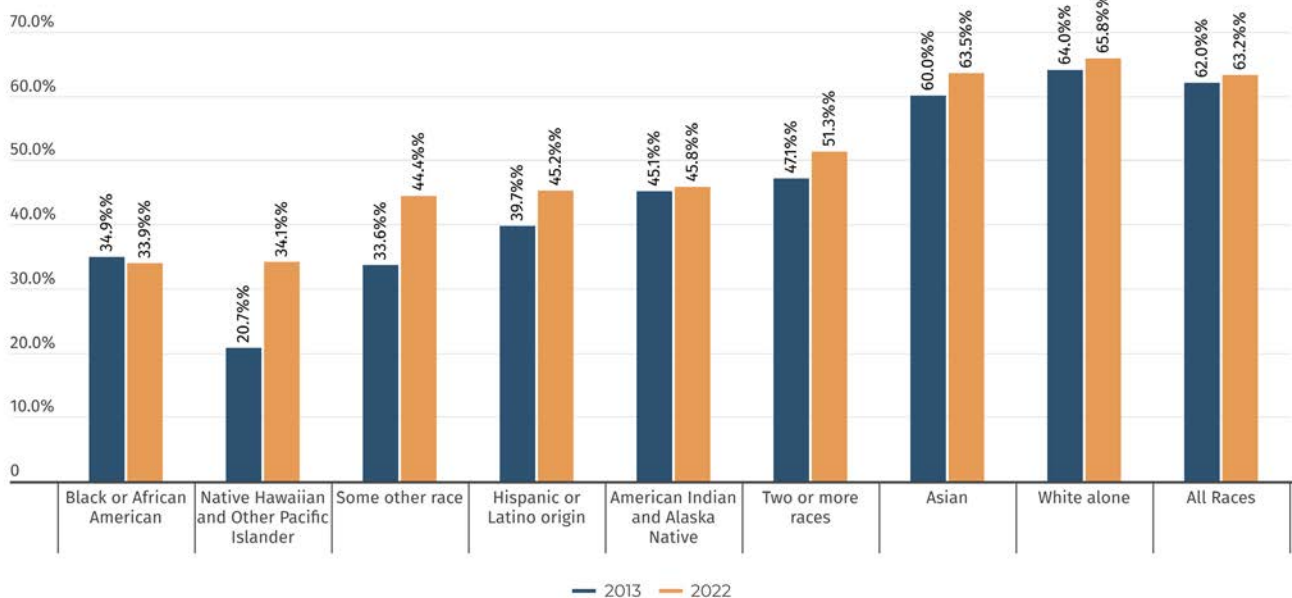
While this trend eroded housing affordability locally, the impact was even worse for the U.S. due to slower income gains and faster price increases. During the same period, for every \$1 U.S. workers gained, home prices increased by \$8. Unsurprisingly, housing insecurity is rampant in Oregon, and housing affordability is a growing concern nationwide.

Regional Housing Markets Show Unique Barriers to Ownership, BIPOC Communities Face the Greatest Hurdles

Home affordability varies widely throughout the state, even when considering earnings. For instance, Hood River and Bend were the most expensive areas in which to buy a home in 2023, with home price-to-income ratios of 7.5 and 6.5, respectively, despite relatively high median

Figure 10

Homeownership gap improved for BIPOC groups since 2013, but widened for Black and Native American communities – other race & ethnicities remain far below white ownership rates



Source: OHCS Tabulation of CHAS 5-Year Estimates, 2016 - 2020

family incomes in these areas (Figure 9). Limited land supply, a high number of second and vacation homes, and a strong tourism economy likely contribute to the highest housing prices in the state. On the opposite end of the spectrum are places like Albany, Grants Pass, and Klamath Falls, some of the most affordable places in Oregon to buy a home, with HPIs under 5. The Portland area is unique: only Bend and Hood River were more expensive in 2023 when considering just housing prices. However, higher wages in Portland mitigated costs, resulting in an HPI of 5.1, below the statewide average. This doesn't mean that Portland is affordable for most people living in the area, as wages aren't equally distributed by industry, sector, etc., but it does suggest that strong income growth can play a role in alleviating the housing crisis.

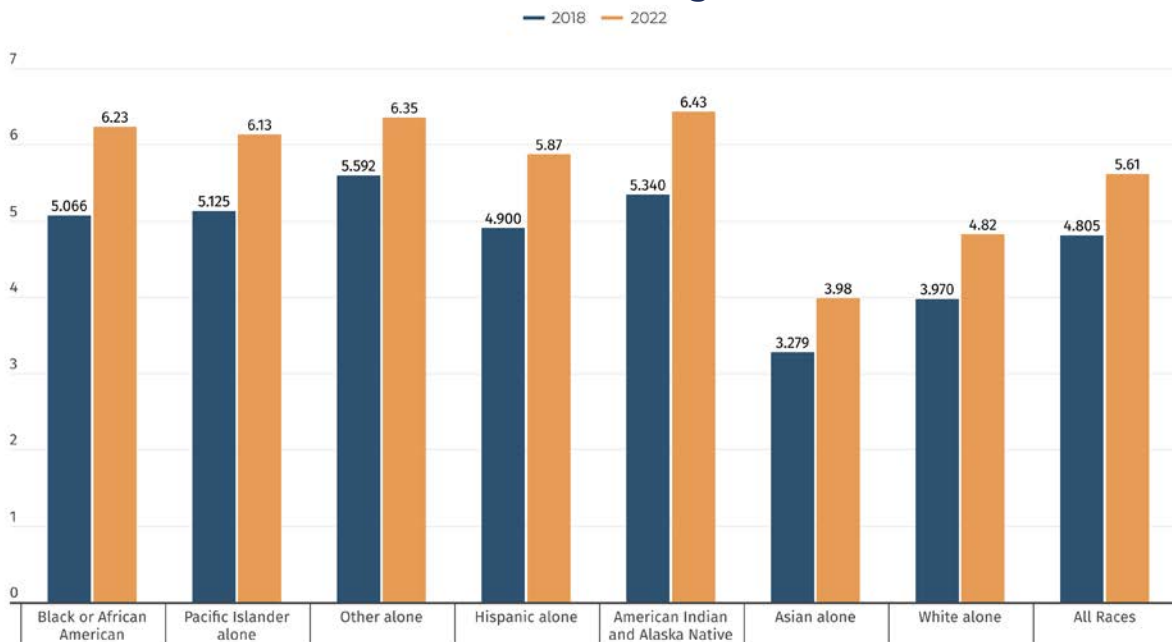
Lastly, examining housing affordability by race and ethnicity can help show

the significant homeownership gaps. As of 2022, 65.8% of white Oregonians owned their homes, while only 50.5% of BIPOC Oregonians were homeowners, representing a 15.3% gap. This is an improvement from a decade ago when the homeownership gap was 18.9%. However, this misses an essential piece of the puzzle. For Black and Native American communities, the gap hasn't improved since 2013 due to slow or nonexistent growth in homeownership. In 2013, only 34.9% of Black residents owned their homes; in 2022, that figure was 34.0%, remaining essentially unchanged (Figure 10). This gap is the result of exclusionary policies, wealth gaps, and institutional barriers that prevent BIPOC communities from buying a home.

The cost of buying a home is unaffordable for most Oregonians. Still, the problem of affordability is particularly challenging for BIPOC households

Figure 11

While homeownership is further out of reach for all Oregonians, BIPOC communities face the worst of the housing crisis



Source: American Community Survey, 5-Year Estimates S2502, 2018 - 2022; HUD, Median Family Income Limits, 2018 - 2022

in Oregon, who tend to have lower incomes than white households. In 2022, less than three in ten Oregon households earned enough to afford the average home for sale, a decrease from nearly six in ten families in 2013.

When comparing the median home price with the median family income by race, the median home price in 2018 was five times greater than that of Black, Native American, Pacific Islander, and households identifying as other races (upper limit of HPI). For white residents, the price was only 3.97 times higher than their household income (Figure 11). Over the past ten years, median sales prices have outpaced wage gains for everyone, but wage increases were slower for BIPOC communities, further excluding them from homeownership. Since then, affordability has risen to more than six times higher for all BIPOC communities except Asian households. The cost of a

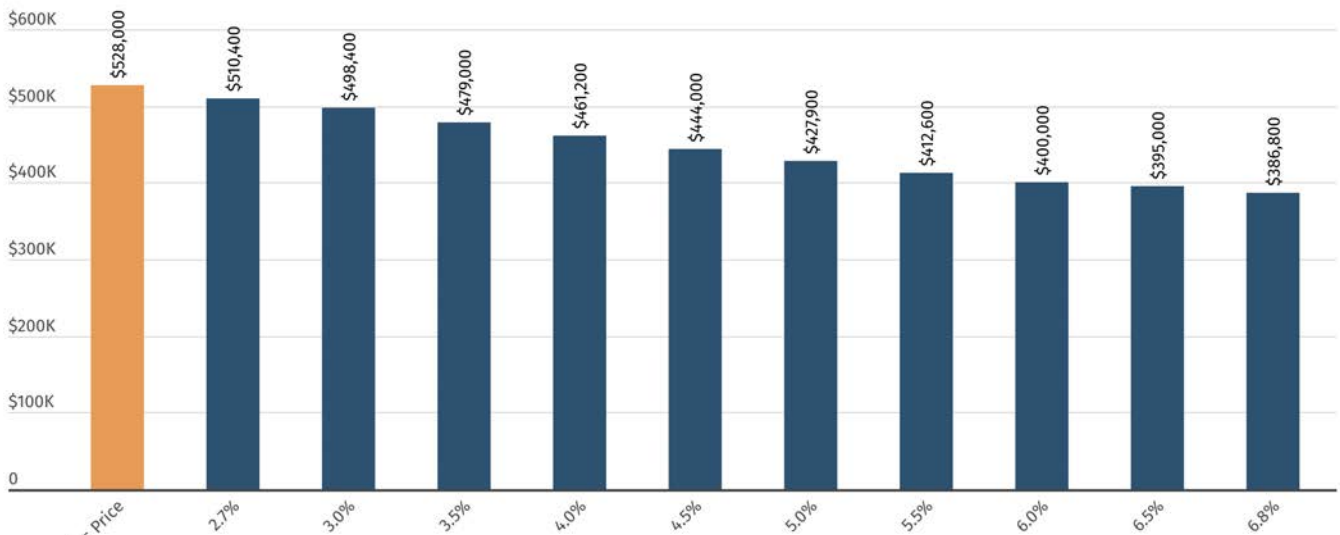
home grew quickly for white Oregonians as well; however, an HPI of 4.82 in 2022 is still better than what BIPOC communities experienced in 2018, demonstrating the sheer depth of housing inequality.

Interest Rates Exacerbate the Housing Crisis in 2023

In response to the economic fallout from COVID-19, the Federal Reserve (the Fed) implemented monetary measures to alleviate the effects of unprecedented unemployment, small business closures, and supply chain disruptions. One key tool the Fed uses is adjusting the federal funds rate (the interest rate banks charge each other for overnight reserves), which influences lending and consumer spending. Lower federal funds rates generally lead to cheaper mortgages and credit card rates, encouraging consumer spending and supporting

Figure 12

How much can the typical Oregon family afford to pay for a home by interest rate?



Source: HUD, Median Family Income Limits, 2023; OHCS Tabulation of National Association of Realtors MLS Data, Median Sales Price, Seasonally and Inflation Adjusted, 2014 – 2023

homebuying. In March 2020, the Fed lowered the target federal funds rate by 1.5 percentage points down to 0% to 0.25% due to a significant drop in consumer spending—down by 37%—as the economy stalled. This rate reduction, combined with stimulus spending and other public policies, helped consumer spending rebound and the housing market to exceed pre-pandemic levels by mid-January 2021.

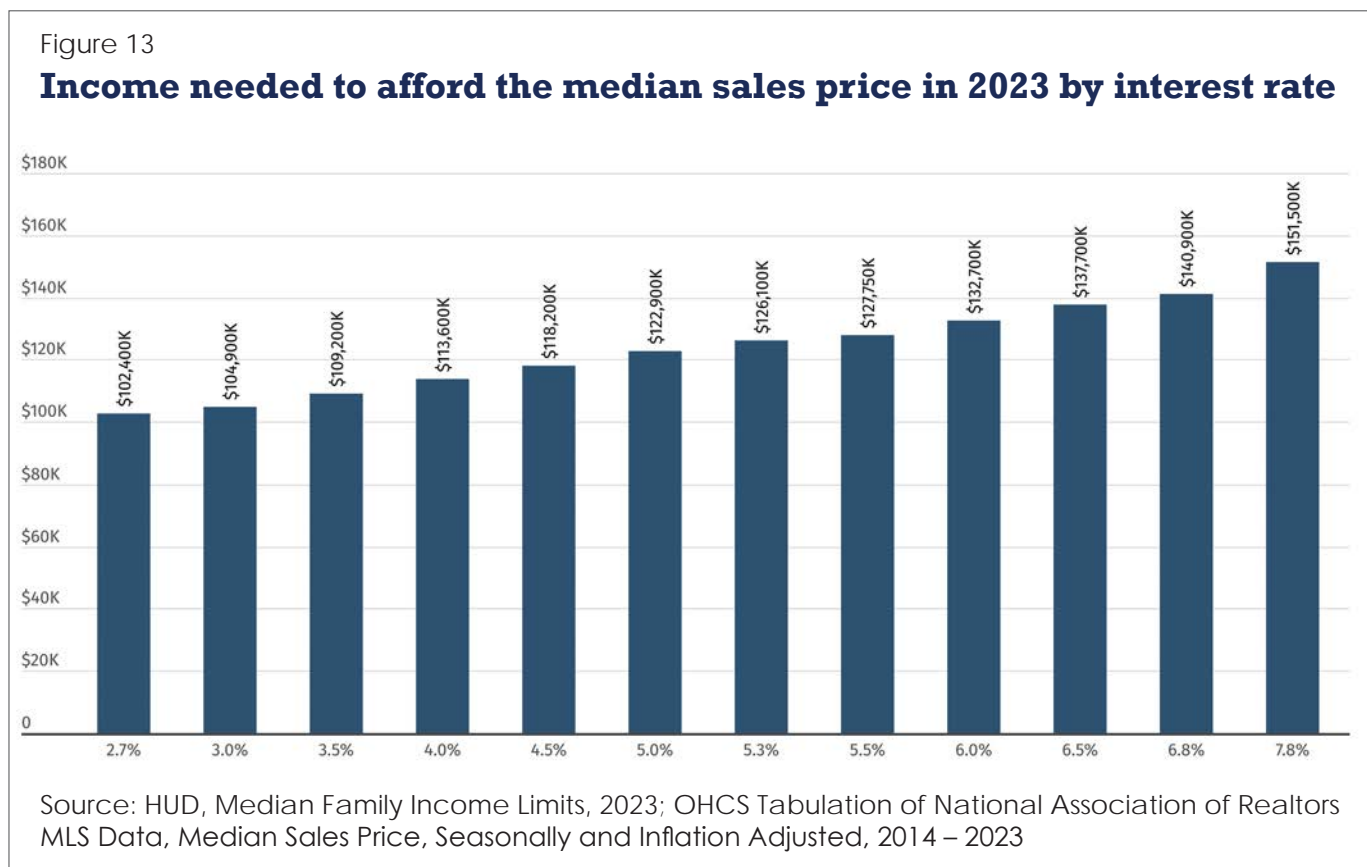
However, inflation began to rise sharply in the spring of 2021. Ben Bernanke and Olivier Blanchard (2023) identified three primary causes:

- tight labor market conditions
- high demand for and supply chain disruptions to durable goods
- shocks to food and energy prices

In response, the Fed started increasing the federal funds rate in early 2022 to achieve

its target inflation rate of 2%. Since mid-2023, the federal funds rate has been between 5% and 5.25%, and the average mortgage interest rate in 2023 was 6.8%. Between December 2021 and June 2022, the average mortgage rate surged from 3% to 5.3%, an increase of over two percentage points in just six months. This rise in rates priced many Oregonians out of the housing market, pulling the rug out from under prospective buyers in a matter of months. A couple of percentage points may not seem like much, but when a mortgage loan of \$400,000 or more is needed to buy a home, it drastically influences affordability.

While low rates averaging just under 3% in 2021 helped offset rising home prices and modest wage gains, the higher rates in 2023 exacerbated the housing crisis. To illustrate, consider a typical Oregon family looking to buy a home





Mobile Estates | Talent

at different interest rates (Figure 12). At a 2022 average interest rate of 3%, this family could afford a home worth \$498,400. Although this was below the 2023 median sales price of \$528,851, it still provided more options. At a 6.8% interest rate, the same family could only afford a home worth \$386,800, a decrease of \$111,600 in purchasing power. Despite home prices falling from the record highs of 2022 and a slight increase in median family income (according to HUD estimates), the drastic changes in interest rates have undermined these improvements in affordability.

Another important question is: How much would someone need to earn to afford the typical home in Oregon? In 2021, housing affordability improved despite rising costs, largely due to record-low interest rates averaging 3% for the year. To afford the median sales price of \$542,011 in 2021, a family would need an income of \$107,500, meaning 40% of

families could qualify for that home loan (Figure 13). In 2022, while home prices remained relatively stable at \$541,496, the average mortgage rate increased to 5.34%. As a result, the same family would need an income of \$126,100 meaning that 34.3% of Oregon families could afford the average home.

By 2023, home prices had declined slightly to \$528,900, but the average interest rate spiked to 6.8%. This increased the required income to \$140,900, pricing out more households. A couple earning the average wage of just under \$65,000 each may struggle to buy a typical home in Oregon.

To illustrate the impact of interest rates on housing costs, the graph below estimates the income needed to afford the 2023 median sales price of \$528,900. While low interest rates briefly eased housing costs, Oregonians now face the least affordable housing market since the pandemic began in 2020.



Rental Markets

Rent Surged Past Income Gains Between 2020 and 2022, Well Above Pre-Pandemic Levels in 2023

Unlike the for-sale market, rental prices remained stable from early 2017 to 2020 due to increased residential construction in previous years and slowing in-migration rates. This stability allowed wages to rise during this period, helping to align housing costs more closely with income. Between 2017 and 2019, rent increased by only 2.8%, while renter income grew by 8.6% (Figure 14). However, as the pandemic began and many people lost their jobs, overall rent decreased slightly in the first half of 2020. This reduction, though, did not provide the hoped-for relief. Instead, luxury or high-end rental properties saw price cuts as unemployment rose, but demand for affordable housing surged, leading to stable or even increasing prices—a phenomenon known as reverse filtering. While demand for luxury rentals

diminished, competition for standard apartments intensified, contributing to the price rebound Oregon experienced from late 2020 to 2022.

Since the pandemic, the rental and for-sale markets have followed a similar trend of rising housing costs, erasing the renter wage gains achieved over the previous six years. From 2017 to 2022, renter income increased by only 6.3% (impacted by high inflation), while rent grew by nearly 13% from mid-2020 to the end of 2022. In other words, for every dollar renters gained in wages, 60 cents went toward rent increases.

Data from 2023 indicates that rental costs declined by 1.5% year-over-year. However, this minor decrease likely offers little relief to renters, given that other sources of inflation remain high. Rental prices are notoriously sticky and resistant to downward market pressures, similar to

the for-sale market. For example, rental vacancy rates in Oregon increased from 4% to 6% in 2023—an increase of about two percentage points (Figure 15). Although this might seem like a small change, it brings Oregon closer to the national average and represents thousands of available units that were not on the market in 2022. Despite this increase in vacancies, prices fell by only 1.5%, and current rents remain 14.1% higher than pre-pandemic levels. Historical data on Oregon’s rental prices further reinforces this trend, showing steady growth in costs since records began.

When examining costs by year, the average rent for all units increased slowly between 2017 and 2020, rising from \$1,261 to \$1,284. While this figure may not reflect everyone’s experience—submarkets may have seen faster increases or decreases—it suggests that rent hikes were relatively modest during these years, as indicated by the chart in Figure 16. In contrast, average rents in Oregon surged by 7% (nearly \$100) between 2020 and 2021 and then by almost 9% (about \$169) going into 2022. Over these two years, Oregonians found themselves spending \$3,328 more on rent than they had before the COVID-19 pandemic. This was compounded by slow income growth for rental households, largely due to inflationary pressures. Between 2020 and 2022, an additional \$2 went towards rent for every dollar increase in wages amid the global pandemic. As rent prices surged, Oregon renters faced significant financial strain, eroding housing security. Eviction moratoriums and safe harbor laws initially delayed evictions and foreclosures. However, as these protections ended, home losses have surpassed pre-pandemic rates, as will be discussed later in this report.

Renters play a crucial role in Oregon’s demographic growth and economic expansion, as in-migration primarily drives our population increases. As of 2022, renters are about three times more likely to move than homeowners. However, new arrivals may take time to decide on settling permanently. While slower in-migration might help address the housing crisis, it remains essential for maintaining labor market stability in the coming decades. Oregon, like much of the country, is facing a labor shortage, and without a steady influx of new workers, labor markets and business activity may tighten over time.

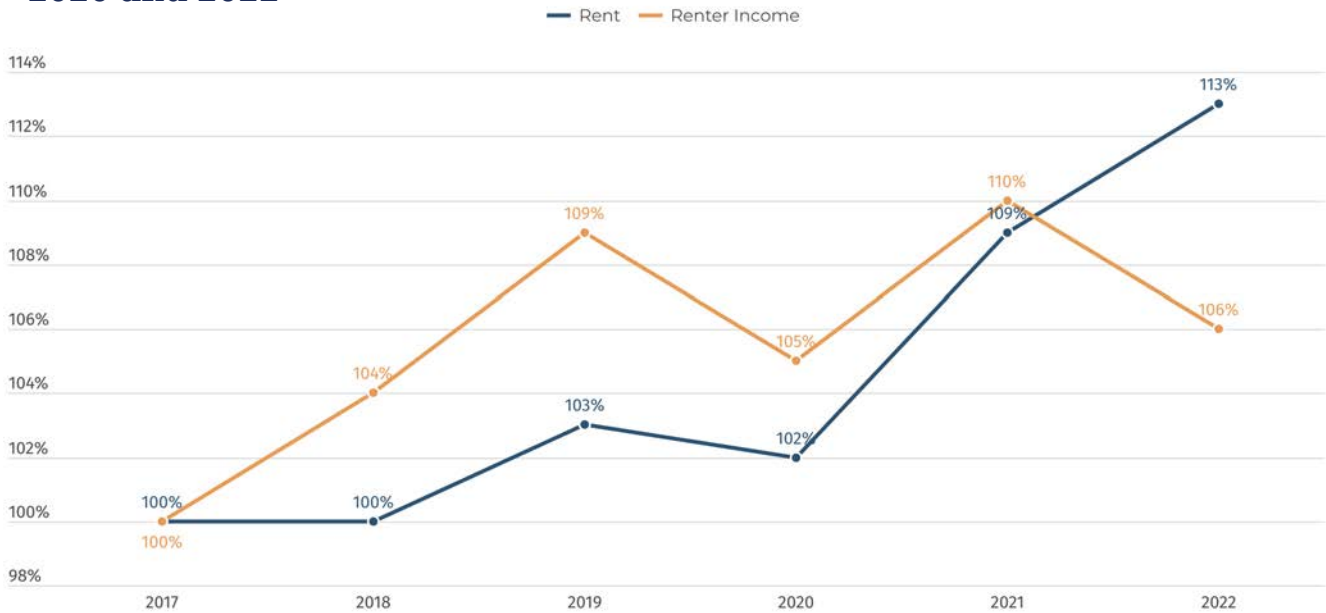
Additionally, economic challenges disproportionately affect renter households because they typically have lower incomes and spend a larger portion of their income on housing costs. Although renters make up only 37% of households in Oregon, they represent 51% of all low-income households (Figure 17). In contrast, more than 43% of homeowner households are considered high-income (earning more than 120% of the Area Median Income).

Low-Income and BIPOC Households are More Likely to be Renters

Due to historical and current barriers to homeownership, renter households are concentrated in lower-income brackets compared to homeowners. For example, the income needed to purchase a home in 2022 exceeded \$125,000, while the median household income for renters was around \$50,000—less than half of what’s required to buy the typical Oregon home. Renters are 2.5 times more likely to be in extremely low-income households earning less than \$28,000 and nearly twice as

Figure 14

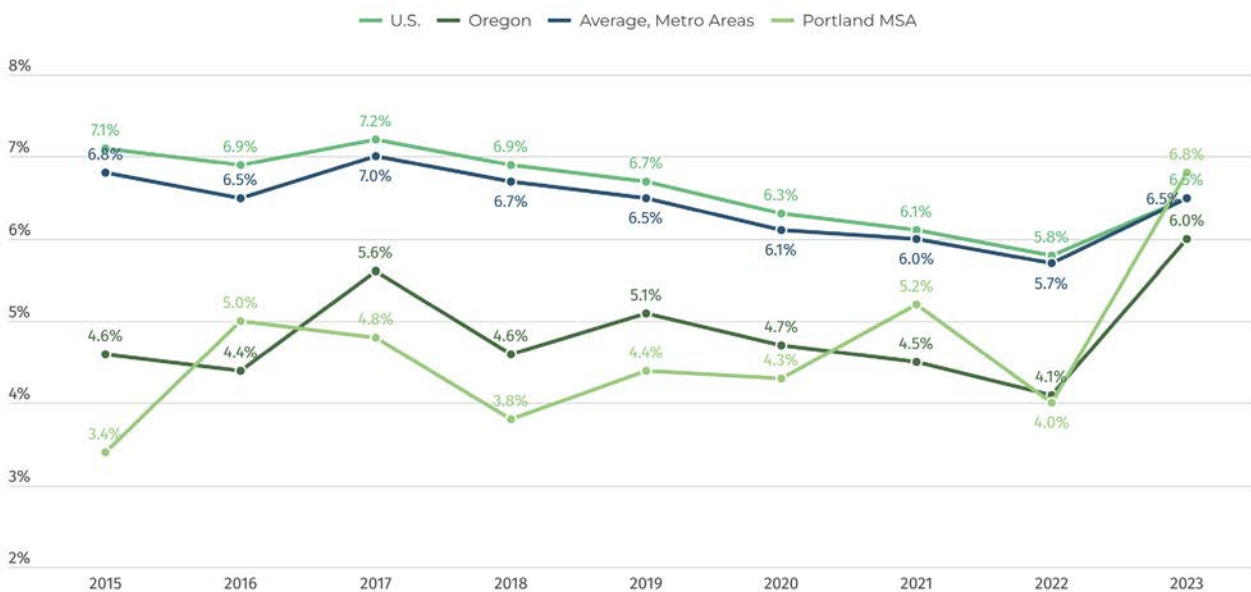
Renter income outpaced rent leading up to the pandemic but were eclipsed by record inflation and rapidly increasing rent between 2020 and 2022



Source: OHCS Tabulation of ApartmentList Rent Index Data, Inflation Adjusted, 2012 – 2023; American Community Survey, 1- Year Estimates S2503, Inflation Adjusted, 2017 – 2022

Figure 15

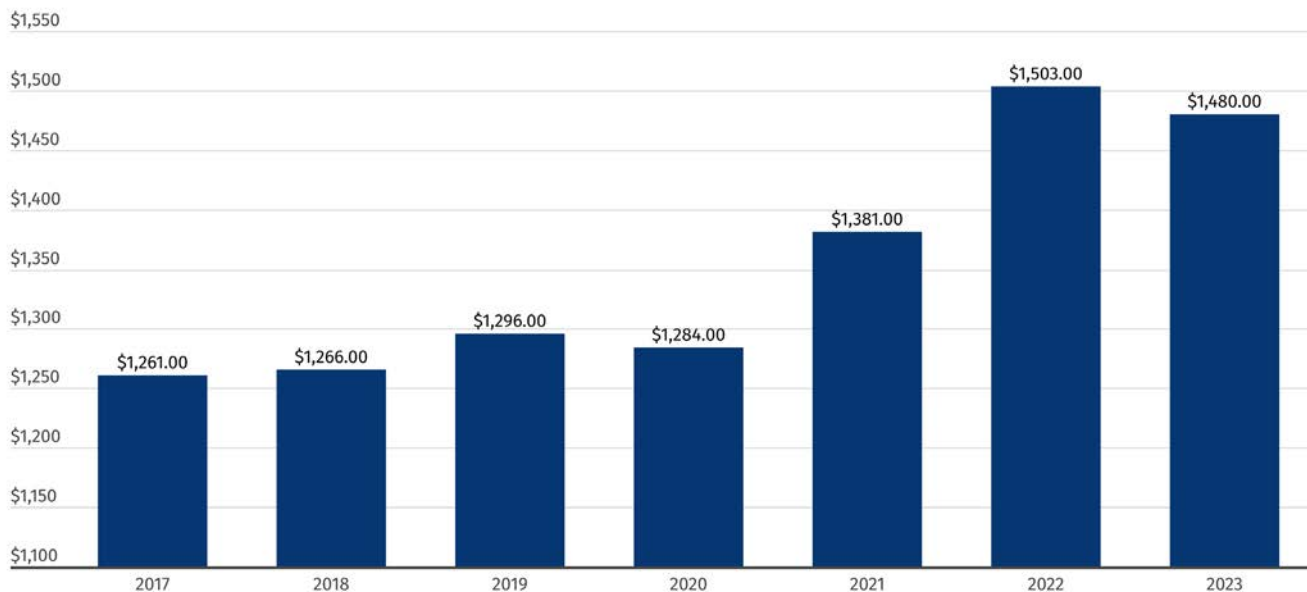
Rental vacancy rates in Oregon and the Portland metro jumped 2.8 percentage points between 2022 and 2023, but rental prices remained essentially unchanged



Source: OHCS Tabulation U.S. Census, Housing Vacancy Survey, 2015 - 2023

Figure 16

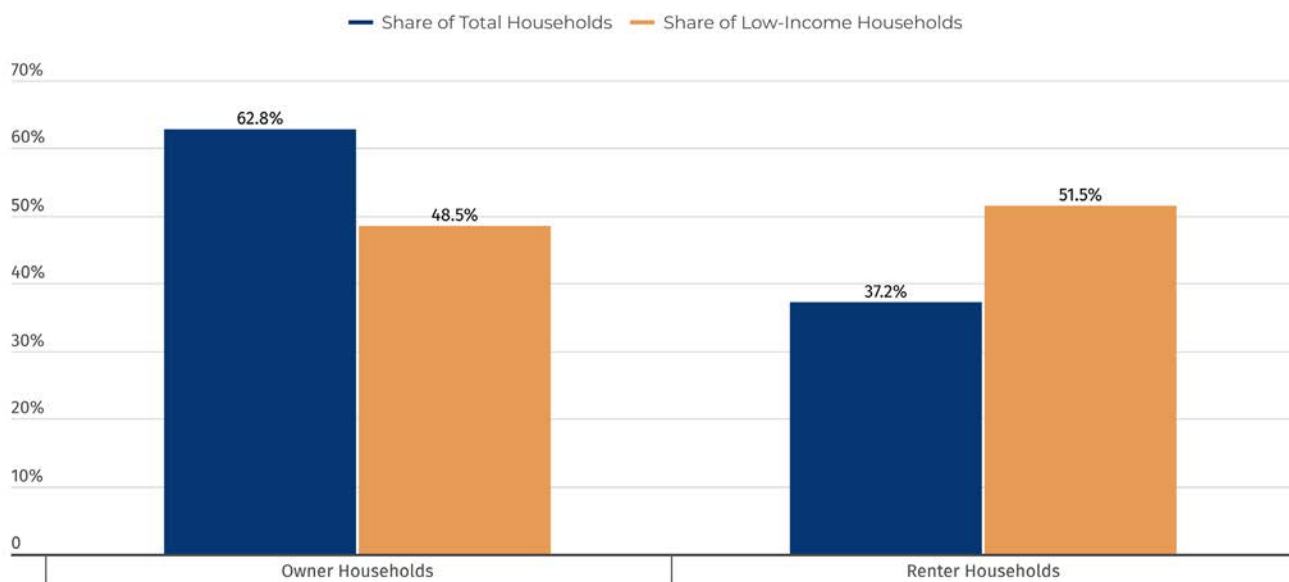
Rent increased by 17% between 2020 and 2022 wiping out housing security for thousands of households



Source: ApartmentList, Rent Index, 2012 - 2023 (Figure 16)

Figure 17

Despite making up only 37% of total households in Oregon, renters account for more than half of all low-income households



Source: OHCS Tabulation of American Community Survey, 1- Year Estimates S1901, 2022

likely to be in very low-income households earning less than \$46,000 in 2022. Two-thirds of renter households are considered low-income, and more than one in four qualify as extremely low-income, aligning closely with the Oregon poverty level (Figure 18).

Another important piece of context is that BIPOC communities, individuals identifying as LGBTQIA+, and women-headed households are more likely to have lower incomes than people identifying as white, cis-gendered, heterosexual men and are therefore also more likely to be renters. Across the state, about 63% of people own their own home, whereas 37% are renters, but it varies widely by race and ethnicity. Native Hawaiian and Other Pacific Islanders, as well as Black or African Americans, have the lowest rates of homeownership, with only 24% and 27% of those households in those respective demographics owning their own homes. This is much less than the 66% of white individuals who own their homes (Figure 19). While the racial homeownership gap between BIPOC and white Oregonians has improved over the last 20 years, from 18.9% to 15.3% in 2022, it has remained about the same for Black and Native Hawaiian and Pacific Islanders.

How gender, sexual orientation, and disability status affect access to housing

Single female households have a median income nearly 21% lower than their male counterparts and are less likely to own their own homes. The situation is even more challenging for female householders with children, who earn 32% less than their male counterparts. Lower income and less security create significant barriers to homeownership. Women who have never been married are about 6% less

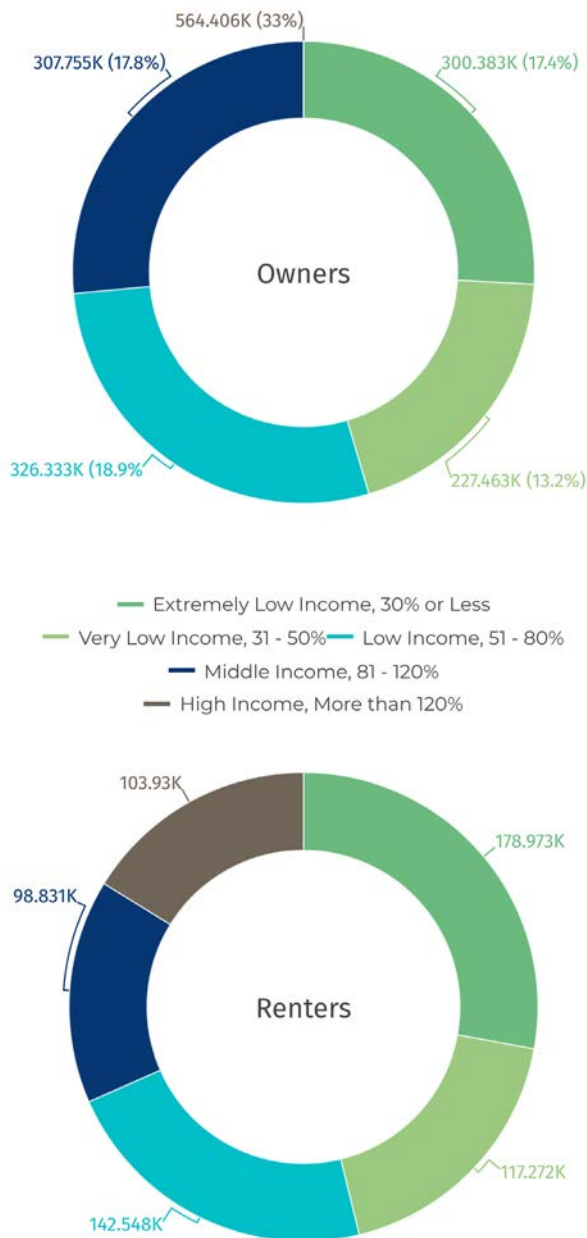
likely to own their homes compared to men. However, research from the Urban Institute and the National Association of Realtors indicates that the gender gap in homeownership has improved over the past 30 years. Additionally, first-time female homebuyers are now outpacing their male peers, reversing historical trends. Despite this progress, most gains have been among married women, while women who have never married or are single parents are more likely to rent.

Data on the LGBTQIA+ community is severely lacking, which poses a critical issue for Oregon, where 5.6% of the population identifies as LGBTQIA+, ranking second in the nation behind the District of Columbia at 9.8% as of 2023. Limited data from sources like the U.S. Census Bureau makes it challenging to assess housing affordability for LGBTQIA+ populations. Institutions such as the Urban Institute and UCLA's Williams Institute are working to provide more information, but there is still a significant need for better data and support at both the state and national levels.

A 2023 report from the Urban Institute reveals that "the homeownership rate for LGBTQIA+ people is 20 percentage points lower than for those who identify as straight and cisgender." Part of this gap is attributed to age differences, as straight and cisgender individuals tend to be older than LGBTQIA+ individuals. Additionally, research from the Williams Institute shows that 30% of Oregonians who identify as LGBTQIA+ are food insecure, and 24% have an income of less than \$24,000. In comparison, about 14.7% of all Oregonians fall into this income bracket, indicating that LGBTQIA+ individuals are 1.63 times more likely to be part of extremely low-income groups, which may contribute

Figure 18

More than 2 in 3 renter households fall into the low-income category while 1 in 3 homeowners are considered low-income – representing more than 742,000 low-income households in 2022



Source: OHCS Tabulation of American Community Survey, 1- Year Estimates S1901, 2022 and HUD, Income Limits for Oregon, 2022

to their lower homeownership rates and increased risk of housing instability and homelessness. While all Oregonians face a housing crisis, it is crucial to recognize the specific challenges faced by communities less likely to be homeowners.

Persons with disabilities (PWD) also face lower incomes and significant barriers to housing access and homeownership. Like other historically underserved groups, data on housing affordability for PWD is limited, but existing data highlights major economic challenges. For instance, the labor force participation rate in Oregon is 29% for PWD, less than half of the 67% rate for those without disabilities. Median earnings for PWD were \$28,012 in 2022, compared to \$43,703 for those without disabilities. PWD are also twice as likely to have extremely low incomes (Figure 20). Furthermore, only 30% of housing units in the United States are level one accessible, meaning they would still require modifications to accommodate individuals with moderate to severe disabilities.

Each of these communities is more likely to be renters, fall into lower income brackets, and are less likely to be a homeowner. Further, data is either limited to nearly nonexistent, so the state of housing affordability is almost certainly underreported for BIPOC, LGBTQIA+, and persons with disabilities. However, reports such as Access Denied by Director Allen Hines at Community Vision bring these topics to light and provide much-needed context on the issues that PWD face from affordability to accessibility. As this report will discuss later, low-income renter households are not only the most likely to face cost burden but disproportionately face housing problems ranging from overcrowding to incomplete kitchens or bathrooms.

A Lack of Affordable Housing can Create Further Issues for Labor Markets and Economic Growth

It is important to recognize the significant relationship between housing and labor markets, which can have broader economic consequences for both individuals struggling with housing affordability and employers. High rent prices can deter potential new residents or force families to leave their communities, ultimately impacting economic growth. Employers may face difficulties finding employees if individuals are unable to afford even a one-bedroom apartment, let alone purchase a home.

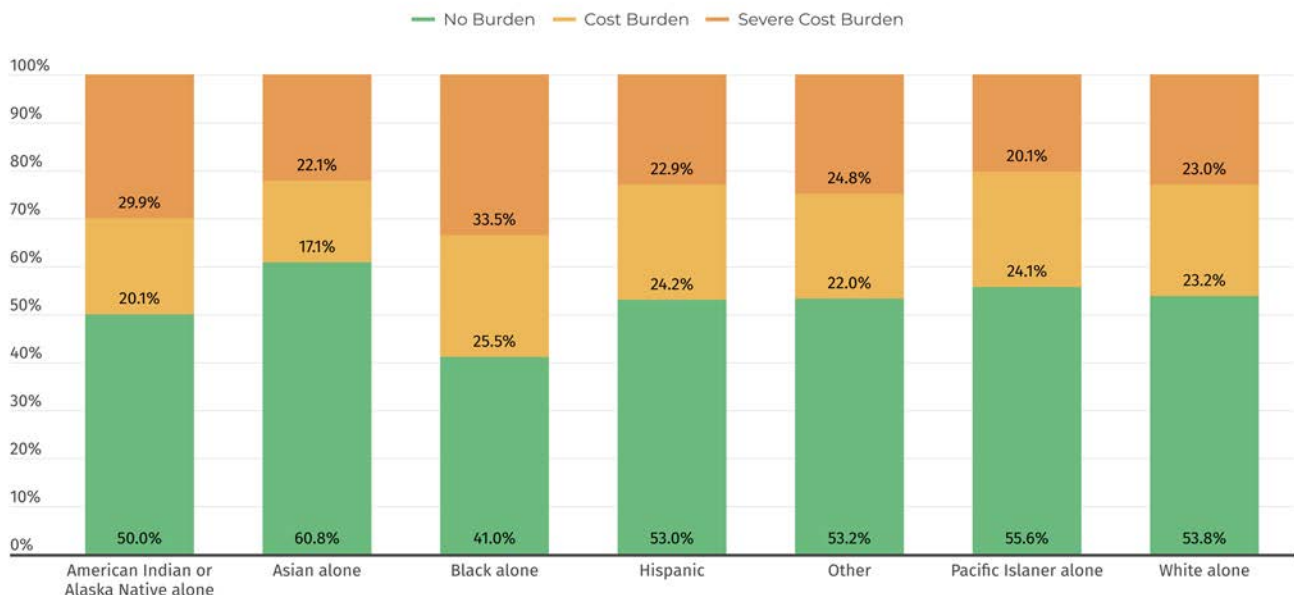
While housing costs are not the sole factor influencing where people move, they are a fundamental consideration. Factors such as pay and benefits, climate, community, politics, and personal preferences can influence an individual's decision to overcome barriers like high housing costs. However, there is a limit to how much a job

can offset the cost of housing in Oregon. When examining rent by census division, the Pacific West is by far the most expensive region and has been since early 2017, followed closely by the East Coast (New England and the Mid-Atlantic). In contrast, East South Central (Alabama, Kentucky, Mississippi, and Tennessee) and West North Central (Iowa, Kansas, Minnesota, Missouri, Nebraska, and the Dakotas) offer the most affordable rent (Figure 21). The West Coast experienced a population boom from the early 2000s until 2020 but has seen stagnation or decline as rising housing costs deterred potential new residents.

An interesting aspect to consider is the rate of change in rent prices across different regions, which reflects migration patterns. For example, areas like West South Central (Texas, Arkansas, Oklahoma, and Louisiana), South Atlantic (Florida, Georgia, etc.), and to a lesser extent, the Mountain West are seeing increased migration, aligning with census population

Figure 19

BIPOC communities more likely to be renters than white counterparts



Source: OHCS Tabulation of American Community Survey, 1- Year Estimates, 2022

data. Before 2020, states like California, Oregon, and Washington experienced rapid rent increases due to strong in-migration. However, the migration trend has since shifted to the West and South. Despite this, the Oregon business community is expected to outpace general population growth over the next decade.

Over the next ten years, Oregon is projected to add more than 221,000 jobs, representing a 10.4% increase from 2.1 million positions in 2022 to 2.3 million in 2032. There will also be a significant number of replacement openings. During the same period, Oregon is forecasted to add about 152,600 people to its prime working-age population (18 to 64 years old). If the projected labor force participation rates for 2032 hold, closer to only 112,000 workers will be available to fill these new positions. While older individuals may work part-time and people can work beyond age 64, the number of workers in these age groups is expected to decline by 2032.

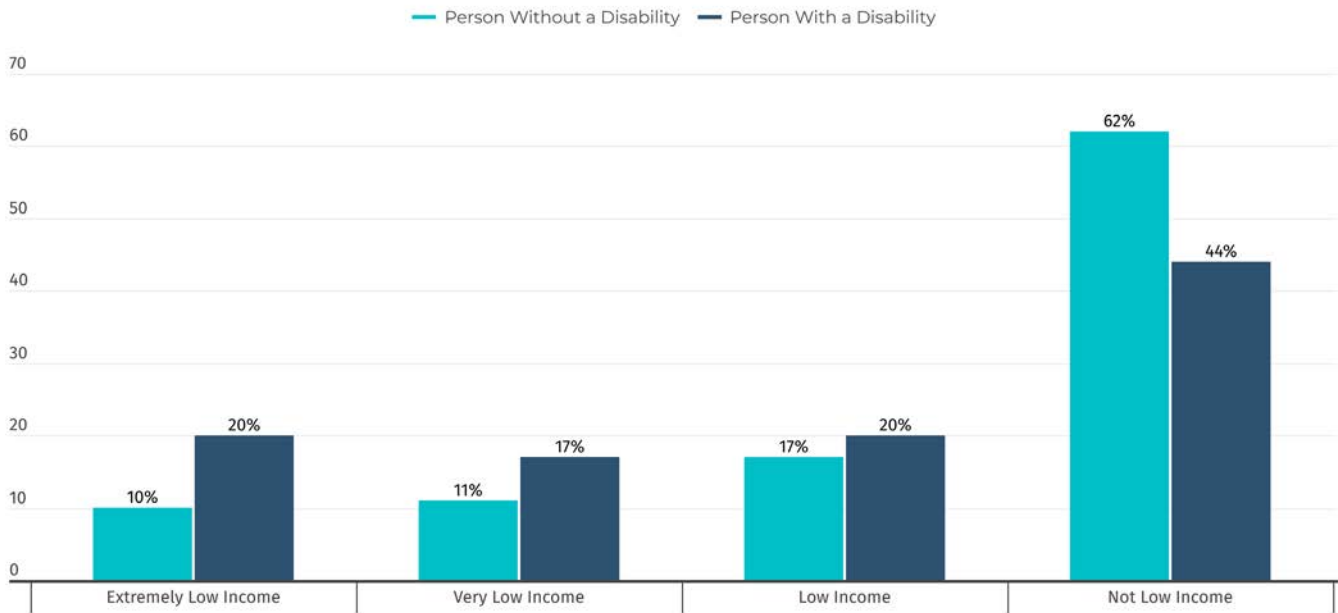
Another key group to consider is those aged 75 to 84, which is expected to be the fastest-growing age range in Oregon, with more than 138,000 people entering this category. However, this group's labor force participation rate is very low, dropping from 29.4% for individuals aged 65 to 74 to only 9.9% for those over 75. When including older workers, there will be about 125,000 workers available to fill the 221,000 new positions, leaving a gap of approximately 96,000. This means that there will be 1.76 job openings for every new worker. Labor shortages are not new to Oregon, which had just over 41,000 difficult-to-fill vacancies as of the most recent job vacancy survey released in Fall 2023. While some of these shortages can be attributed to mismatches between education and job skills, low wages and high housing costs are significant factors

affecting the retention of the current labor force and the attraction of new workers. To avoid experiencing a rent burden, a renter should spend no more than 30% of their monthly income on housing costs. With the average cost of a one-bedroom apartment at \$1,254 in 2023, a person would need to earn \$50,166 to avoid experiencing a rent burden. Anyone earning less than this amount would be rent-burdened by the cost of a typical apartment. About 48% of occupational groups have average wages meeting this definition and will account for 44% of job creation projected through 2032. While options like having roommates or finding less expensive apartments can mitigate this issue, these trends highlight general affordability concerns. Of the 20 occupations expected to see the highest number of new openings between 2022 and 2032, only 14 will be able to afford the typical one-bedroom apartment (Figure 22).

Positions such as registered nurses, general and operational managers, and project management specialists have incomes well above the \$50,166 needed to afford a one-bedroom apartment in Oregon. Construction laborers are just above the cutoff, with an average wage of \$50,889. However, the 13 occupational categories that cannot afford a one-bedroom apartment account for 23.4% of all job creations expected between 2022 and 2023. This highlights a crucial link between labor and housing markets, especially for the business community. Oregon businesses rely heavily on in-migration for expansion and job creation, and without these workers, future labor shortages could become a serious issue. While more people have been moving to other parts of the country in the early 2020s, addressing housing affordability in Oregon could strengthen the business community and consumer base.

Figure 20

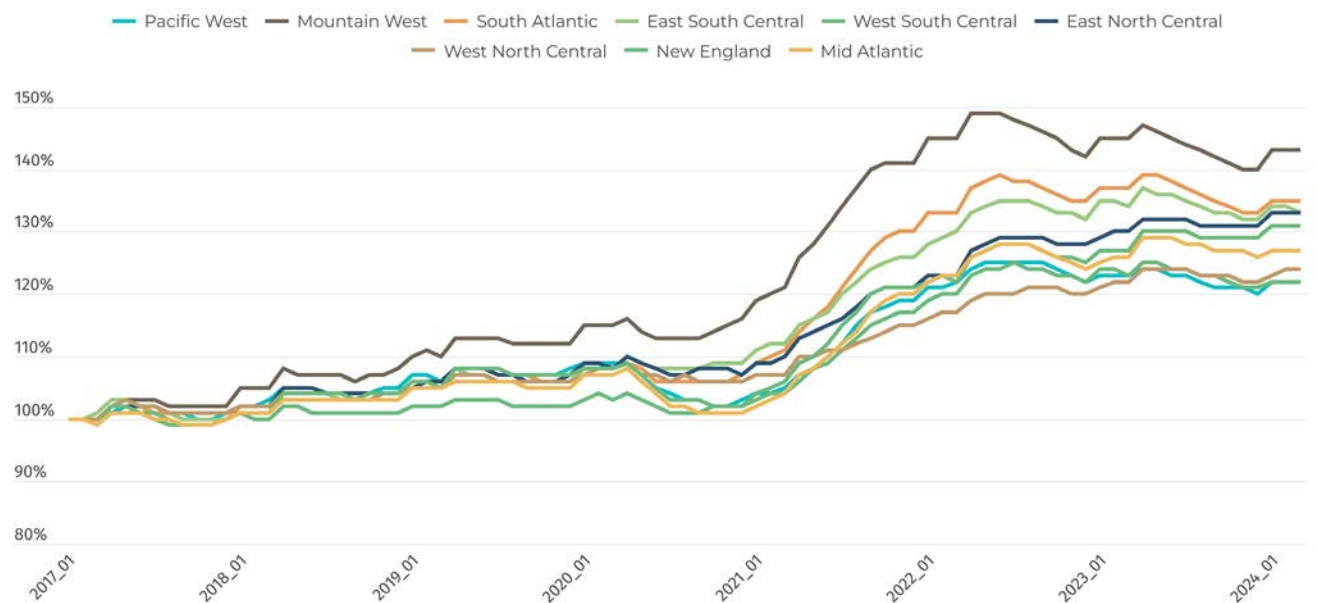
One in five persons with a disability has an extremely low income



Source: OHCS Tabulation of CHAS 5-Year Estimates, 2016 - 2020

Figure 21

The Mountain West, South Atlantic, and East South-Central Regions saw the fastest rent increases



Source: OHCS Tabulation of Apartments List, Historic Rent Estimates, Jan 2017 to Mar 2024, Seasonally Adjusted and Census Divisions

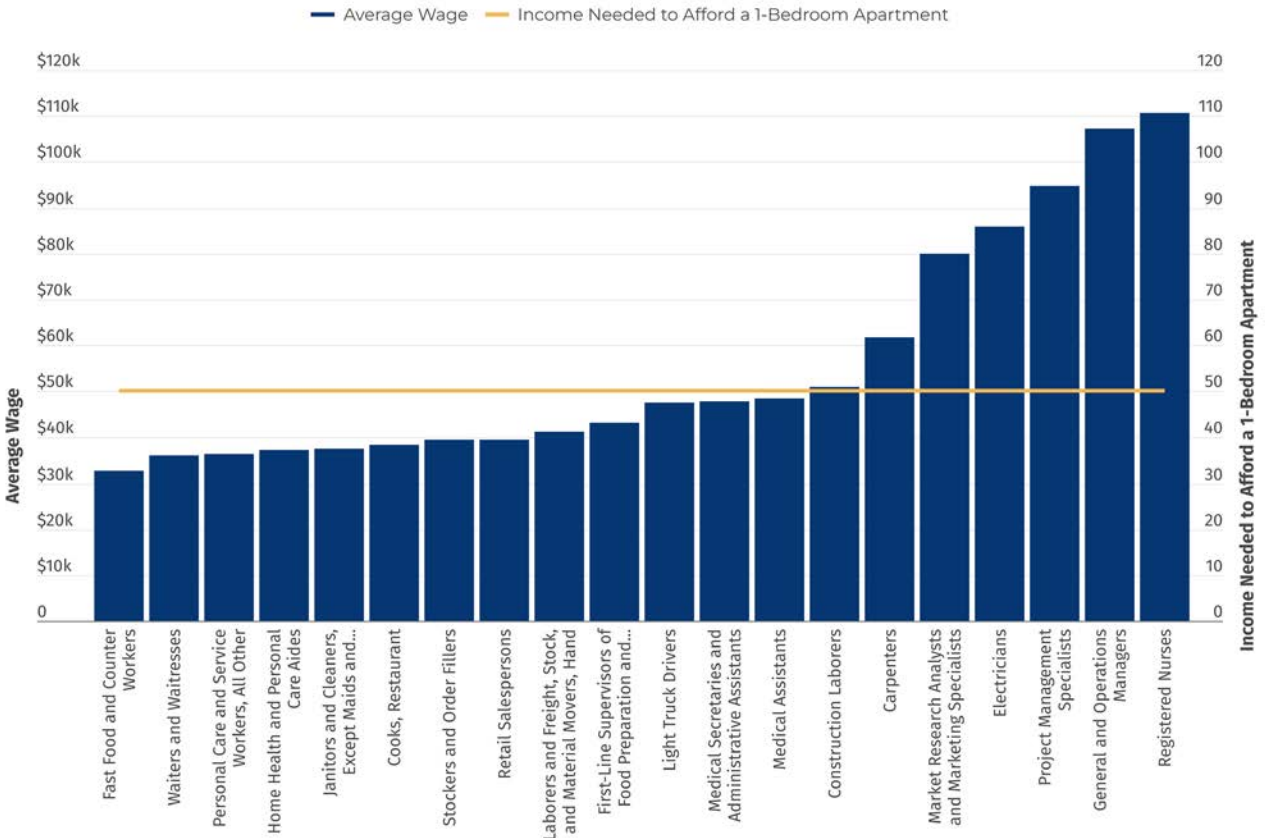
The previous Figure asked whether the median wage for a rapidly growing occupation could afford a one-bedroom apartment. The following analysis shows the share of workers in each field who can afford that same unit. The median wage in Oregon stands at \$49,400, significantly lower than the mean wage of \$64,385. However, the median is generally used to evaluate housing affordability. When the mean exceeds the median, it typically indicates a right-skewed distribution, where a few high-income earners elevate the average. This means the mean wage may not accurately reflect housing affordability for the typical Oregonian, while the median is more useful for assessing general affordability. In any

case, only 47.3% of employed Oregonians can afford the typical one-bedroom apartment (Figure 23). This disparity is most evident when evaluating different occupational categories.

Jobs can be classified into various types using the Standard Occupational Classification (SOC) system provided by the Bureau of Labor Statistics. Certain occupation groups earn high incomes, and nearly everyone in those fields can afford an apartment. More than 90% of workers in architecture, legal, computer, and mathematical fields, and management can afford a one-bedroom apartment, followed closely by those in business and financial operations at 85%.

Figure 22

Of the 20 fastest growing occupations, 13 can't afford a 1-br apartment which represents 30% of all employment openings between 2022 and 2032



Source: OHCS Tabulation of Employment Department Wage Information and Employment Projects, 2022 – 2032 and Apartments List, Historic Rent Estimates, 2022

Individual wage records are suppressed to ensure confidentiality, so the minimum earners for each category are unknown. Therefore, it is only possible to say that “more than 90% of workers in X occupation can afford a one-bedroom apartment.” On the other hand, people with occupations in food preparation, building/grounds cleaning and maintenance, and personal care are least likely to afford a one-bedroom apartment. Individuals in these fields face the greatest impact of the housing crisis, and businesses may struggle to retain or attract the necessary workforce.

The housing crisis will continue to negatively impact Oregon’s business

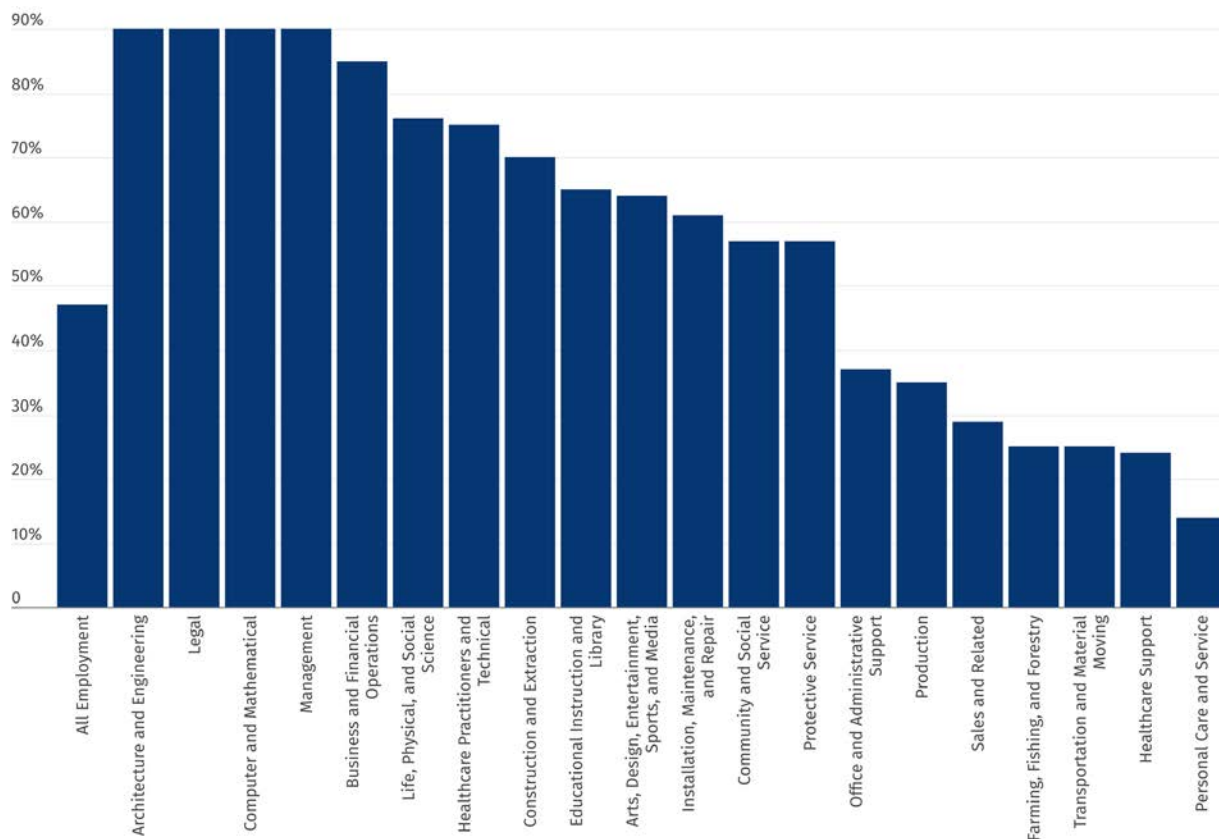
community, but it also carries a profound human cost. The exclusion from homeownership and rising rent prices lead to insecurity and instability, which not only affect the well-being of those struggling to pay but also increase the risk of eviction, foreclosure, and ultimately, homelessness. The connection between restrictive housing markets, oppressive rent prices, and stagnant wages—further eroded by inflation—is undeniably linked to the homelessness crisis seen in Oregon today.

Energy Burden as an indicator of housing instability

Energy burden is a crucial indicator of financial instability and the strain of

Figure 23

Less than 50% of employed Oregonians can afford the average 1-br apartment in 2023



Source: Oregon Employment Department, Employment and Wage Estimates, 2022 (Figure 23)

maintaining stable housing. Earlier in this report, we identified housing cost burden as a threat to housing stability for hundreds of thousands of households across the state; energy burden presents a similar challenge.

Energy burden refers to the percentage of a household's monthly income spent on utility or energy bills. Households that spend more than 6% of their monthly income on energy costs are considered energy-burdened and are at risk of energy insecurity. Those spending more than 10% of their monthly income on energy costs are classified as severely energy-burdened. Research has shown that energy insecurity—struggling to meet basic heating, cooling, and energy needs—can lead to housing instability. Therefore, understanding energy burden is essential for understanding how households face financial instability and insecurity in covering basic living costs.

Like housing cost burden, energy burden affects low-income households more acutely than middle- and high-income households. In addition, Black, Hispanic, and Native American-headed households experience disproportionately high energy burdens compared to white-headed households. These communities often face poor housing conditions, such as older units that require more heating and lack energy-efficient appliances, as well as barriers to accessing financial assistance. These factors exacerbate the problems of energy burden, as the households in greatest need frequently encounter obstacles or discrimination when seeking help.

Energy Burden in Oregon

In 2018, under the direction of then-Governor Kate Brown, OHCS, the Public Utilities Commission, the Department of

Energy, and the Energy Trust of Oregon collaborated on a report addressing energy burden across the state and strategies to alleviate it, particularly for low-income households. The report highlighted that low-income households in Oregon experience a higher energy burden compared to middle- and high-income households. One way to alleviate this burden is increased investment in energy assistance programs provided at both the federal and state levels.

A report released by PGE in April 2024 examined their service to 800,000 households and found that 140,000 of these households have a high energy burden, defined as spending more than 6% of their monthly income on energy costs. Of these 140,000 households, 118,000 are low-income, living below 60% of the Area Median Income (AMI). Additionally, low-income, energy-burdened households pay an average of \$2,300 annually in electricity bills, compared to \$1,900 for the average household regardless of income. This indicates that low-income households not only spend a higher percentage of their income on energy but also incur higher total energy costs compared to households across all income levels.

Energy burden is measured based on two primary factors: household income and the total cost of energy bills. However, this measure does not account for other costs, such as transportation or fuel, which can also strain household finances. In 2019, OHCS developed an energy burden dashboard to identify counties with the highest levels of energy burden. The data from 2019 show that the southeastern part of the state, including Malheur, Harney, Lake, and Klamath counties, experiences the highest levels of energy burden, particularly among households at or below the poverty level.



Housing Challenges

Few options exist for Oregonians who cannot afford to buy a home or keep up with monthly rent payments. While moving to a new apartment or relocating within the state is possible, it often requires significant money and uproots individuals from their communities. Moreover, losing population harms economic prospects. Out-migration not only reduces the local labor force but also decreases the consumer base, further impacting business activity. Individuals who spend more than they can afford on housing are considered housing cost burdened. Typically, this means spending more than 30% of their gross income on housing costs, with spending 50% or more considered severely cost-burdened. These households are at the highest risk for evictions, foreclosures, and, ultimately, homelessness.

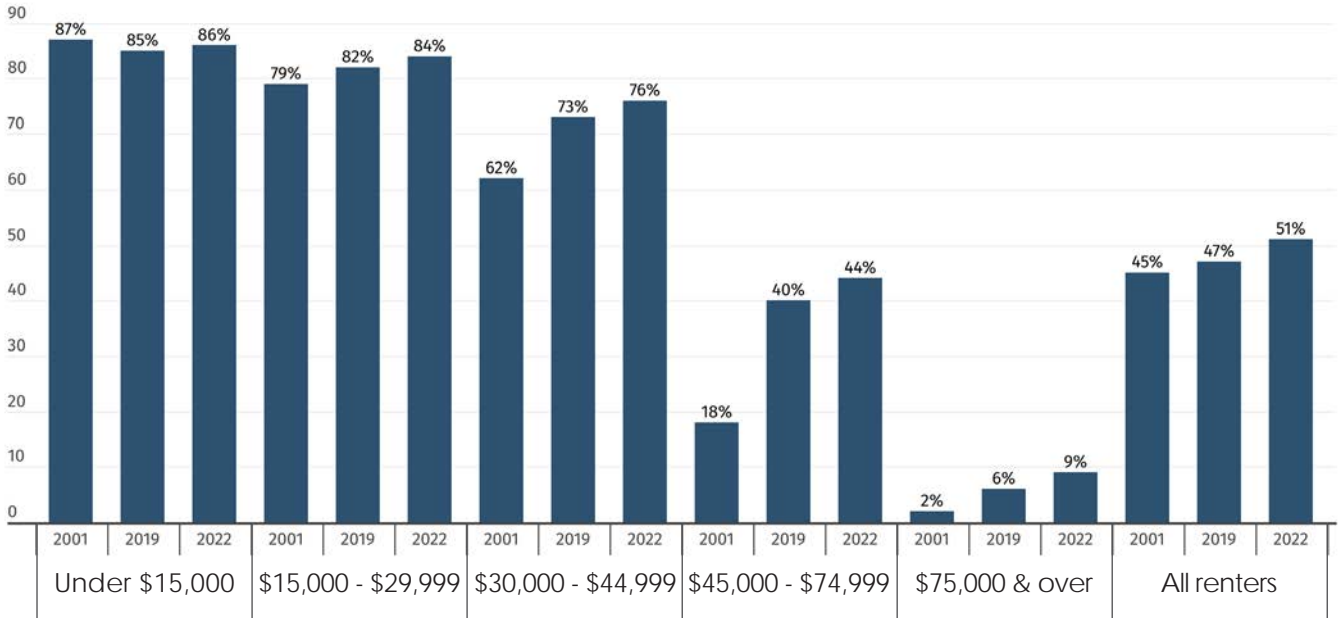
Research from the University of Washington and Washington State reviewed numerous

variables to identify the leading predictors of homelessness in 2023. Unsurprisingly, the housing cost index for a state was the most significant predictor of homelessness, followed by transportation and grocery costs. Increases in major living expenses, such as those reflected in the cost of living index (COLI), typically precede rises in homelessness. This finding is intuitive and supported by the study's statistical analysis Oregon is ranked the 8th most expensive state to live in, outranked only by other West Coast states (Washington, California, Alaska, and Hawaii) and several East Coast states like New York and Massachusetts. When considering only the housing cost index, Oregon ranks 6th, surpassing Washington and Alaska in that category. A full breakdown of the cost of living index can be found [here](#).

Based on this information, it is no surprise that Oregon and these other states

Figure 24

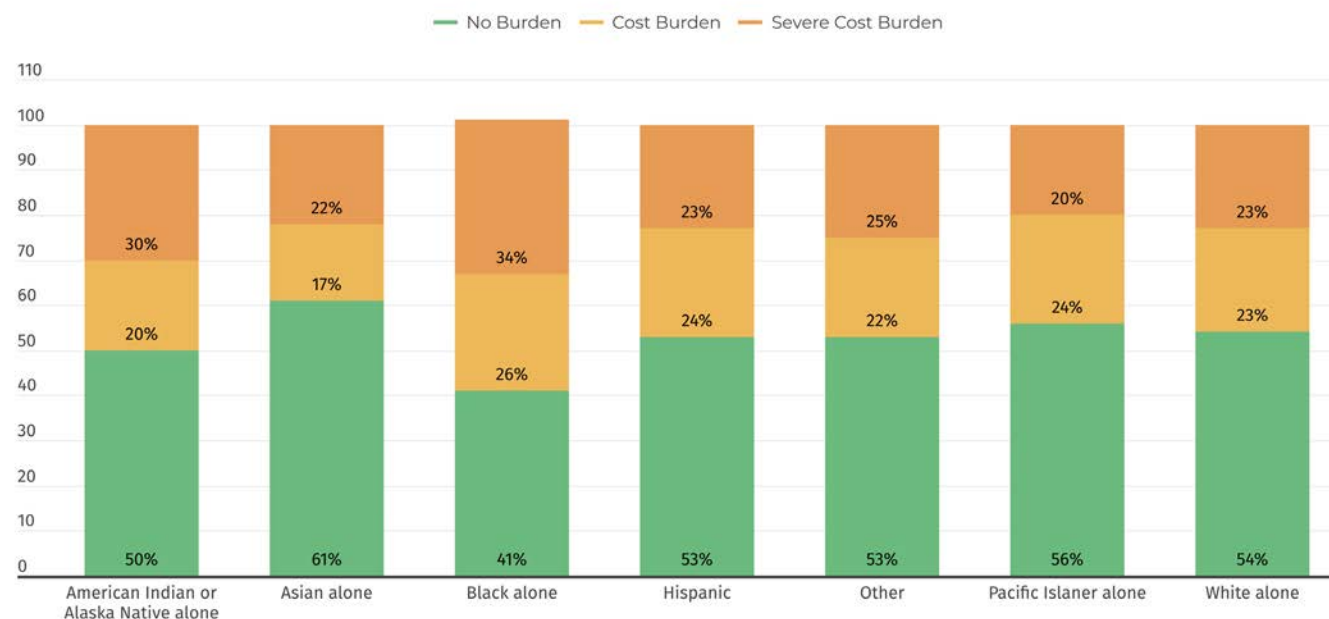
Rent burdening has been long-term issue for lower-income households, but it has started to affect higher income brackets over the last 20 years



Source: OHCS Tabulation of American Community Survey 1-Year Estimates and Harvard University, Joint Center for Housing Studies, America’s Rental Housing, 2024

Figure 25

BIPOC communities are disproportionately impacted by rent burden



Source: OHCS Tabulation of CHAS Data 5-Year Estimates, 2016 - 2020

have a high percentage of housing cost-burdened renters. More than 320,000 (53%) renter households experienced rent burden in 2022, up from 47% in 2019 before the pandemic. Households unable to afford basic expenses are at a higher risk of eviction and foreclosure while facing impossible financial decisions between necessities. Moreover, 1 in 4 Oregon households spent more than 50% of their income on rent, meeting the definition of severe rent burden and experiencing even greater housing precarity. When a paycheck is mostly spent on securing a livable space, there is less left for essentials like childcare, food, transportation, and medicine. Over 320,000 Oregon households are a paycheck away from eviction and at risk of losing their homes.

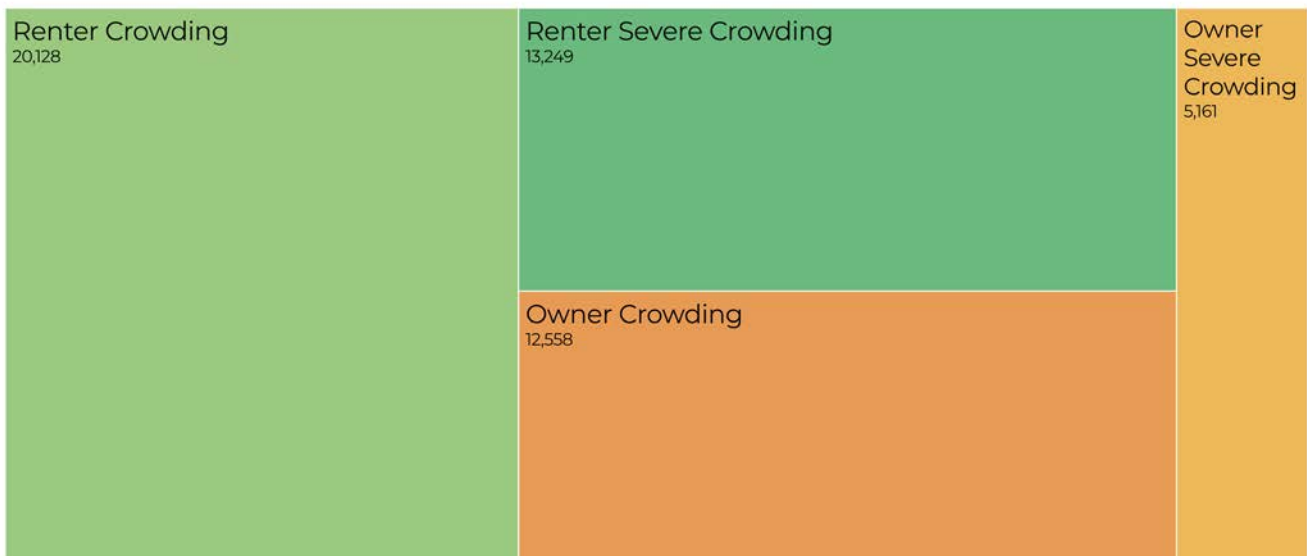
Cost burdening is not a new issue for low-income households. Housing affordability challenges affect households in various income brackets and continue to deepen

for those already struggling. Since the early 2000s, over 80% of households earning less than \$30,000 a year (slightly above extremely low income) have been rent burdened. What higher-income households are beginning to face today has long been experienced by lower-income groups. However, cost burdening for those earning \$45,000 to \$75,000 (very low to low income) has increased by 144% since 2001, as affordability continues to erode in Oregon. Although still relatively rare, the incidence of cost burdening for households earning \$75,000 or more has risen from nearly nonexistent at 2% to over 9% in 2022 (Figure 24).

Rent burdens disproportionately affect certain groups, such as BIPOC communities, people with disabilities, and people who identify as women. These groups are not only overrepresented among renters but also tend to have lower incomes due to wage gaps and systemic

Figure 26

More than 51,000 Households in Oregon are considered overcrowded



Source: OHCS Tabulation of American Community Survey 1-Year Estimates, 2013 -2022

oppression, creating a compounded disadvantage. On average, female renters are more likely to be cost-burdened than their male counterparts, and similar disparities are seen across different races and ethnicities. For example, 67% of Black renters are cost-burdened compared to 46% of white renters, a gap of over 20 percentage points (Figure 25).

When faced with high housing costs, options are often limited, and untenable prices can lead to poor living conditions. Common responses to rising rents include getting a roommate or moving in with family, which can lead to overcrowding—a persistent issue in Oregon over the past decade. Over 5% (33,377) of renter households experience overcrowding (1.01 to 1.5 occupants per room) or severe overcrowding (more than 1.5 occupants per room). While the proportion of crowded households has remained relatively stable over the last decade, the number of overcrowded renter households has increased by 9.6%, reflecting a growing issue for Oregonians. Crowding is a social determinant of health, which means it can adversely impact mental health, increase stress, and harm parent-child relationships, among other issues, as documented by studies from the National Institutes of Health. Although less common in owner-occupied units (1.6% of owner households), overcrowding still occurs regardless of occupancy type. In total, over 51,000 households live in crowded conditions, highlighting significant issues related to housing quality as well (Figure 26).

According to the Department of Housing and Urban Development (HUD), housing problems include overcrowding, incomplete plumbing, and incomplete kitchens (cost burdening is another factor,

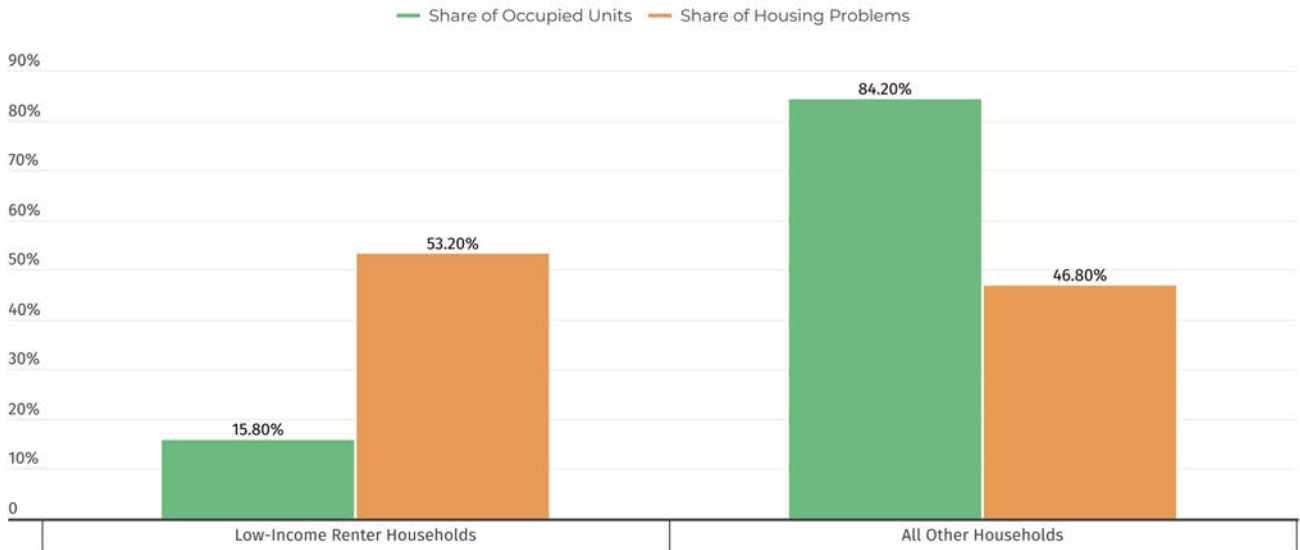
but is not considered here since it has already been discussed). Although homes with incomplete plumbing or kitchens are relatively rare, they are notably prevalent among low-income renters. Low-income renters are 3.3 times more likely to experience one or more of these HUD-defined housing problems compared to all ownership types. In fact, 53.2% of all housing problems are found within the low-income renter category, while the remaining 46.8% are spread across other ownership and income



brackets (Figure 27). The burden of housing costs often leads to evictions and foreclosures. Data from Evicted in Oregon indicates that 75% to 85% of evictions are due to nonpayment of rent rather than other causes. From 2000 to 2018, an average of 23,200 evictions were filed each year, with a significant drop in 2020 and early 2022 due to the eviction moratorium and safe harbor laws that delayed removals. However, eviction filings have surged since these protections ended in July 2022. Despite safe harbor protections lasting until June 2022, eviction filings increased by 139% between 2021 and 2022. While 6,885 evictions were filed in the first half of 2022, the latter half saw nearly 12,000 filings. Current data suggests that evictions have not slowed down,

Figure 27

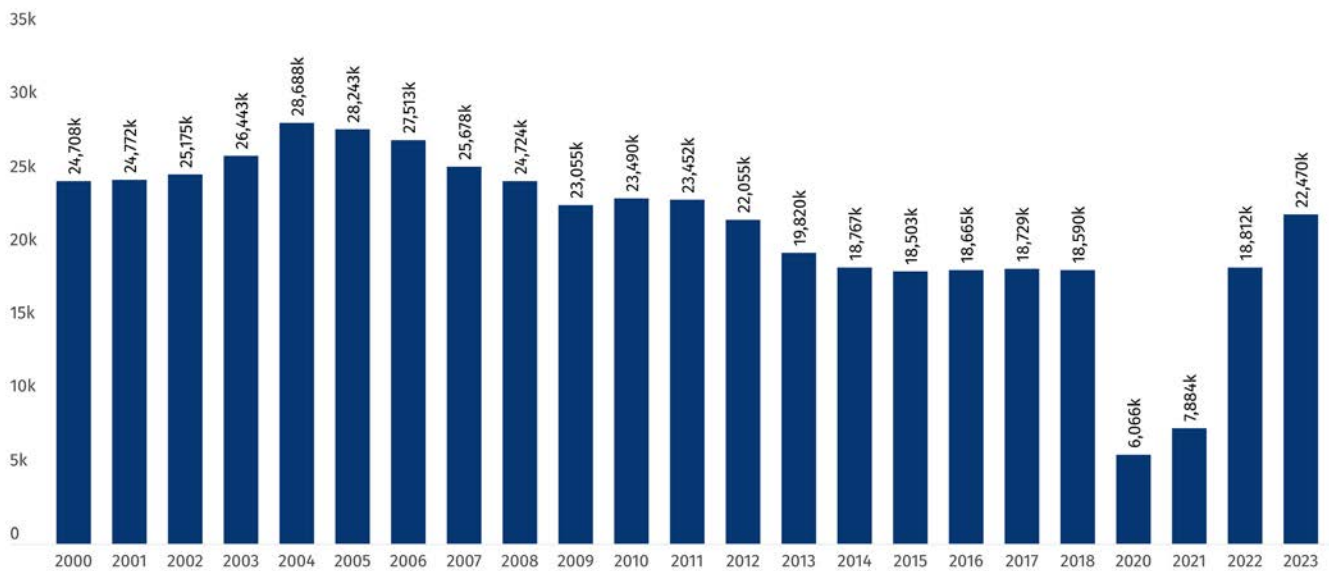
Low-income renter households account for 53.2% of housing problems despite constituting only 15.8% of all occupied households



Source: HUD, CHAS 5-Year Estimates, 2016 - 2020

Figure 28

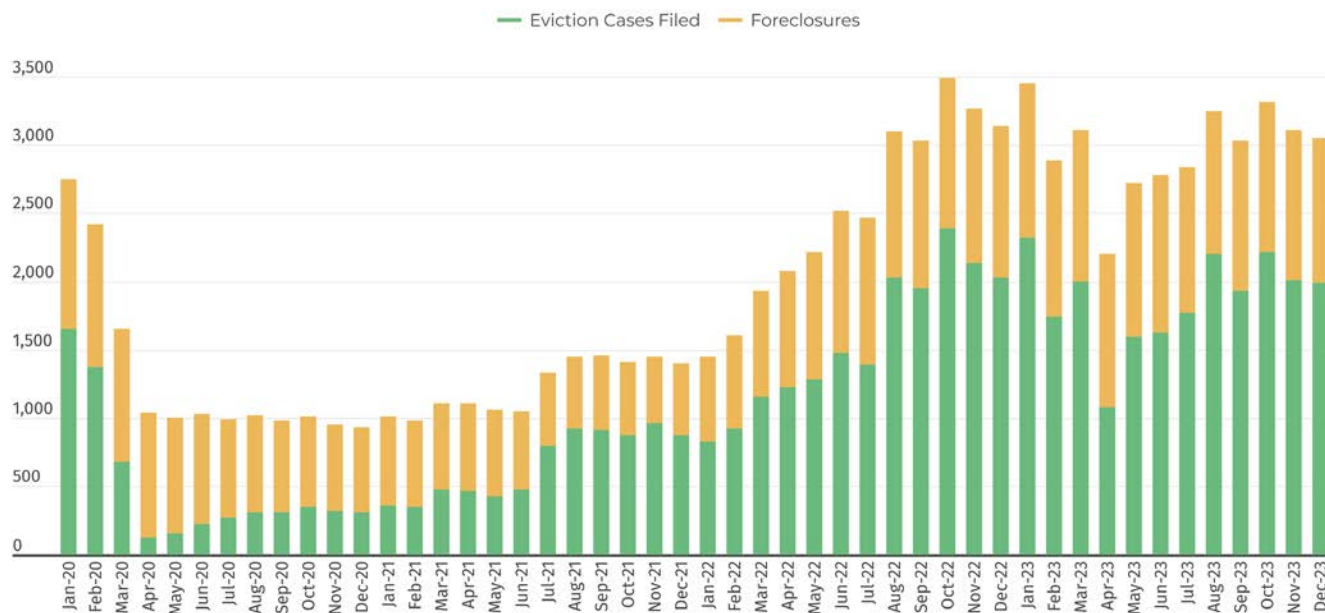
After a substantial reprieve in 2020 and 2021, eviction filings in 2023 are at the highest level since 2011



Source: OHCS Tabulation of Evicted in Oregon and Eviction Lab Data, 2000 - 2023

Figure 29

Foreclosures declined by 40% during 2021 and early 2022, but have since rebounded to pre-pandemic rates



Source: OHCS Tabulation of Evicted in Oregon and CoreLogic Data, 2020 - 2023

with 2023 recording the highest number of eviction filings in the past 12 years (Figure 28). Early 2024 figures from January and February indicate that elevated eviction filings may continue throughout the year.

Foreclosure rates, while less dramatic than eviction filings, also saw significant changes. Foreclosure filings dropped by about 40% year-over-year between 2020 and 2021 and remained low in early 2022. However, foreclosures returned to pre-pandemic levels by August 2022 and have remained steady through early 2024 (Figure 29). Though less common than evictions, foreclosures still result in the loss of a home and community, leading to instability and turmoil. Not all eviction filings result in evictions, and missed mortgage payments do not necessarily lead to foreclosures. However, research from Evicted in Oregon shows that being

named as a defendant in an eviction case can exacerbate preexisting issues like unemployment or mental health concerns. Similarly, foreclosures can hinder an individual’s ability to secure a mortgage in the future, as they remain on credit reports for seven years. These negative feedback loops contribute to significant precarity and create additional hurdles to housing security.



Homelessness

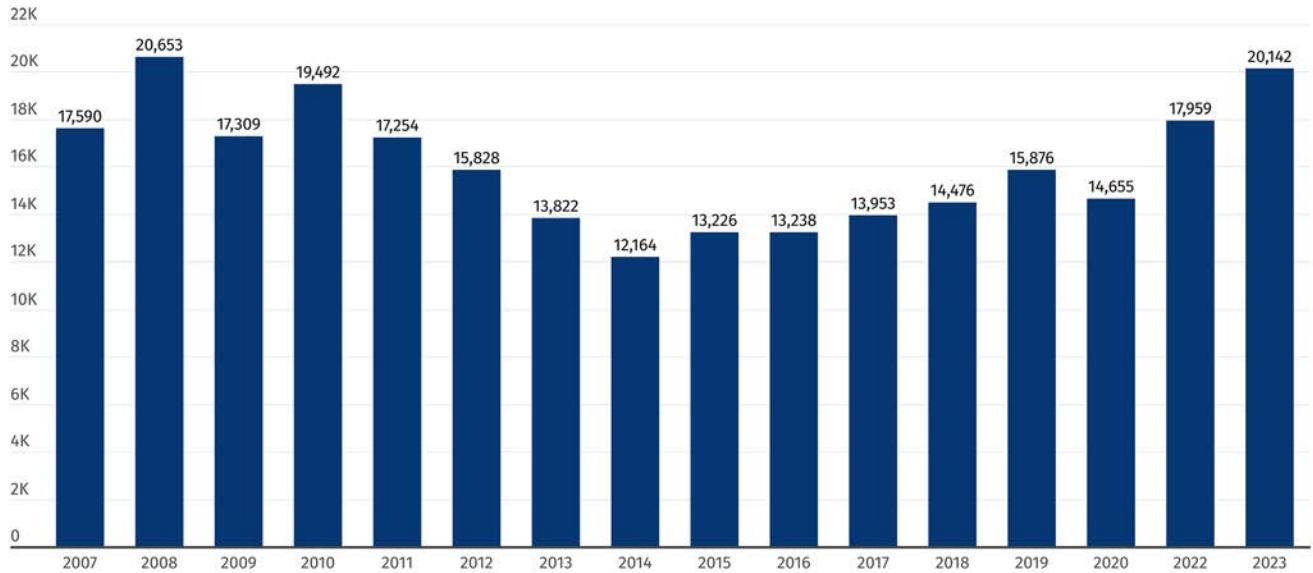
Perhaps no form of poverty is as visible and visceral as a person without a home. While other issues are certainly critical, homelessness is a stark reflection of systemic failings and the real risk many Oregonians face if they are struggling to earn an adequate income or access needed services and benefits. It is closely tied to an inability to afford essentials like health care, education, food, and transportation. Additionally, homelessness is not static; its characteristics can change over time. Today, homelessness in Oregon is more chronic and unsheltered than it has been in the past 15-20 years, according to one estimate of homelessness, the Point-in-Time (PIT) count. As homeownership becomes more exclusive and fewer people can afford rent, homelessness is a natural consequence of the housing crisis.

In the last decade, the number of people without a home in Oregon has

increased by 45%, or 6,320 individuals, ranking the state 6th in the nation. The 2023 PIT count reported 20,142 homeless individuals, the highest number since 2008 (Figure 30). Only significantly larger states like California, Washington, New York, and Florida have higher numbers. Further, Black or African American and Native Hawaiian, or other Pacific Islander communities are more than twice as likely to experience homelessness in Oregon. The PIT Count is a census of people experiencing both sheltered and unsheltered homelessness on a single night in January. It is conducted in Oregon by the eight Continuums of Care (CoCs) that receive funding for homeless services from HUD, and each CoC has slight variations in how they conduct the count. It's important to remember that the PIT Count only captures people experiencing homelessness on a single night, so it doesn't capture changes throughout the year. It also does not

Figure 30

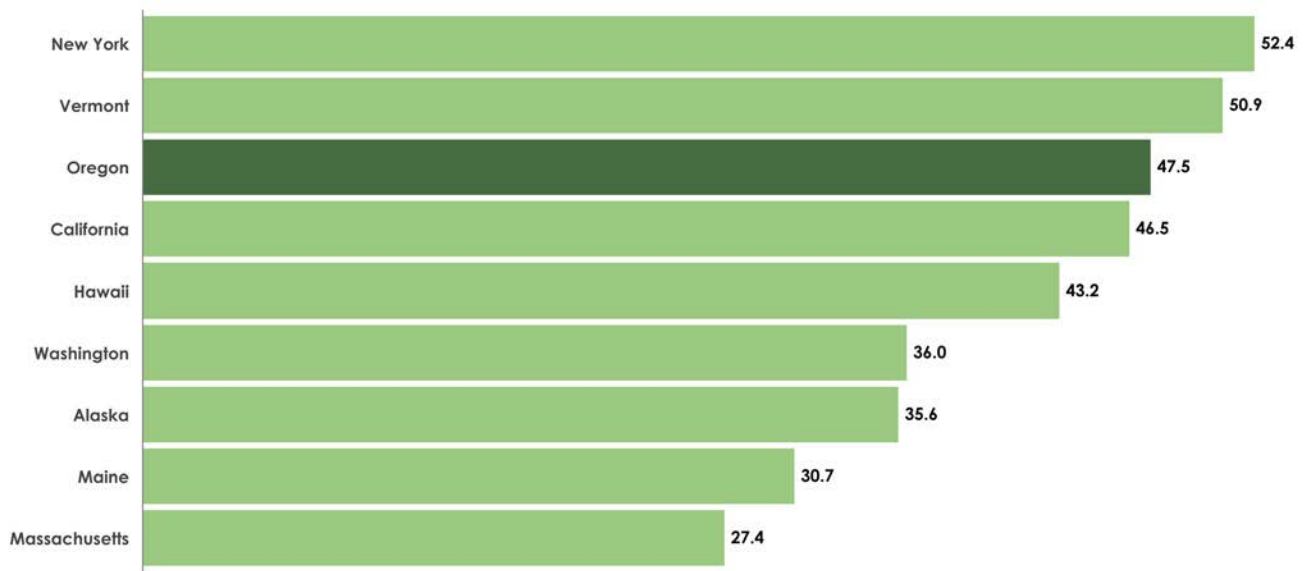
Homelessness in 2023 is the worst Oregon has seen since the height of the Great Recession



Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

Figure 31

Oregon ranks third in terms of homeless persons per capita

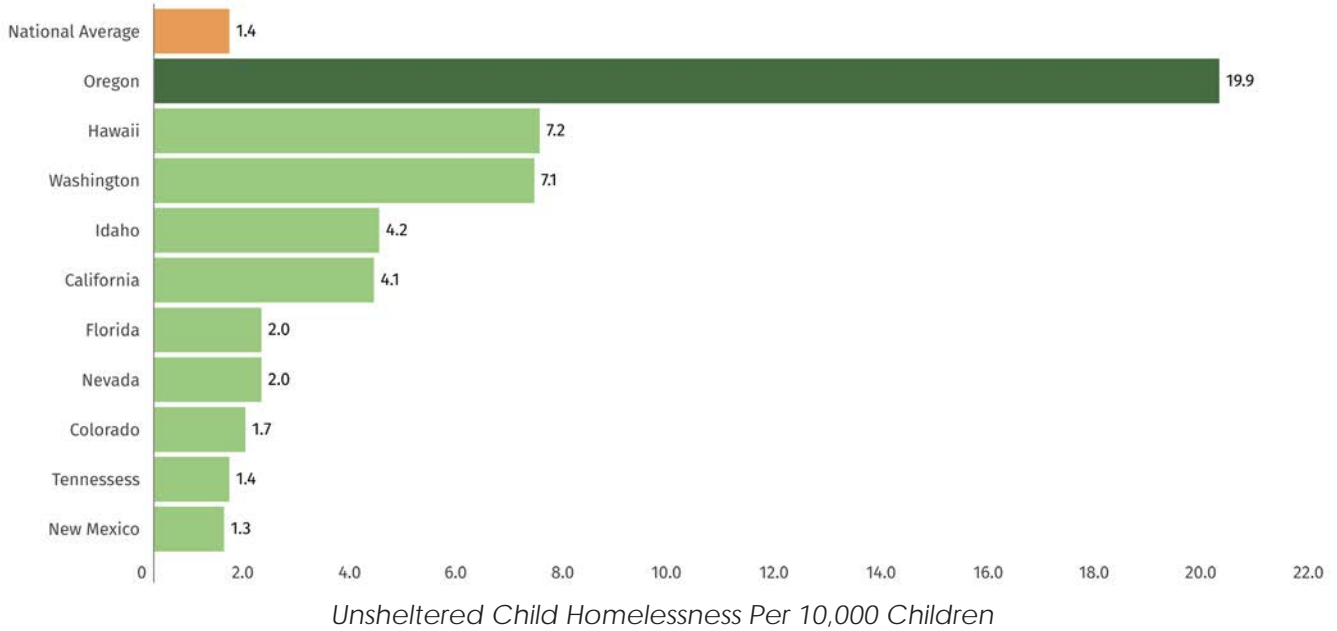


Persons Without Housing Per 10,000 Residents

Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

Figure 32

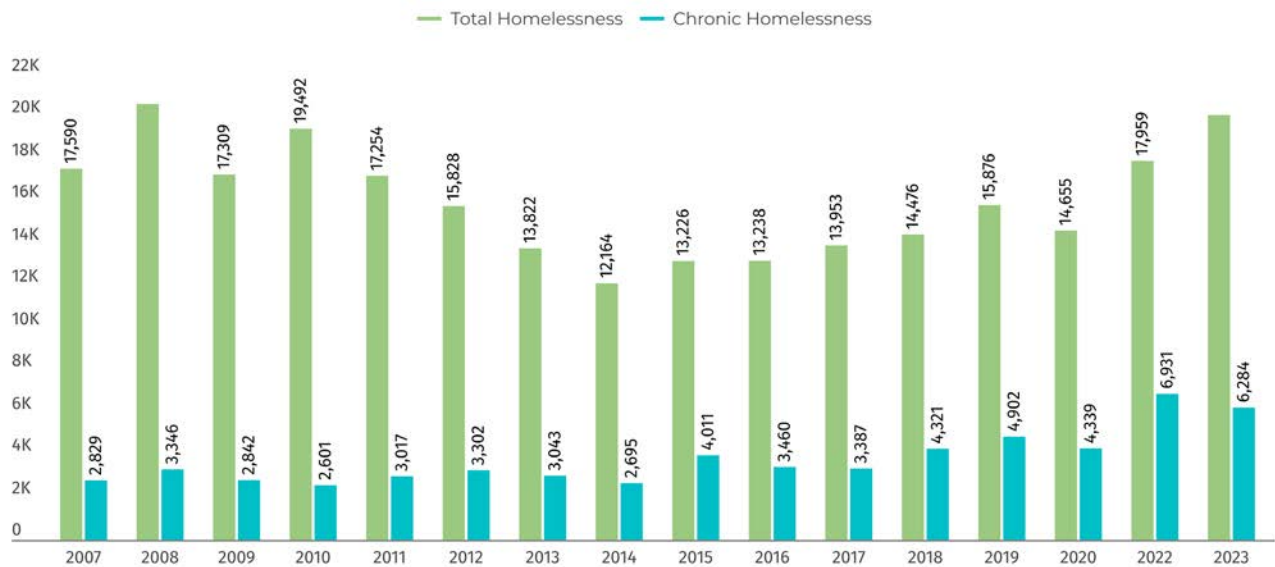
Oregon ranks worst in the country for unsheltered homelessness among children according to 2023 PIT data



Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

Figure 33

Chronic homelessness has almost doubled as a share of total homelessness over the last 15 years – 3 out of 10 Oregonians experiencing homelessness in 2023



Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

capture those who don't meet HUD's definitions of homelessness, such as people living with friends or family, nor does it capture those who simply don't want to be counted. The PIT is instructive for capturing critical information on those experiencing homelessness but should not be relied on as a sole source of information on this population.

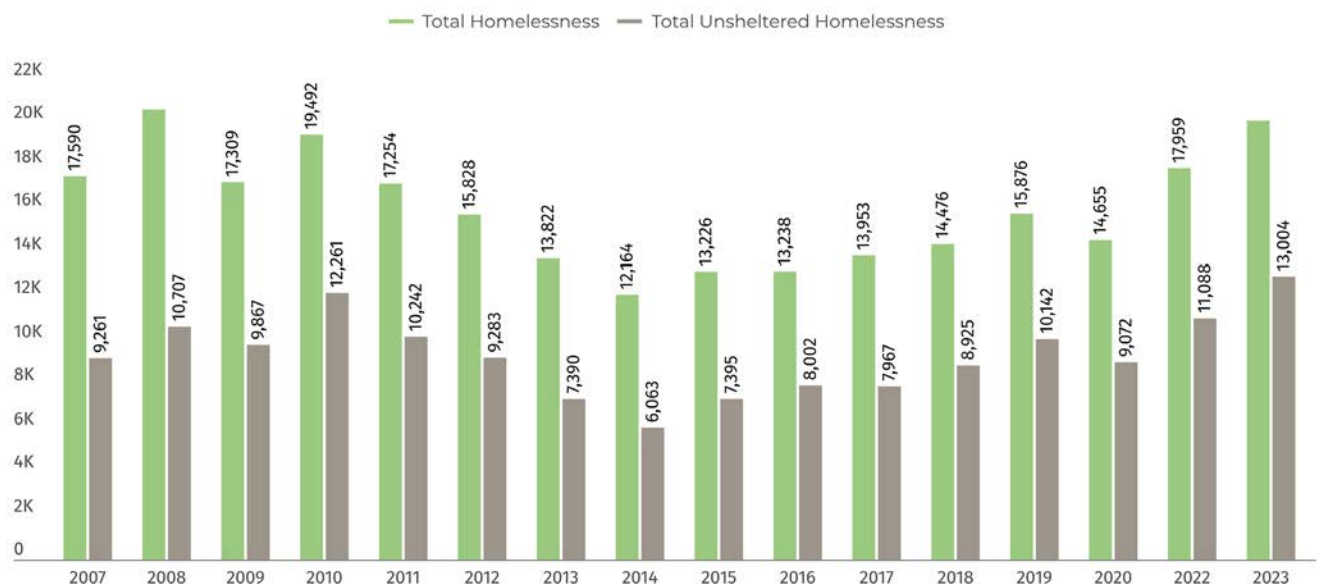
Homelessness has been a consistent issue over the last decades but decreased as the state recovered from the Great Recession into the mid-2010s. However, as population growth surged and housing costs soared, the trend reversed, with homelessness steadily increasing from 2015 onward (2021 was excluded due to COVID-19 impacts on the PIT count). The 2023 PIT figures, surpassing 20,100 individuals, are comparable to the peak during the Great Recession. This represents a 12.2% increase from the

previous year and highlights the rapid evolution of the housing crisis. From January 2020, just before the pandemic, to 2023, homelessness has risen by 37%, making Oregon the 8th fastest in the nation for increases in homelessness over those three years.

Population estimates show that Oregon, with about 4.5 million residents, is relatively average in size, ranking 27th among states. To understand the extent of homelessness in Oregon, it's useful to account for population differences, as the states with larger homeless populations are also significantly bigger—California, New York, Texas, Florida, and even Washington. When adjusted for population size, Oregon ranks 3rd in homelessness per 10,000 residents, with 47.5 homeless individuals per 10,000 residents (Figure 31). This places Oregon behind only New York (52.4) and

Figure 34

Unsheltered homelessness has become more common since COVID than it was in the prior 12 years



Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023



Safe Rest Village Shelter | Portland

Vermont (50.9). Homelessness per capita figures highlight the concentration of homelessness on the coasts, with the top ten states dominated by coastal regions, while Texas and Florida fall below the national average of 19.6.

One of the most concerning data points is where Oregon ranks for homelessness among families with children. While Oregon consistently ranks in the top 10 for various homelessness metrics, it is #1 for unsheltered child homelessness, with a rate of 19.9 per 10,000 children (Figure 32). This rate is more than 14 times higher than the national average of 1.4 and 2.75 times worse than Hawaii, which has a rate of 7.2. Data from McKinney-Vento reports suggest that child homelessness is increasing, with the number of homeless students rising by 17% and the share of homeless students in total enrollment increasing from 3.32% to 3.89% between the 2021-2022 and 2022-2023 school years. Nine school districts reported a “high” rate of student

homelessness, with over 10% of their students experiencing homelessness; two rural districts had rates of 20% or more. The lifelong trauma caused by the instability of homelessness can profoundly impact a child’s well-being.

Oregon also lacks the necessary infrastructure and staffing for emergency shelters and permanent supportive housing to adequately address the homelessness crisis. Two key metrics for evaluating the support needed for Oregonians without homes are unsheltered homelessness and chronic homelessness.

Unsheltered homelessness is straightforward: it refers to individuals living outside or in places not intended for human habitation, such as abandoned buildings or camping grounds. Chronic homelessness, however, has a stricter definition. It applies to individuals who 1) have lived in an uninhabitable place for at least a year or have lived in such

conditions four times over the past three years, and 2) are struggling with a mental illness, substance use disorder, or a physical disability. According to Community Solutions, both types of homelessness can have severe impacts on those who experience them, significantly altering or even shortening their lives. For example, chronically homeless individuals are 11.5 times more likely to die than the general population.

Despite the rapid growth in homelessness since 2015, chronic homelessness as a proportion of total homelessness has increased even more significantly. According to PIT counts, in 2007, only 16% of the homeless population was considered chronically homeless; by 2023, this figure had risen to about 32%, nearly double what it was 15 years ago (Figure 33). This increase suggests that individuals who secure housing are not receiving the additional support needed to address the root causes of their homelessness. Chronic homelessness often involves repeated losses of housing over a few years. The need for low-barrier housing and comprehensive wraparound services has never been clearer.

Similarly, unsheltered homelessness as a share of total homelessness has steadily increased since the mid-2010s, with a significant rise from 2020 to 2023, according to the PIT Count, although it is important to note that this could also be due to an improvement in the methodologies and ability of CoCs to conduct more complete counts of people in addition to true increases in homelessness. Unsheltered homelessness was at 62.9% in 2010 and 63.9% in 2019. However, it reached its highest rate in 2023 at 64.6%, meaning nearly two out of three homeless individuals were unsheltered.

Since this figure fluctuates annually, examining longer-term averages is useful. Before the COVID-19 pandemic, the unsheltered rate was around 57.3%, but it has since risen to approximately 63.2%, an increase of about six percentage points or 10% over the past few years (Figure 34).

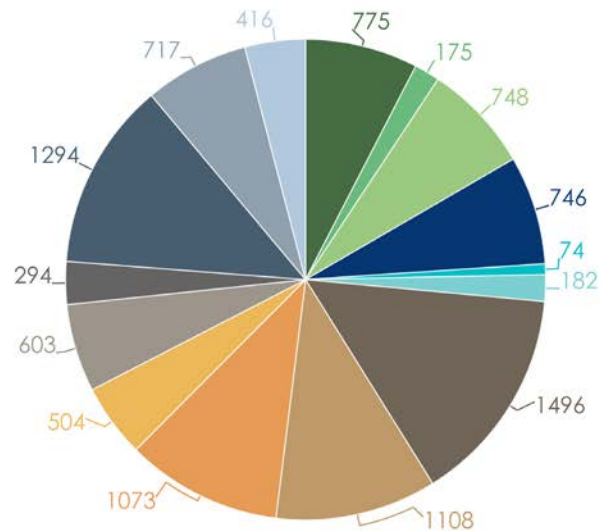
Seasonal beds are available but represent only a small fraction of emergency shelter options. Despite this, more than 13,000 Oregonians are continually exposed to the elements, lacking safety and privacy. This indicates that not only has homelessness increased since 2015, but there is also less access to shelter, and more people are experiencing prolonged periods without a home.

OHCS has worked with the Homelessness Research & Action Collaborative at Portland State University since 2021 to produce annual statewide estimates on homelessness using a combination of the PIT data, McKinney-Vento data on students experiencing homelessness and Housing Inventory Count data, which shows the number of Emergency Shelter and Transitional Housing beds across the state. This report shows data at both the state and the county level and illustrates the deep and persistent racial disparities that exist in who experiences homelessness. The 2023 PIT indicates that Native Hawaiian or Pacific Islander Oregonians experienced homelessness at a rate of 3.58 times higher than their overall share of the state population, Black, African American, or African Oregonians experienced homelessness at a rate 3.27 times higher than their share of the population and American Indian, Alaska Native, or Indigenous Oregonians experienced homelessness at a rate 2.43 times higher than their share of the population.

Figure 35

Oregon needs additional 14,353 permanent supportive housing units, over 4,000 of which are for people experiencing chronic homelessness

- Non Chronic Homeless
- Homeless Families
- Child Welfare Families
- Unaccompanied TAY
- Child Welfare TAY
- Justice Involved TAY
- Prison
- Jail
- Developmental Disabilities Waitlist
- Developmental Disabilities Intermediate Care Facilities
- Developmental Disabilities Residential
- Mental Healy Institutional
- Mental Health Residential
- Aging
- Substance Use



Source: OHCS Tabulation of Point-in-Time Survey Data, 2007 - 2023

Rental assistance can prevent or mitigate the impacts of evictions, thereby stopping homelessness before it starts and a focus on quickly rehousing those who are experiencing homelessness can ensure shorter periods without a home and a stable exit destination. With that in mind, Governor Kotek invested in and shelter production, rehousing, and homeless prevention priorities. Executive Orders 23-02 and 24-02 mobilized resources to rapidly increase available shelter beds for those experiencing unsheltered homelessness, rehouse unsheltered households, and provide rental assistance to those at risk of homelessness.

Permanent supportive housing (PSH) is another critical component in reducing homelessness. PSH is an intervention that combines affordable housing assistance with voluntary support services to address the needs of chronically homeless people. As of 2023, the Corporation for Supportive Housing reports that Oregon needs an additional 14,353 PSH units, with 4,148 (30%) required for individuals experiencing chronic homelessness (Figure 35).

Conclusion

Oregon's housing crisis has deep historical roots, exacerbated by decades of underproduction relative to rapid population growth, rising costs to build and maintain crucial infrastructure, and stagnant wages that have not kept pace with increasing housing costs. This crisis continues to have disproportionate impacts on low-income households and BIPOC communities.

Addressing the current housing crisis in Oregon will require the continuation of recent investments from the Legislature in supply-side solutions that create affordable rental and homeownership options, expand access to homeownership through downpayment assistance and other mortgage products, provide emergency response and ongoing support for people experiencing homelessness, and preserve the existing stock of affordable housing throughout the state. During the 2023 Legislative Session, the Oregon Legislature allocated a record \$1.14 billion to OHCS to continue advancing these priorities. Both the agency and the governor's office are committed to advocating for sustained investments in these efforts.

Encouragingly, a recent report summarizing the results of OHCS' first-ever five-year Statewide Housing Plan (SWHP) demonstrates the effectiveness of these investments. The report shows that OHCS either built or has more than 28,000 affordable rental housing units in its pipeline, compared to just under 13,000 units in the previous five-year period. The agency also funded nearly

1,700 units of permanent supportive housing (PSH), far exceeding the goal of 1,000 PSH units. This type of housing is a critical resource for people who have experienced chronic homelessness in their lifetime. On the homeownership front, OHCS was committed to ensuring more BIPOC individuals could purchase a home through its programs and saw the proportion of new BIPOC homeowners increase from 27% before the SWHP to 42% during the period of the plan. Finally, there were concerted efforts to move people into permanent housing and help them retain that housing for six months or longer. These efforts proved successful, with 86% of people who exited to permanent housing able to retain that housing for six months or more. These efforts would not have been successful without the level of investment the Governor and Legislature have made in this work.

The findings laid out in this report make it clear that OHCS cannot solve the deeply entrenched issues facing the people of Oregon on its own. There are factors beyond housing that are impacting the ability of individuals to thrive in today's economy, and it will take coordination and collaboration with our federal partners, other state agencies, and cities, both large and small, to find ways to ensure housing stability for all Oregonians.

Sources

Background: U.S. Census Bureau, American Community Survey 2013 – 2022, 1-year and 5-year estimates; Residential Building Permits Survey 2003 – 2023; Portland State Population Research Center 2003 – 2023, Population estimates; Comprehensive Housing Affordability Strategy (CHAS), 2016 – 2020, 5-year estimates; National Low Income Housing Coalition 2024, “Has Housing Filtering Stalled? Heterogeneous Outcomes in the American Housing Survey, 1985 – 2021;” Bureau of Labor Statistics, Quarterly Census of Employment and Wages 2022, Employment estimates

For-Sale Housing Markets: U.S. Census Bureau, American Community Survey 2013 – 2022, 1-year and 5-year estimates; National Association of Realtors 2012 – 2023, 1-year estimates; Department of Housing and Urban Development 2013 – 2022, Median Family Income Limits

Rental Housing: U.S. Census Bureau, American Community Survey 2013 – 2022, 1-year and 5-year estimates; ApartmentList Rent Index 2012 – 2023, Rent Estimates; U.S. Census Bureau, Housing Vacancy Survey 2015 – 2023, Vacancy estimates; Comprehensive Housing Affordability Strategy (CHAS), 2016 – 2020, 5-year estimates; Oregon Employment Department 2022 – 2032, Employment Projections and Wage Information; Oregon Department of Energy 2023, Energy Burden Assistance; American Council for an Energy-Efficient Economy 2020, Energy Burden guidelines and estimates; Portland General Electric 2024, Energy Burden Assessment

Precarity, Housing Problems, and Eviction or Foreclosure: U.S. Census Bureau, American Community Survey 2013 – 2022, 1-year and 5-year estimates; Washington State University 2023, “The Cost of Living Index as a Primary Driver of Homelessness in the United States: A Cross-State Analysis;” Missouri Economic Research and Information Center 2023, Composite Cost of Living Index; Harvard University, Joint Center for Housing Studies 2024, Renter Burden estimates; Comprehensive Housing Affordability Strategy (CHAS), 2016 – 2020, 5-year estimates; Evicted in Oregon 2020 – 2023, Evictions Filed estimates; CoreLogic 2020 – 2023, Foreclosure estimates

Homelessness: U.S. Census Bureau, American Community Survey 2013 – 2022, 1-year and 5-year estimates; Oregon Department of Education 2021 – 2023, Houseless Student estimates; Department of Housing and Urban Development 2023, Annual Homeless Assessment Report (AHAR), Persons Experiencing Homelessness estimates; Corporation for Supportive Housing; Permanent Supportive Housing Need estimates; Portland State University Homelessness Research & Action Collaborative 2024, “2023 Oregon Statewide Homelessness Estimates”

Data tables and calculations are available upon request. Please reach out to Brandon Schrader at hcs_research@hcs.oregon.gov if you're interested in learning more.



OREGON HOUSING *and*
COMMUNITY SERVICES

Contact us

North Mall Office Building
725 Summer Street NE, Suite B
Salem, OR 97301-1266

T: 503-986-2000

E: Housing.Info@oregon.gov

www.oregon.gov/ohcs
