City of John Day

Housing and Community Development Analysis

October 2019

Prepared for:

City of John Day

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Table of Contents

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1. Introduction

The City of John Day has embarked on multiple efforts to reinvigorate the local economy and reset the community's direction to one that is focused on stability and incremental growth. The City and local partners are pursuing multiple targeted strategies—development of high-speed broadband, housing and community development, and promotion of recreation and tourism to name a few—to focus their energy. Together these steps form the City's Strategy for Growth.[1]

The City is building on the adopted Strategy for Growth by working with a consultant team and community partners to create a Community Investment Strategy (CIS). The City identified three measures of success for the CIS:

- Promoting collaborative regional innovation,
- Generating public/private partnerships, and;
- Boosting local agritourism, ecotourism, and recreational components of the City's economy.

Within the CIS, there are six focal areas for new investment. Housing plays central role and is identified as one of the core six focal areas. The City recognizes that housing is foundational to any economic development strategy—without adequate, safe, decent, and affordable housing businesses will be reluctant to make investments. This report provides a housing assessment for the city of John Day. The objective is to characterize the state of the housing market in John Day. The assessment includes a summary of buildable residential lands, anticipated long-term demand for housing, and housing needs. It also identifies a set of strategic housing issues that provide a foundation for a community housing strategy.

Framework for this Study

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

Thus, housing choices of individual households are influenced in complex ways by dozens of factors and the housing market in Grant County and John Day are the result of the individual

[1] http://www.cityofjohnday.com/planning/page/john-days-strategy-growth

decisions of thousands of households. These points help to underscore the complexity of projecting what types of housing will be needed in John Day.

The complex nature of the housing market, demonstrated by the unprecedented booms and busts in recent decades, underscores the need for some type of forecast of future housing demand and need. This includes analyzing the resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need. Thus, we start the housing analysis with a framework for thinking about housing and residential markets, and how public policy affects those markets.

Objectives of Housing Policy

The *Practice of State and Local Planning*[2] classifies goals that most government housing programs address into four categories:

- *Community life*. From a community perspective, housing policy is intended to provide and maintain safe, sanitary, and satisfactory housing with efficiently and economically organized community facilities to service it. Local public facilities such as schools, fire and police stations, parks, and roads are usually designed and coordinated to meet demands created by housing development
- *Social and equity concerns*. The key objective of social goals is to reduce or eliminate housing inadequacies affecting the poor, those unable to find suitable housing, and those discriminated against.
- *Design and environmental quality*. The location and design of housing affect the natural environment, residents' quality of life, and the nature of community life.
- *Stability of production*. The cyclical nature of housing markets, creates uncertainties for investment, labor, and builders. A key objective of land use planning is to facilitate housing production by providing infrastructure that ensures land is available for housing.

Despite the various federal and state policies regulating housing, most housing in the U.S. is produced by private industry and is privately owned. While the land use powers of local government have been an important factor in the production of housing, the role of local government has largely focused on regulation for public health and safety and provision of infrastructure.

Statewide Planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and

[2] The Practice of Local Government Planning, 3rd Edition, 2000. International City Management Association.

adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies. **While it meets many of the state requirements for housing studies, it is important to state that this study is not intended to be a Goal 10 housing needs analysis.**

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 660-008).[3] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

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

(a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy.

(b) Government assisted housing.[4]

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

(e) Housing for farmworkers.

This study considers needed housing types as defined in ORS 197.303 as well as housing affordability.

Organization of this Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of John Day's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting John Day's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in John Day** presents factors that affect housing need in John Day, focusing on the key

[3] ORS 197.296 only applies to cities with populations over 25,000.

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

determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in John Day relative to the larger region.

- **Chapter 5. Housing Need in John Day** presents the forecast for housing growth in John Day, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within John Day** estimates John Day's residential land sufficiency needed to accommodate expected growth over the planning period.

2. Residential Buildable Lands Inventory

This chapter provides a summary of the residential buildable lands inventory (BLI) for the John Day UGB. The inventory is intended to provide a reasonable approximation of residential buildable land. First, the analysis established the residential land base (parcels or portion of parcels with appropriate zoning), classified parcels by buildable status, identified/deducted environmental constraints, and lastly summarized total buildable area by zoning.

Definitions

ECONorthwest developed the buildable lands inventory with a tax lot database provided by Walker-Macy the City's consultant on the Innovation Gateway project. Maps produced for the buildable lands inventory used a combination of GIS data, adopted maps, and visual verification to verify the accuracy of county data. The tax lot database is current as of November 2018. The inventory builds from the database to estimate buildable land per city zoning. The following definitions were used to identify buildable land for inclusion in the inventory:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value are considered vacant. For the purpose of this inventory, lands with improvement values under $10,000 are considered vacant (not including lands that are identified as having mobile homes).
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. To identify partially-vacant land, ECO assumed tax lots with residential zoning within the city limit that are one acre or larger and have a single-family dwelling on them were considered partially vacant. This analysis was also refined through visual inspection of recent aerial photos. Land with residential zoning in the unincorporated area of the UGB has county zones that have 1, 2 or 5-acre minimum sizes. For these lands, ECO assumed that tax lots 2 acres or larger with an existing single-family residence potentially have development capacity. ECO modeled two scenarios for capacity on unincorporated lands within the UGB (see the Development Capacity section at the end of this chapter)
- *Developed land*. Developed land is developed at densities consistent with zoning and has improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant or partially vacant are considered developed.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest analyzed the following constraints from the buildable lands inventory and classified those portions of tax lots that fall within the following areas as constrained, and potentially, unbuildable land:

- *Lands within floodplains*. Flood Insurance Rate Maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways and 100-year floodplains.

- *Land within natural resource protection areas*. The Locally Significant Wetlands shapefile was used to identify areas within wetlands. A 25- or 50-foot buffer was added to all wetlands areas. Riparian corridors, defined as lands within 50 feet of rivers, and the Willamette River Greenway are all considered undevelopable. These wetlands/riparian buffers are consistent with the City's Zoning Code 3.7.500 and 3.7.300.
- *Land with slopes over 25%*. Lands with slopes over 25% are considered unsuitable for residential development.
- *Landside Hazards.* ECO also reviewed maps and data from the Department of Geology and Mineral Industries (DOGAMI) on landslide hazards.[5] The data is part of a statewide effort by DOGAMI to map landslide hazards. Called SLIDO (Statewide Landslide Information Database for Oregon), the database shows considerable areas of landslide hazards in the hills surrounding John Day.

Buildable Lands Inventory Results

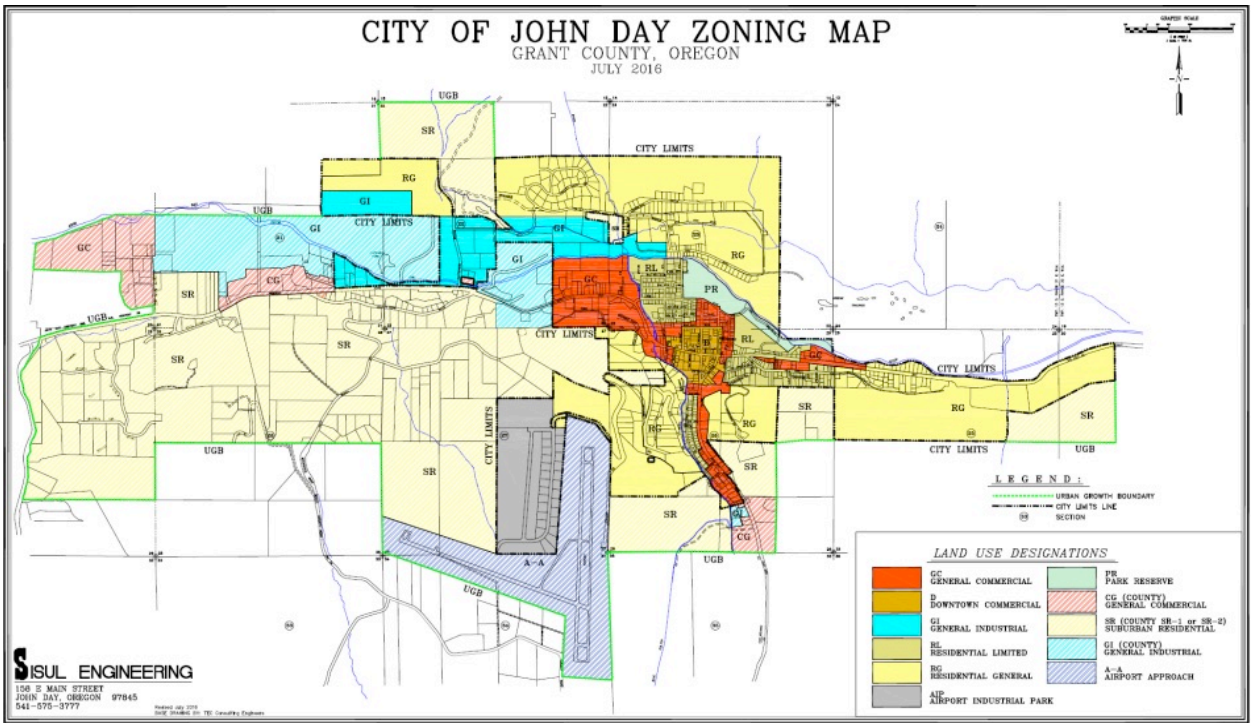
The first step in the BLI is to identify which lands to include in the inventory. Since this inventory only focuses on residential land, the inventory only includes lands in residential zones. Lands in the following zoning districts were included in the residential buildable lands inventory:

- RL – Residential Limited
- RG – Residential General
- SR – Suburban Residential (County SR-1 or SR-2)

Some tax lots have split zoning. For those lots, we estimated the area in the residential portion of the lot. For lots that where the split was two residential zones, we assigned the zone with the largest estimated area.

[5] https://gis.dogami.oregon.gov/maps/slido/

Exhibit 1. John Day Zoning Map



Source: City of John Day

John Day has about 3,400 acres in its Urban Growth Boundary (UGB) and about 1,585 acres in the city limit. Thus, the city has an extensive inventory (more than 1,800 acres) of land in the unincorporated area of the UGB. Exhibit 2 shows that John Day has about 3,200 acres of land in 1,164 tax lots in the UGB. Of total land in tax lots, 2,229 acres (about 70% of all land) is in residential zones, with 42% (1,363 acres) in the S-R zone (these lands are in the unincorporated portion of the UGB).

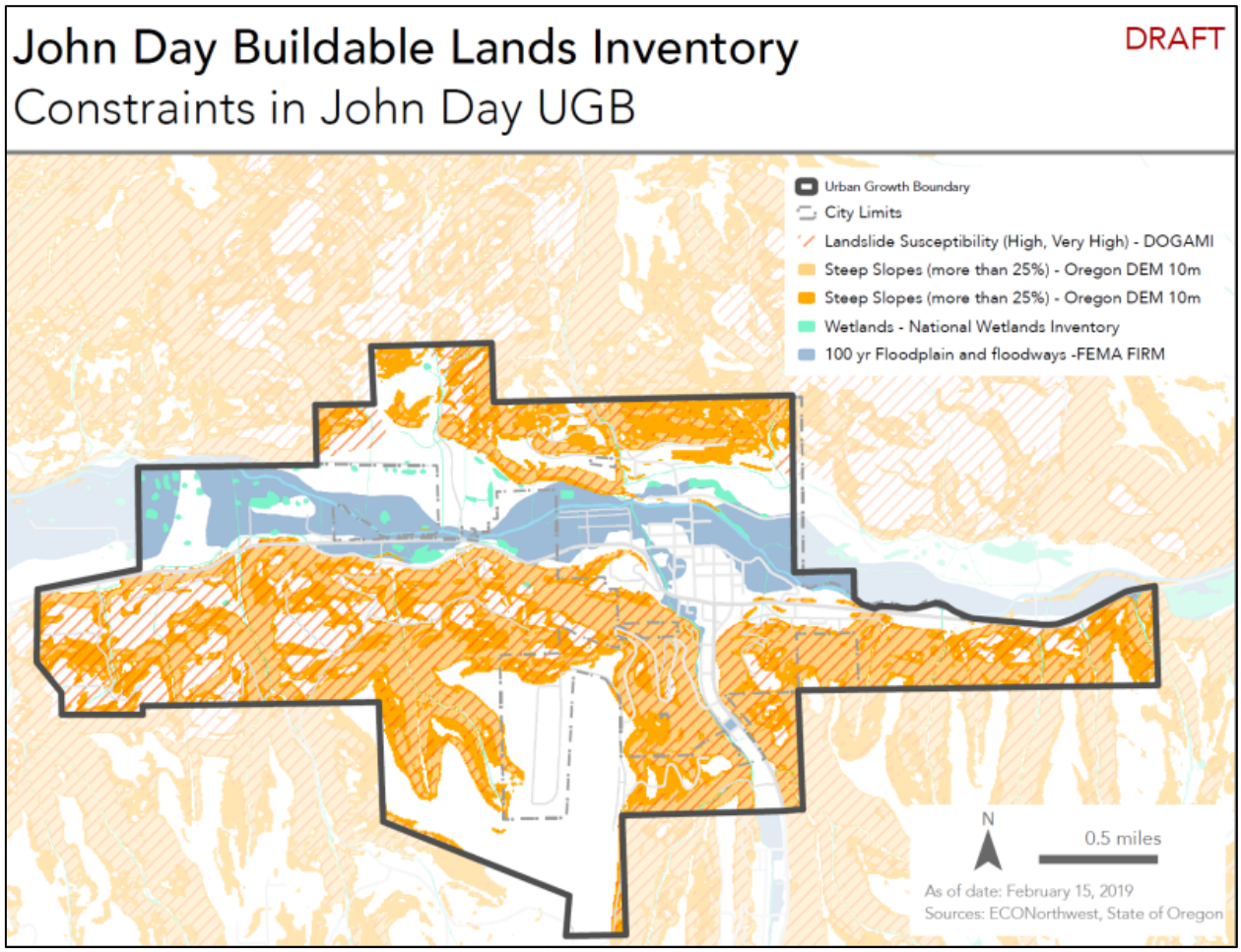
Exhibit 2. Tax Lots and Acres by Zoning District, John Day UGB

Zoning	Name	Tax Lots	Acres
A-A	Airport Approach	12	268
AIP	Airport Industrial Park	30	110
C-G	Commercial General (County)	27	55
D	Downtown	116	30
G-C	General Commercial	245	130
G-I	General Industrial	53	363
PR	Park Reserve	1	20
Residential Zones			
R-G	Residential General	272	792
RL	Residential Limited	204	75
S-R	Suburban Residential (County)	204	1,363
Residential Subtotal		680	2,229
Total		**1,164**	**3,205**

Source: Grant County Assessment data; analysis by ECONorthwest

John Day is a city with many development constraints. Exhibit 3 shows the extent of constraints in John Day. Much of the sloped areas are in high or very high landslide susceptibility areas as mapped by DOGAMI; much of the lowland areas are within the floodway or 100-year floodplain. It is important to note that these constraints do not necessarily preclude development. Most cities (including John Day) allow development in floodplains or on steep slopes provided that certain conditions are met.

Exhibit 3. Development Constraints in the John Day UGB



Source: ECONorthwest, State of Oregon

Exhibit 4 shows residential land by development status and zoning for the John Day UGB. Constraints are presented in three groupings:

- All constraints. This includes flood constraints, slopes over 25%, and lands in high or very high landslide risk categories. A significant portion (74% or 1,645 acres) of residential land in the John Day UGB has one or more of these constraints.
- Slope and landslide constraints. This category eliminates the flood constraints. This reflects procedures outlined in the John Day Development Code that allow development in the 100-year floodplain provided certain standards are met. This reduces overall constraints by 96 acres.

- Slope only. This grouping only includes slopes over 25%. Steep slopes are present on about one-third (769 acres) of all residential land within the UGB.

The inventory shows about 104 residential acres that are in public or semi-public uses. These lands are generally not considered available for residential development and are not considered in this analysis as lands that have capacity to accommodate residential development.

Exhibit 4. Residential land by development status and zoning, John Day UGB

Development Status/Zoning	Tax Lots	Total Acres	Developed Acres	Constraints			Buildable Acres
				All Constraints	Slope and Landslide	Slope Only	
Developed							
R-G	116	55	31	35	31	24	-
RL	179	41	36	16	10	6	-
S-R	122	625	427	585	566	199	-
Subtotal	**417**	**721**	**493**	**636**	**608**	**228**	**-**
Partially Vacant							
R-G	69	85	17	36	32	18	49
RL	6	6	2	4	4	1	3
S-R	1	80	0	40	40	11	68
Subtotal	**76**	**170**	**19**	**81**	**76**	**31**	**120**
Public or Semi-Public							
R-G	22	83	68	24	19	15	-
RL	9	17	16	14	1	1	-
S-R	3	4	3	2	2	1	-
Subtotal	**34**	**104**	**88**	**40**	**21**	**17**	**-**
Vacant							
R-G	65	569	-	391	358	208	361
RL	10	11	-	10	2	1	9
S-R	78	654	-	487	483	284	370
Subtotal	**153**	**1,234**	**-**	**889**	**844**	**494**	**740**
Total	**680**	**2,229**	**600**	**1,645**	**1,549**	**769**	**860**

Source: Grant County Assessment data; analysis by ECONorthwest

Exhibit 5 shows vacant and partially vacant residential land by development status and zoning. The inventory shows John Day has 860 acres of vacant and partially vacant residential land. The majority of buildable land (86%) is fully vacant.

Exhibit 5. Vacant and partially vacant residential land by development status and zoning, John Day UGB

Development Status/Zoning	Tax Lots	Total Acres	Developed Acres	Slope Constraints	Buildable Acres
Partially Vacant					
R-G	69	85	17	18	49
RL	6	6	2	1	3
S-R	1	80	0	11	68
Subtotal	**76**	**170**	**19**	**31**	**120**
Vacant					
R-G	65	569	-	208	361
RL	10	11	-	1	9
S-R	78	654	-	284	370
Subtotal	**153**	**1,234**	**-**	**494**	**740**
Total	**229**	**1,404**	**19**	**525**	**860**

Source: Grant County Assessment data; analysis by ECONorthwest

A little more than half of the buildable land is in the S-R zone in the unincorporated area of the UGB. These lands are under county jurisdiction in the Suburban Residential zoning designation. The county S-R zones are SR-1 (1-acre minimum lot size), SR-2 (2-acre minimum lot size), or SR-5 (5-acre minimum lot size). Exhibit 6 shows vacant and partially vacant residential land in the John Day UGB by zone and development status.

Exhibit 6. Vacant and partially vacant residential land by jurisdiction, John Day UGB

Development Status/Zoning	Tax Lots	Total Acres	Developed Acres	Slope Constraints	Buildable Acres
In City Limit					
Partially Vacant					
R-G	69	85	17	18	49
RL	6	6	2	1	3
Subtotal	**75**	**90**	**19**	**20**	**52**
Vacant					
R-G	65	569	-	208	361
RL	10	11	-	1	9
Subtotal	**75**	**579**	**-**	**209**	**370**
Total City Limit	**150**	**670**	**19**	**229**	**422**
Unincorporated UGB (S-R Zone)					
Partially Vacant	1	80	0	11	68
Vacant	78	654	-	284	370
Subtotal	**79**	**734**	**0**	**296**	**438**
Total	**229**	**1,404**	**19**	**525**	**860**

Source: Grant County Assessment data; analysis by ECONorthwest

Exhibit 7. Vacant and Partially Vacant Land, John Day UGB

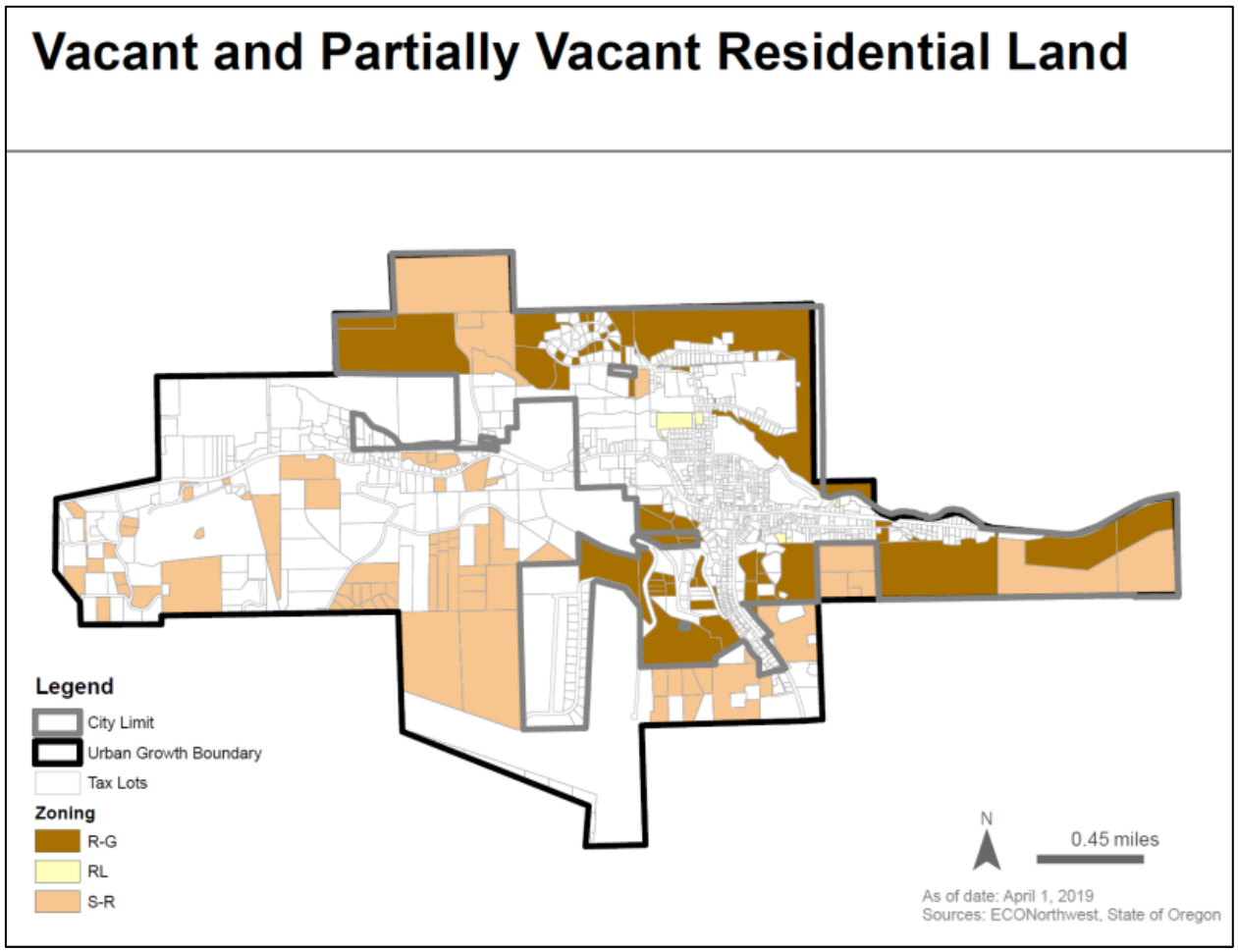


Exhibit 8. Vacant and Partially Vacant Land and Slope Constraints, John Day UGB

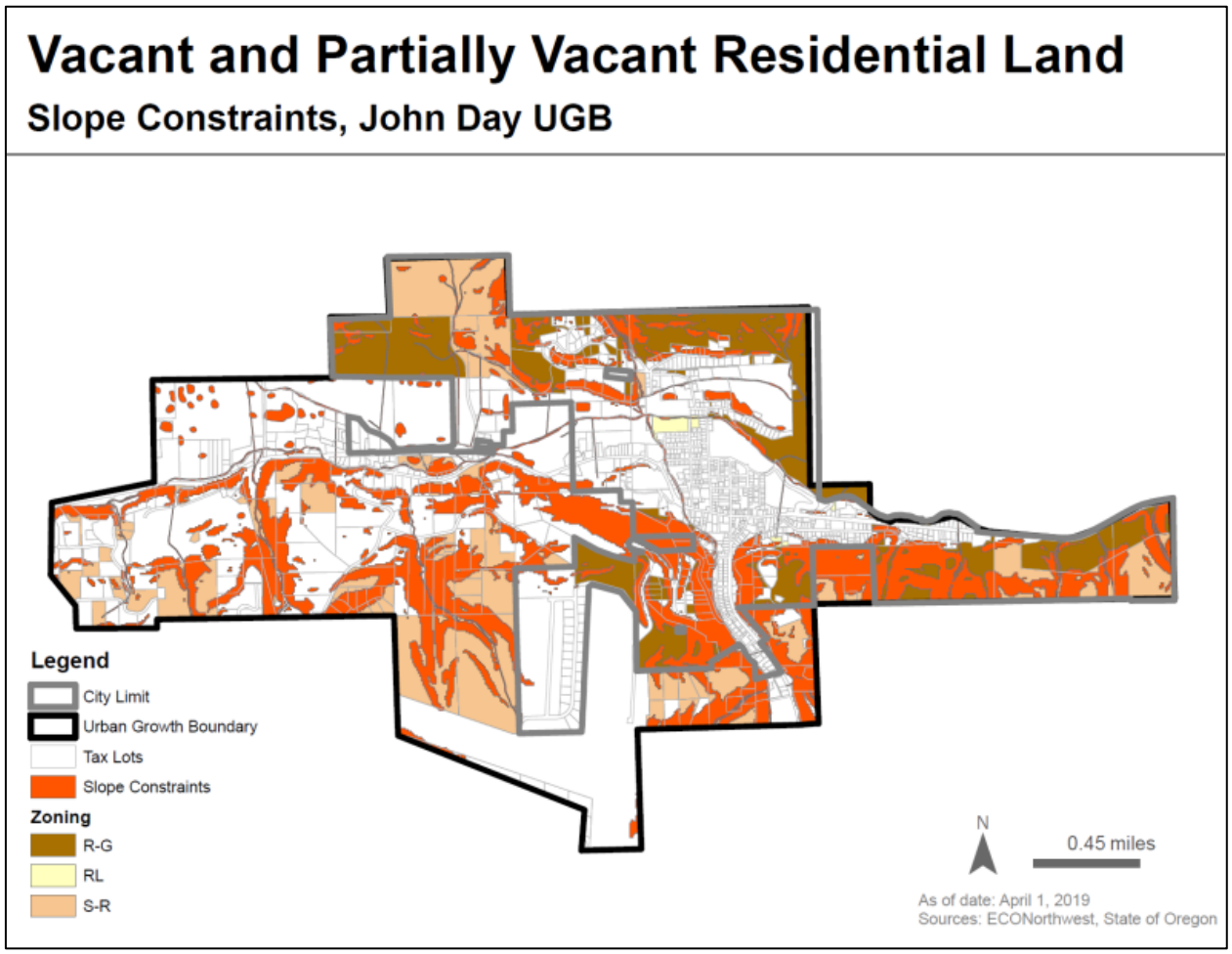


Exhibit 9 shows an estimate of development capacity on vacant and partially vacant residential lands in the John Day UGB. To estimate capacity, ECO made the following assumptions:[6]

- Average gross density on R-G lands is 4.0 dwelling units per acre. This assumes that the RG zone will primarily be developed with single-family detached housing.
- Average gross density on R-L lands is 8.0 dwelling units per acre. This assumes that the RL zone will be a combination of housing types, including some multifamily housing.
- Average gross density on S-R lands is 0.5 dwelling units per acre, or a 2 acres per dwelling. This assumption is intended to reflect county zoning standards.

The results show that John Day has capacity for nearly 2,000 dwelling units if lands develop at the assumed densities. The majority of capacity exists within the city limit. ECO did not analyze

[6] These assumptions are rough approximations and are based on densities commonly achieved for those housing types with consideration of the unique attributes of John Day. Densities are a linear function, so higher densities equate to more capacity and lower densities to less capacity.

density of recent development, but it seems likely that development may occur at average densities less than those assumed for the capacity estimates. Much more conservative assumptions would still identify significant capacity; for example, if we assume development is half as dense as the assumed densities, the city still has capacity for nearly 1,000 new dwellings.

Exhibit 9. Capacity for new housing on residential lands John Day UGB

Development Status/Zoning	Tax Lots	Buildable Acres	Density Assumption (DU/Gross Acre)	Development Capacity (Dwelling Units)
In City Limit				
Partially Vacant				
R-G	69	49	4.0	197
RL	6	3	8.0	22
Subtotal	**75**	**52**		**219**
Vacant				
R-G	65	361	4.0	1,443
RL	10	9	8.0	75
Subtotal	**75**	**370**		**1,518**
Total City Limit	**150**	**422**		**1,737**
Unincorporated UGB (S-R Zone)				
Partially Vacant	1	68	0.5	34
Vacant	78	370	0.5	185
Subtotal	**79**	**438**		**219**
Total	**229**	**860**		**1,956**

Source: Grant County Assessment data; analysis by ECONorthwest

3. Historical and Recent Development Trends

Analysis of historical development trends in John Day provides insight into the functioning of the local housing market as well as past development trends and planning decisions. The mix of housing types and densities, in particular, are key variables in forecasting future land need. The specific steps are:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate data to estimate the mix and density of all housing types.

This study examines changes in John Day housing market from 2000 to 2017. This chapter presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, apartments, etc.).
2. Tenure (e.g., distinguishing unit type by owner or renter units).
3. Housing affordability (e.g., units affordable at given income levels).
4. Some combination of these categories.

For the purposes of this study, we grouped housing types based on: (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are:

- **Single-family detached** includes single-family detached units on a range of lot sizes, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Multifamily** is all attached structures (e.g., duplexes, tri-plexes, quad-plexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

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

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income,

housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.

- The **American Community Survey (ACS)**, which is completed every year and is a five-year *sample* of households in the U.S. From 2012 to 2016 or 2013 to 2017, the ACS sampled an average of 3.5 million households per year, or about 2.6% of the households in the nation. The ACS collects detailed information about households, such as: demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

The foundation of the housing needs analysis is a population forecast for John Day. The official forecast is prepared by the Portland State University Population Research Center. The city is required to use this forecast for review of the UGB. The official forecast projects John Day will lose population in the next 20 years. The goal of John Day's Strategy for Growth is to return John Day to positive population growth. Thus, we modeled a different population forecast that assumes the City is successful in its growth strategy and is able to attract new residents.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in John Day and compares John Day to Grant County and to Oregon. These trends demonstrate the types of housing developed in John Day historically. Unless otherwise noted, this chapter uses data from the 2000 and 2010 Decennial Census, and the 2013-2017 American Community Survey 5-Year Estimates.

This section shows the following trends in housing mix in John Day:

- **John Day's housing stock is predominantly single-family detached housing units.** Seventy-five percent of John Day's housing stock is single-family detached, 24% is multifamily, and 1% is single-family attached (e.g., townhouses).
- **Since 2000, John Day's housing mix has shifted with the share of multifamily units increasing by 9%.** John Day's housing stock grew by about 16% (about 133 new units) between 2000 and the 2013-2017 period. The number of multifamily units increased 47% from 124 in 2000 to 232 in 2013-17. This is a remarkable increase in multifamily housing over the 17-year period. Moreover, John Day has 70% of all multifamily housing in Grant County.

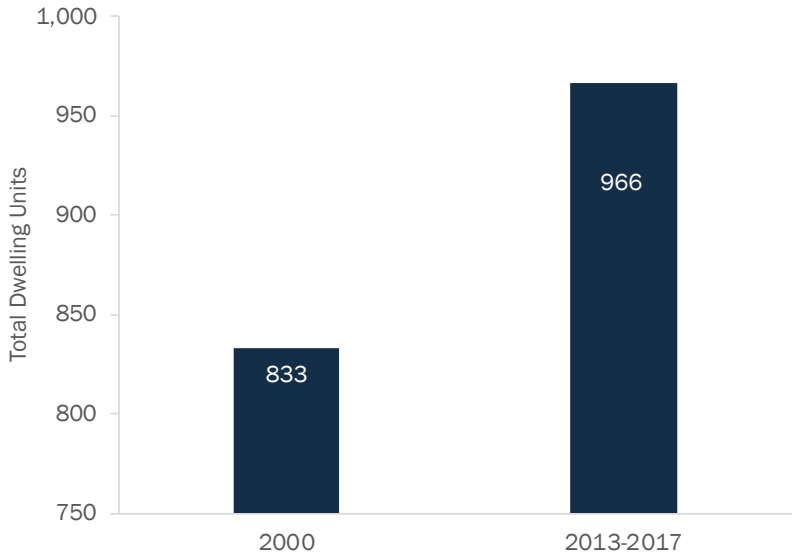
Housing Mix

The total number of dwelling units in John Day increased by 16% from 2000 to 2013-2017.

John Day added 133 new units since 2000.

Exhibit 10. Total Dwelling Units, John Day, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013-2017 ACS Table B25024.

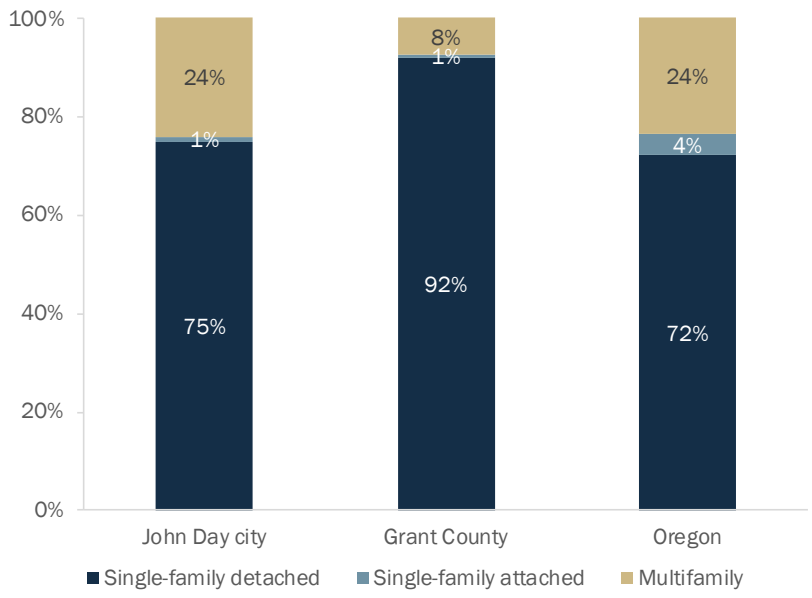


About 75% of John Day's housing stock is single-family detached.

John Day has a larger share of multifamily housing than Grant County, and about the same as Oregon.

Exhibit 11. Housing Mix, John Day, Grant County, and Oregon, 2013-2017

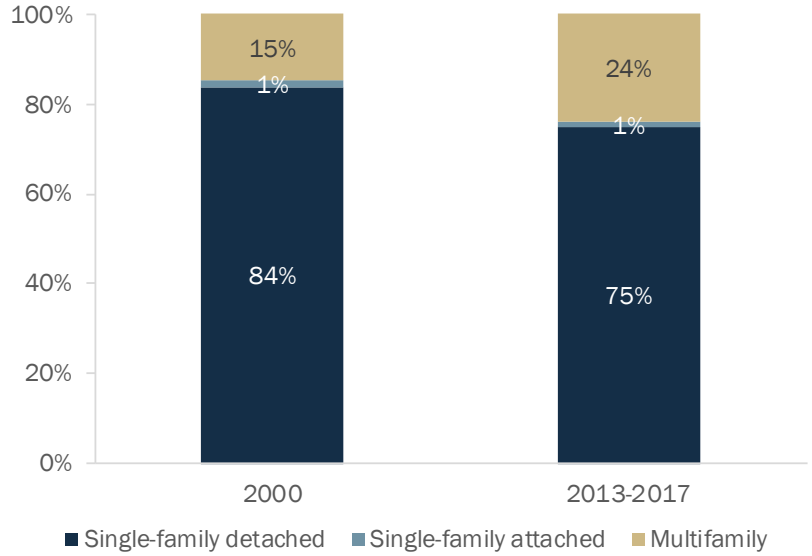
Source: U.S. Census Bureau, 2013-2017 ACS Table B25024.



From 2000 to 2013-2017, the share of single-family detached housing units declined by 9% as the share of multi-family housing units increased by 9%.

Exhibit 12. Change in Housing Mix, John Day, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013-2017 ACS Table B25024.



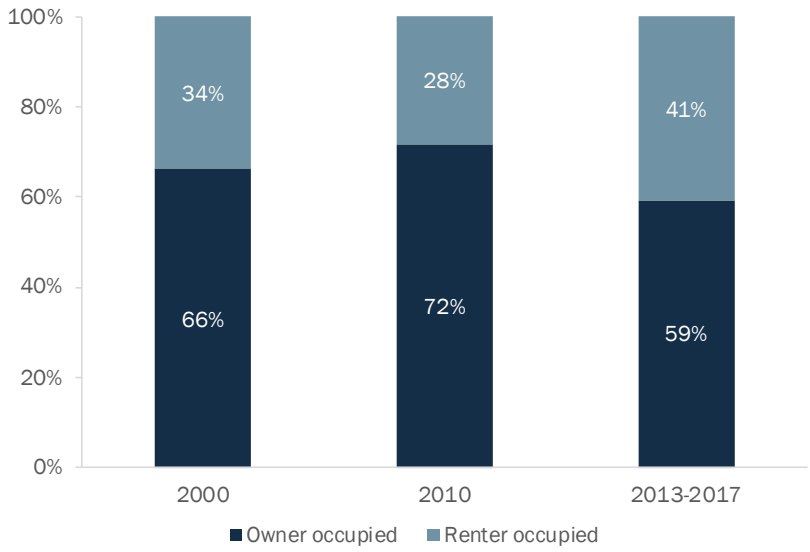
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. Homeownership rates in John Day varied between 2000 and 2012-2016. In 2000, 66% of John Day's households were homeowners. This increased to 72% in 2010 and then dropped to 59% in 2012-2016. This decrease may be due, in part, to an increase in multifamily dwellings which it is reasonable to assume are primarily rental units. Nearly all John Day homeowners (97%) live in single-family detached housing, while less than half of renters (41%) live in multifamily housing.

The homeownership rate in John Day increased by 6% (from 66% to 72%) between 2000 to 2010, and decreased to 59% in 2013-2017.

Exhibit 13. Tenure, Occupied Units, John Day, 2000-2017

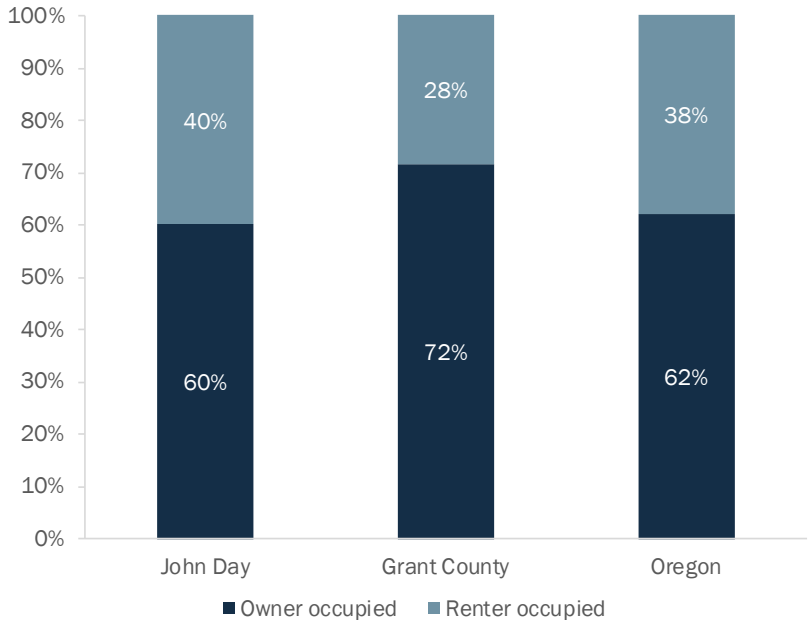
Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2013-2017 ACS Table B24003.



John Day has a similar share of homeowners and renters as Oregon.

Exhibit 14. Tenure, Occupied Units, John Day, Grant County, and Oregon, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B24003.

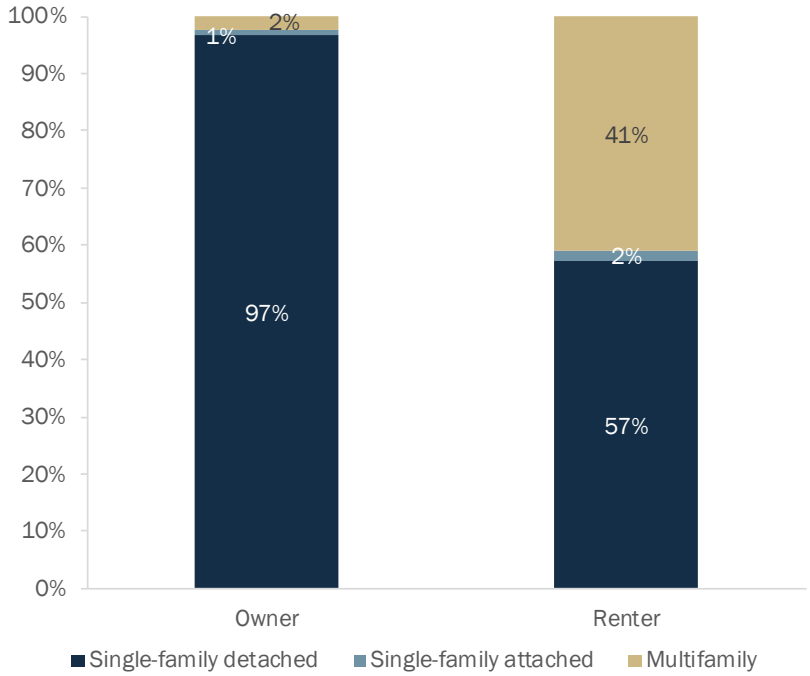


Nearly all homeowners (97%) live in single-family detached housing.

In comparison, 57% of renters live in single-family detached housing while 41% of renters live in multifamily housing. About the same share of renters and homeowners live in single-family attached housing.

Exhibit 15. Housing Units by Type and Tenure, John Day, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B25032.



Vacancy Rates

The Census defines vacancy as: "Unoccupied housing units… determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. Enumerators are obtained using information from property owners and managers, neighbors, rental agents, and others.

According to the 2013-2017 Census, the vacancy rate in John Day was 9.4%, compared to 27.3% for Grant County and 9.3% for Oregon.

Government-Assisted Housing

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are three government-assisted housing developments and properties in John Day with a total of 51 units.

Exhibit 16. Government-Assisted Housing Developments in John Day

NAME	TOTAL UNITS	RESTRICTED UNITS
CANYON CREEK COURT	18	18
MEADOWBROOK I	24	22
MEADOWBROOK II APTS	19	19
TOTAL	**51**	**51**

Source: Oregon Housing and Community Services Database.
https://www.oregon.gov/ohcs/Pages/research-multifamily-housing-inventory-data.aspx

Manufactured Homes

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

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

John Day had 242 mobile homes in 2000, and 297 mobile homes in the 2013-2017 period, an increase of 55 dwellings. According to Census data, 61% of the mobile homes in John Day were owner-occupied in the 2012-2016 period.

OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. Exhibit 17 presents the inventory of mobile and manufactured home parks within John Day in October of 2018.

John Day has two manufactured home parks within their portion of the UGB. Within these parks, there are a total of 173 spaces.

Exhibit 17. Inventory of Mobile/Manufactured Home Parks, John Day's portion of UGB, 2018

Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total spaces	Vacant spaces	Comprehensive Plan Designation
John Day Trailer Park & Laundromat	660 W Main St	Family	10		General Commercial
Riverside Home Park	677 W Main St	Family	163		General Commercial
Total			**173**		

4. Demographic and Other Factors Affecting Residential Development in John Day

Demographic trends are important for a thorough understanding of the dynamics of the John Day housing market. John Day exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to John Day at the national, state, and regional levels.

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

Demographic and Socioeconomic Factors Affecting Housing Choice[7]

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

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[7] The research in this chapter is based on numerous articles and sources of information about housing, including:

Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

The American Planning Association, "Investing in Place; Two generations' view on the future of communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

National Association of Home Builders International Builders, "Survey Says: Home Trends and Buyer Preferences," 2017.

Urban Land Institute, *The Case for Multi-family Housing*, 2003.

E. Zietz, *Multi-family Housing: A Review of Theory and Evidence.* Journal of Real Estate Research, Volume 25, Number 2. 2003.

C. Rombouts, *Changing Demographics of Homebuyers and Renters. Multi-family Trends*, Winter 2004.

J. McIlwain, *Housing in America: The New Decade,* Urban Land Institute, 2010.

D. Myers and S. Ryu, *Aging Baby Boomers and the Generational Housing Bubble*, Journal of the American Planning Association, Winter 2008.

M. Riche, *The Implications of Changing U.S. Demographics for Housing Choice and Location in Cities,* The Brookings Institution Center on Urban and Metropolitan Policy, March 2001.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave,* Urban Land Institute, 2010.

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

- **Age of householder is** the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of Baby Boomers, people born from about 1946 to 1964, and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children).
- **Income** is the household income. Income is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached, duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

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

Regional and Local Demographic Trends that may affect housing need in John Day

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

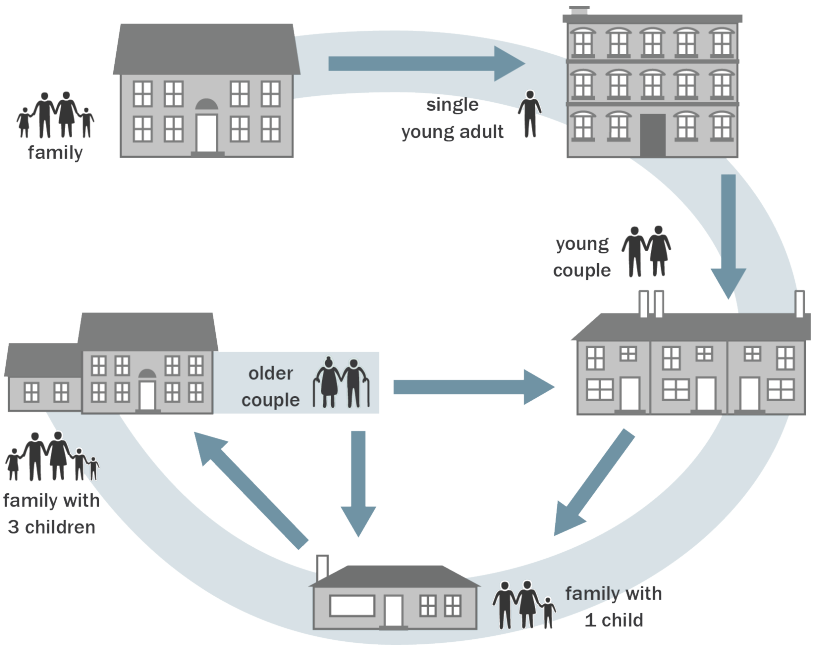
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As John Day's population ages, different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

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

Families of different sizes need different types of housing.

Exhibit 18. Effect of demographic changes on housing need

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



Population Growth

John Day's population growth will drive future demand for housing in the City over the planning period. The population forecast in Exhibit 20 is John Day's official population forecast, from the Oregon Population Forecast Program. John Day must use this forecast as the basis for forecasting housing growth over the 2019 to 2039 period.

John Day's population shrunk by 6% between 1990 and 2018.

John Day's residents decreased by about 100 people, at an average annual growth rate of negative 0.2%.

Exhibit 19. Population, John Day, Grant County, Oregon, U.S., 1990-2018

Source: U.S. Decennial Census 1990, and Portland State University, Population Research Center 2018.

			Change 1990-2018		
	1990	2018	Number	Percent	AAGR
John Day	1,836	1,735	-101	-6%	-0.2%
Grant County	7,853	7,400	-453	-6%	-0.2%
Oregon	2,842,321	4,195,300	1,352,979	48%	1.4%

John Day's population within their portion of the UGB is projected to shrink by 84 people between 2020 and 2040, at an average annual growth rate of -0.21%.[8]

Exhibit 20. PSU Forecast of Population Growth, John Day's portion of UGB, 2019 to 2039

Source: Portland State University Population Research Center's Oregon Population Forecast Program, Forecasts for Grant County, June 30, 2016. ECONorthwest estimated the John Day portion of the UGB's population.

2,098	2,013	84	4% Decrease
Residents in 2019	Residents in 2039	Fewer Residents 2019-2039	-0.21% AAGR

[8] This forecast of population growth is based on the Oregon Population Forecast Program. ECONorthwest extrapolated the population forecast for 2018 and 2040 based on the methodology specified in the following file (from the Oregon Population Forecast Program website):
http://www.pdx.edu/prc/sites/www.pdx.edu.prc/files/Population_Interpolation_Template.xlsx

Aging Population

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

- **Seniors.** The average age in John Day is younger than Grant County but slightly below the Statewide average. John Day's share of population 60 years and older is about the same as the State but much lower than Grant County.

  Demand for housing for retirees will grow over the planning period, as the Baby Boomers continue to age and retire. The Grant County forecast share of residents aged 60 years and older will account for 53% of its population (2040), compared to around 36% in 2017.

  The impact of growth in seniors in John Day will depend, in part, on whether older people already living in John Day continue to reside there as they retire and whether John Day attracts people nearing or in retirement, consistent with the expected changes in Grant County's age distribution. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.[9]

  Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including: remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted living facilities or nursing homes), as their health declines. The challenges aging seniors face in continuing to live in their community include: changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[10]

- **John Day has a modest share of younger people.** About 29% of John Day's population is under 20 years old, compared to Oregon's average of 24%, and Grant County at 20%. The forecast for population growth in Grant County shows the percent of people under 20 years old remaining relatively static at 19% in 2016 to 17% in 2040.

  People currently aged 18 to 38[11] are referred to as the Millennial generation and account for the largest share of population in Oregon.[12] By 2040, Millennials will be about 40 to 60

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

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

[11] No formal agreement on when the Millennial generation starts or ends exists. For this report, we define the Millennial generation as individuals born in 1980 through 2000.

[12] Pew Research Center. (March 2018). "Defining generations: Where Millennials end and post-Millennials begin" by Michael Dimock. Retrieved from: http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/.

years of age. The forecast for Grant County shows a decline in the population share of Millennials from about 15% of the population in 2020 to about 12% of the population in 2040.

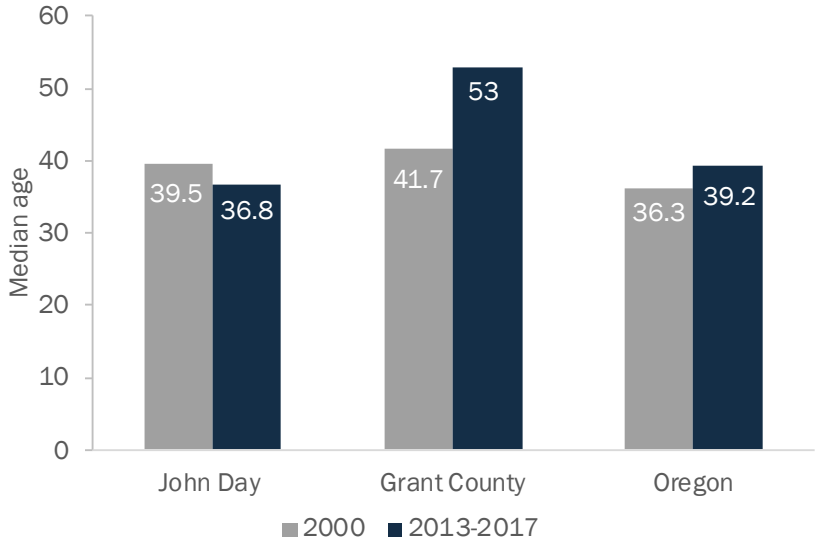
John Day's ability to attract and retain people in this age group will depend, in large part, on whether the city has opportunities for housing (and employment) that both appeals to and is affordable to Millennials. Retaining (or attracting) Millennials, will depend on availability of housing types (such as townhouses, cottages, duplexes and similar scale-multifamily housing, and apartments).

In the near-term, Millennials may increase demand for rental units. The long-term housing preference of Millennials is uncertain. Research suggests that Millennials' housing preferences may be similar to the Baby Boomers, with a preference for smaller, less costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[13]

From 2000 to 2013-2017, John Day's median age decreased from 39.4 to 36.8 years.

Exhibit 21. Median Age, Years, 2000 to 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2013-2017 ACS, Table B01002.



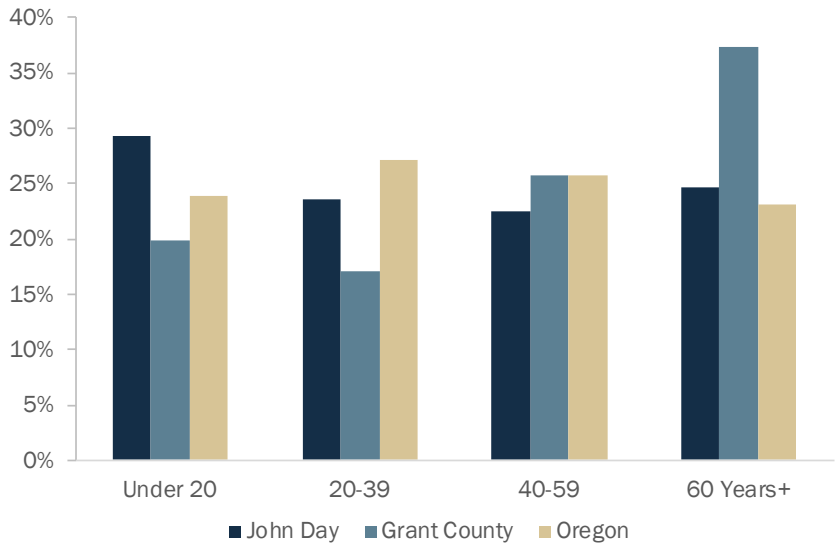
[13] The American Planning Association, "Investing in Place; Two generations' view on the future of communities." 2014.
"Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," Transportation for America.
"Survey Says: Home Trends and Buyer Preferences," National Association of Home Builders International Builders

Recent data show that about 50% of John Day's residents were between the ages of 20 and 59 years.

About 29% of John Day's population is under 20 years old, higher than Grant County and the state.

Exhibit 22. Population Distribution by Age, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS, Table B01001.

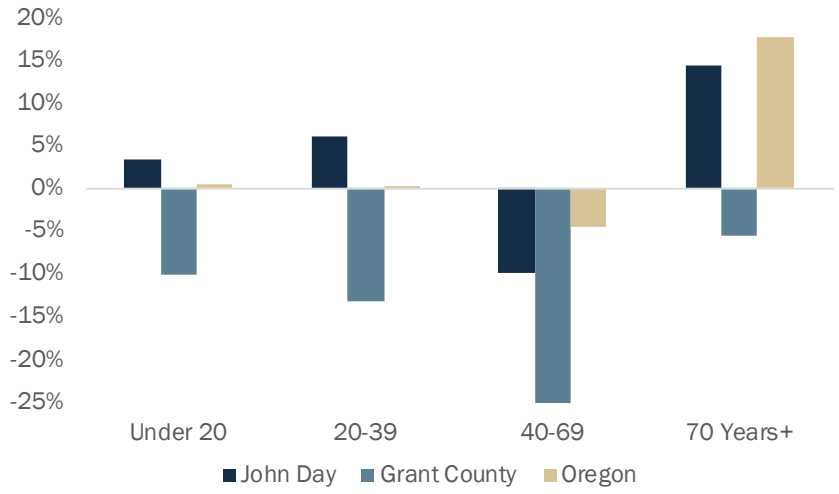


Between 2000 and 2013-2017, all age groups in John Day grew in size, except those aged 40-69.

In John Day, those aged 70 and older grew the most (14%), followed by those aged 20-39 (6%).

Exhibit 23. Population Change by Age, 2000 to 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2013-2017 ACS, Table B01001.



Grant County's population forecast shows that the population of people aged 60 years and older will grow by 36%, while all other age groups will decline in growth.

Exhibit 24. Share of Total Population Growth, by Age Group, Grant County, 2016 to 2040

Source: Portland State University, Population Research Center, Grant County Forecast, June 2016.

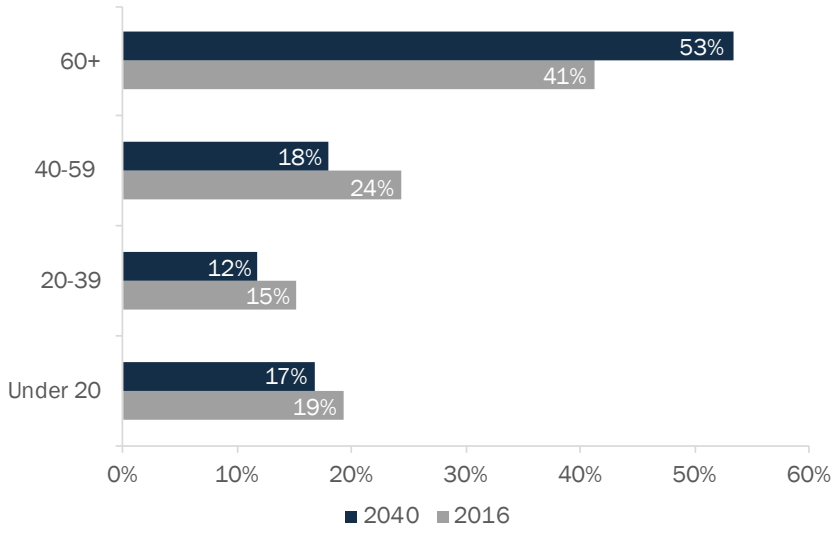
-15%	-17%	-32%	36%
264 less people	308 less people	561 less people	641 People
Under 20	**20-39 Years**	**40-59 Years**	**60+ Years**

By 2040, it is forecasted that Grant County residents aged 60 and older will make up 53% of the county's total population.

This accounts for a 12% increase from the county's 2017 age group estimate.

Exhibit 25. Share of Population by Age Group, Grant County, 2016, 2040

Source: Portland State University, Population Research Center, Grant County Forecast, June 2016.



Increased Ethnic Diversity

John Day is becoming slightly more ethnically diverse. The Hispanic and Latino population grew from 3% of John Day's population in 2000 to 5% of the population in the 2013-2017 period, adding about 57 new Hispanic and Latino residents. John Day is less ethnically diverse than Oregon, but more diverse than Grant County.

Although the growth of the Hispanic and Latino population is relatively small, continued growth of this population cohort the will affect John Day's housing needs in a variety of ways.[14] Growth in first generation and to a lesser extent, second and third generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate larger household sizes for these households, on average. Foreign-born households, including Hispanic and Latino immigrants, are more likely to include multiple generations, requiring more space than smaller household sizes. As Hispanic and Latino households integrate over generations, household size typically decreases, and their housing needs become similar to housing needs for all households.

Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable and can accommodate multiple generations.

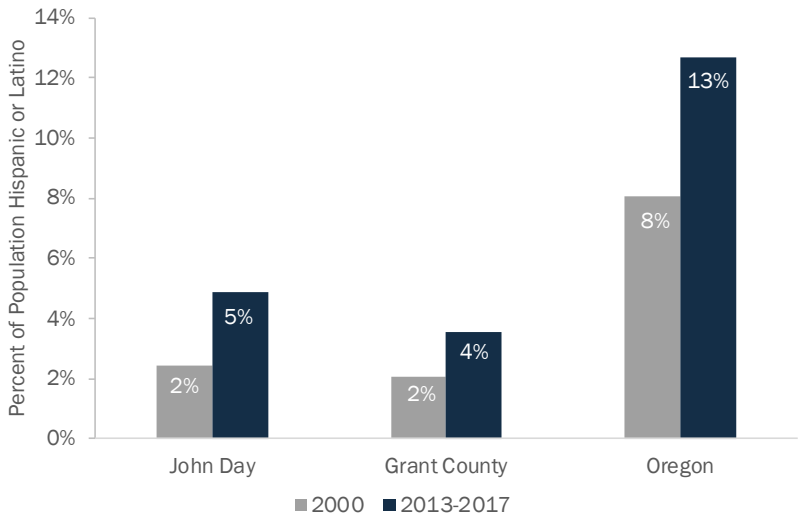
[14] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first, second, and third generation households. In short, Hispanic and Latino households have lower median income than the national averages. First and second generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.
Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.
National Association of Hispanic Real Estate Professionals. *2014 State of Hispanic Homeownership Report*, 2014.

John Day's Hispanic/Latino population grew by 3% between 2000 and 2013-2017.

John Day is as ethnically diverse as the county, but less ethnically diverse than the state.

Exhibit 26. Hispanic or Latino Population as a Percent of the Total Population, 2000, 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2013-2017 ACS Table B03002.



Household Size and Composition

John Day's average household size is slightly larger than Grant County's average household size and slightly less than Oregon's average household size. John Day has a larger share of households with children *and* a larger share of nonfamily households, compared to Statewide averages.

John Day's average household size is between that of Grant County and Oregon.

Exhibit 27. Average Household Size, John Day, Grant County, Oregon, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25010.

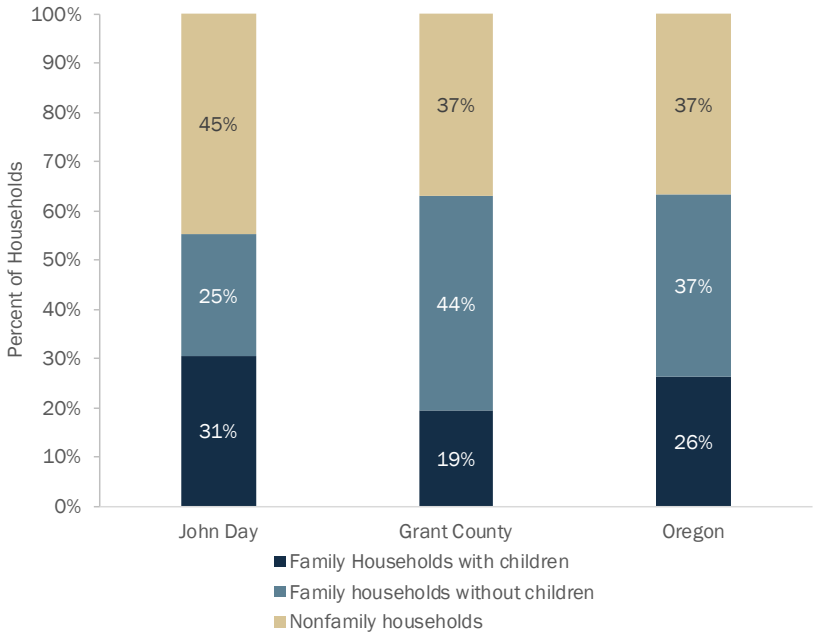
2.28 Persons	2.21 Persons	2.50 Persons
John Day	Grant County	Oregon

John Day has a larger share of nonfamily than the county and in Oregon.

About 31% of John Day and 19% Grant County households have children, compared to 26% of Oregon households.

Exhibit 28. Household Composition, John Day, Grant County, Oregon, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table DP02.



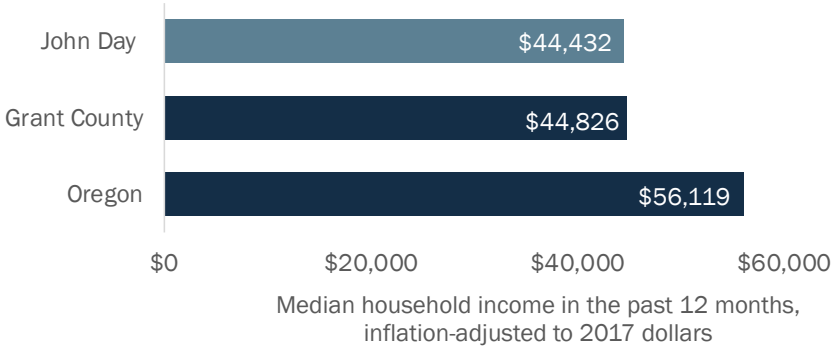
Income of John Day Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Income for residents living in John Day is greater than in Grant County and Oregon.

Over the 2013-2017 period, John Day's median household income (MHI) was about the same as the county, and lower than the state.

Exhibit 29. Median Household Income, John Day, Grant County, Oregon, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25119.

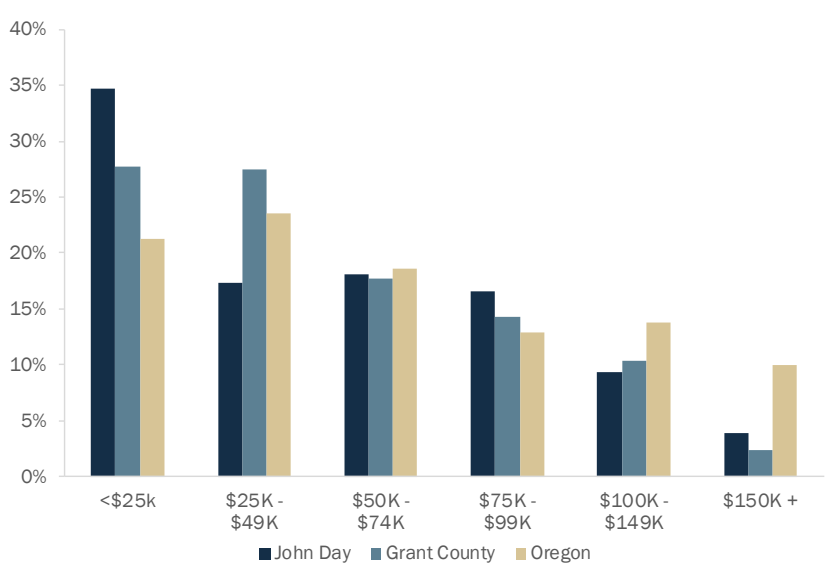


John Day has more households earning less than $25,000 than the county or the state.

For the 2013-2017 period, about 48% of John Day households made more than $50,000 per year, compared to 45% of Grant County households, and 55% of Oregon households.

Exhibit 30. Household Income, John Day, Grant County, Oregon, 2013-2017

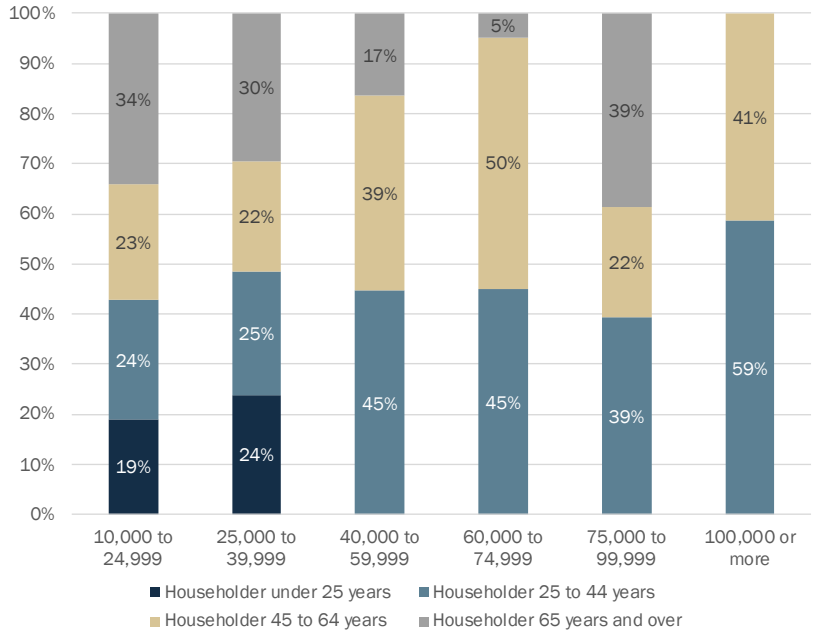
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19001.



In John Day, all householders that earned $100,000 or more were 25 or older during the 2013-2017 period.

Exhibit 31. Income by Age of Householder, John Day, 2013-2017

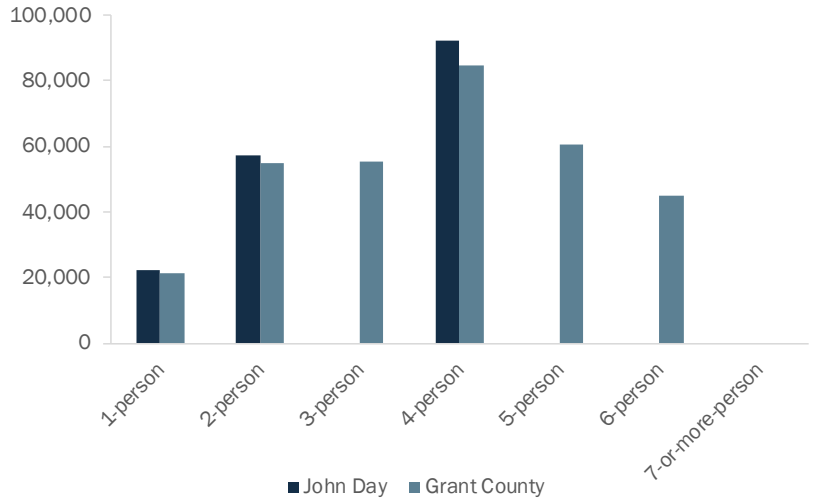
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19037.



In the 2013-2017 period, 4-person households in John Day had the highest median incomes at $92,283.

Exhibit 32. Median Household Income by Household Size, John Day, Grant County, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19019.



Commuting Trends

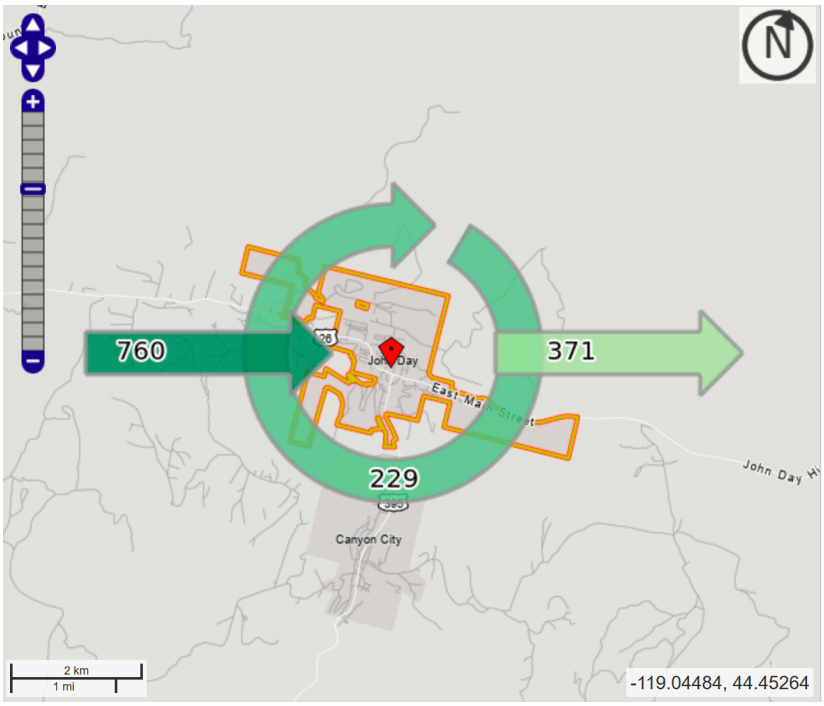
John Day is part of the interconnected economy of Grant County and the greater Eastern Oregon region. Of the almost 1,000 people who work in John Day, more than 74% of workers commute into John Day from other areas. Sixty-six percent of residents of John Day commute out of the city for work.

John Day is part of an interconnected regional economy.

760 people commute into John Day for work, and more than 371people living in John Day commute out of the City for work.

Exhibit 33. Commuting Flows, John Day, 2015

Source: U.S. Census Bureau, Census On the Map.



About 23% of people who work at businesses located in John Day also live in John Day.

74% of people who work in John Day resident in Grant County.

Exhibit 34. Places Where Workers at Businesses in John Day Lived, 2015

Source: U.S. Census Bureau, Census On the Map.

8%	23%	6%	3%	3%
Canyon City	John Day	Mt. Vernon	Prairie City	Dayville

About 66% of John Day residents work in Grant County.

38% of John Day residents live and work within City limits.

Exhibit 35. Places Where John Day Residents were Employed, 2015

Source: U.S. Census Bureau, Census On the Map.

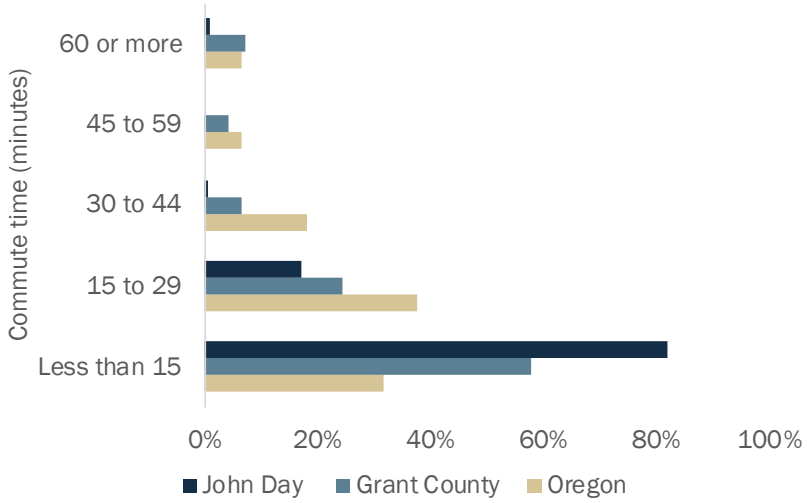
11%	38%	6%	2%	2%
Canyon City	John Day	Portland	La Grande	Mt. Vernon

Most John Day residents (82%) have a commute time that takes less than 15 minutes.

Similarly, about 58% of Grant County residents and 32% of Oregon residents have a commute time of less than 15 minutes.

Exhibit 36. Commute Time by Place of Residence, John Day, Grant County, Oregon, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B08303.



Regional and Local Trends Affecting Affordability in John Day

This section describes changes in sales prices, rents, and housing affordability in John Day, since 2000.

Changes in Housing Costs

John Day's housing stock has a tight distribution of values, with few low-valued homes and zero homes valued over $500,000. Recent data show that the median home value in John Day is about $120,000. This value is similar to values observed in John Day peer-cities of Prairie City and Dayville. Canyon City homes are valued less than John Day homes.

John Day's median home value was comparable to Dayville 2017, lower than Prairie City and higher than Canyon City

Exhibit 37. Median Home Value, John Day and Comparison Cities, ACS 2013-17

Source: Realtor.com.

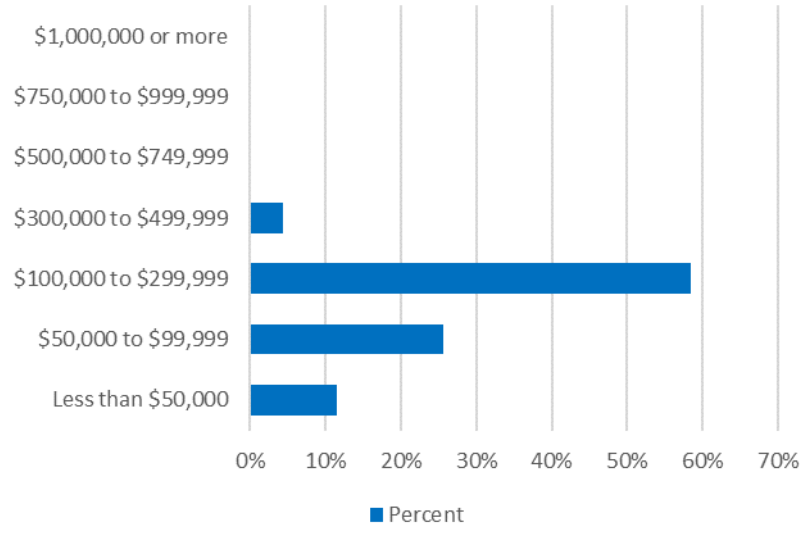
$120K	$91K	$121K	$130K
Dayville	Canyon City	John Day	Prairie City

In 2017, nearly 60% of homes were valued at between $100,000 and $300,000

About 25% of homes were valued between $50,000 and $99,999, and 11% were valued at less than $50,000. No homes were valued more than $500,000.

Exhibit 38. Distribution of Home Values, John Day, 2013-2017

Source: ACS 2013-2017, Table S2506



Rental Costs

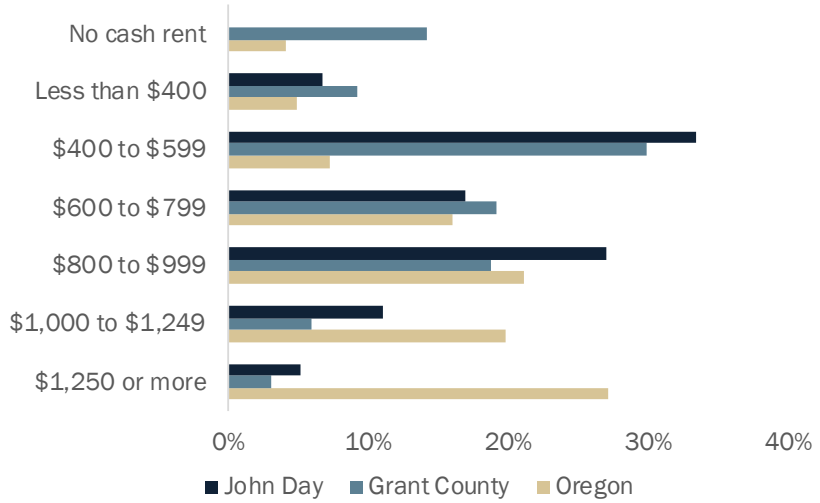
Rent costs in John Day are higher than average for Grant County and are lower than average for Oregon. The following chart shows gross rent (which includes the cost of rent plus utilities) for John Day in comparison to Grant Count and the State of Oregon rent levels. Median gross rent for John Day in 2013-17 was $723.

Over 80% of renters in John Day pay less than $1,000 per month.

About 5% of John Day's renters paid $1,250 or more in gross rent per month, a slightly larger share than Grant County (3%), but a smaller share than the state (27%).

Exhibit 39. Gross Rent, John Day, Grant County, and Oregon, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B25063.



Housing Affordability

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

About 31% of John Day's households are cost burdened. About 48% of renter households are cost burdened, compared with 20% of homeowners. Twenty percent of households in John Day are rent burdened households. Overall, John Day has a slightly smaller share of cost-burdened households than Oregon.

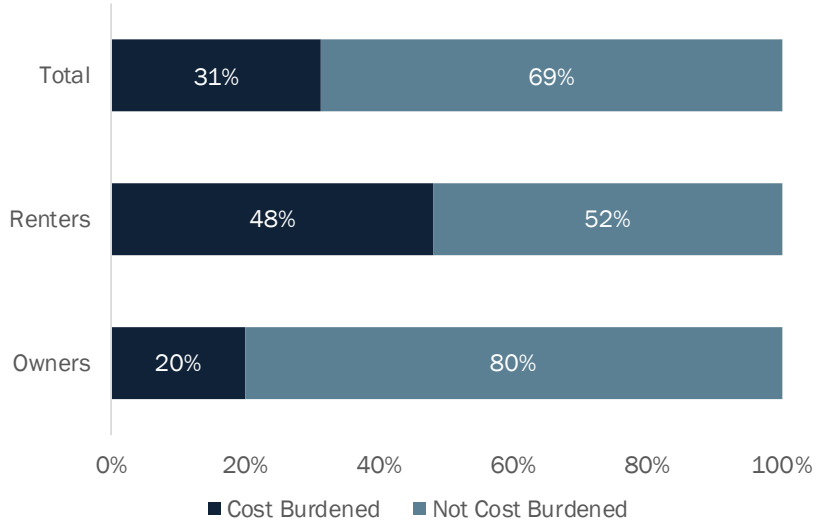
About 24% of John Day's households have an income of less than $20,000 per year. These households can afford rent of less than $625 per month, or a home with a value of less than $62,500. Most, but not all of these households are cost burdened.

Renters are much more likely to be cost burdened than homeowners.

In the 2013-2017 period, about 48% of renters in John Day were cost burdened, compared to 31% of homeowners.

Exhibit 40. Housing Cost Burden by Tenure, John Day, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Tables B25091 and B25070.



As of 2017, 20% of households in John Day were cost burdened renters.

Exhibit 41. Renter Cost Burden, John Day, 2013-2017

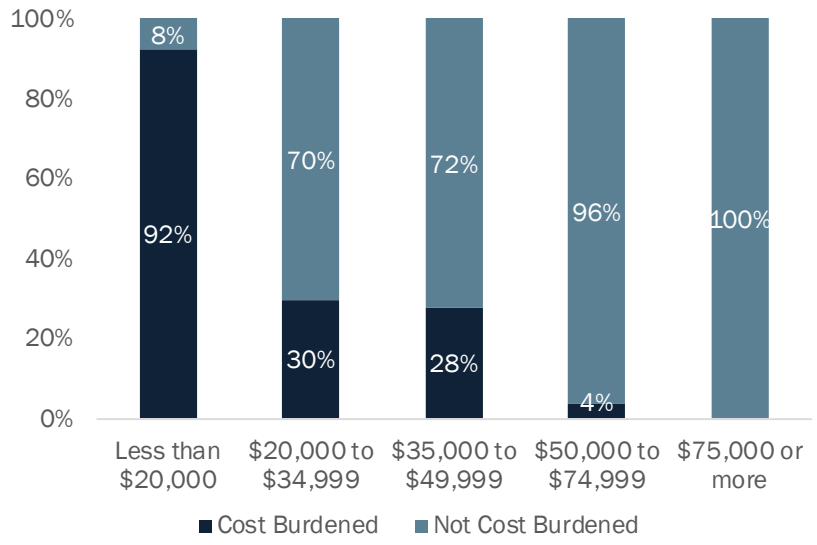
Source: U.S. Census Bureau, 2013-2017 ACS Tables B25091 and B25070.

875	171	20%
Total Households	Cost Burdened Renter Households	Share of Cost Burdened Renters (% of total households)

Cost burden rates vary by income. Nearly all households that earn less than $20,000 per year are cost burdened.

Exhibit 42. Housing Cost Burden by Income, John Day, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table S2503.



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

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on non-discretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary non-discretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost burden indicator.

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

Fair Market Rent for a 2-bedroom apartment in Grant County is $700.

Exhibit 43. HUD Fair Market Rent (FMR) by Unit Type, Grant County, 2019

Source: U.S. Department of Housing and Urban Development.

$532	$598	$700	$1,012	$1,126
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least $13.49 per hour to afford a two-bedroom unit in Grant County.

Exhibit 44. Affordable Housing Wage, Grant County, 2017

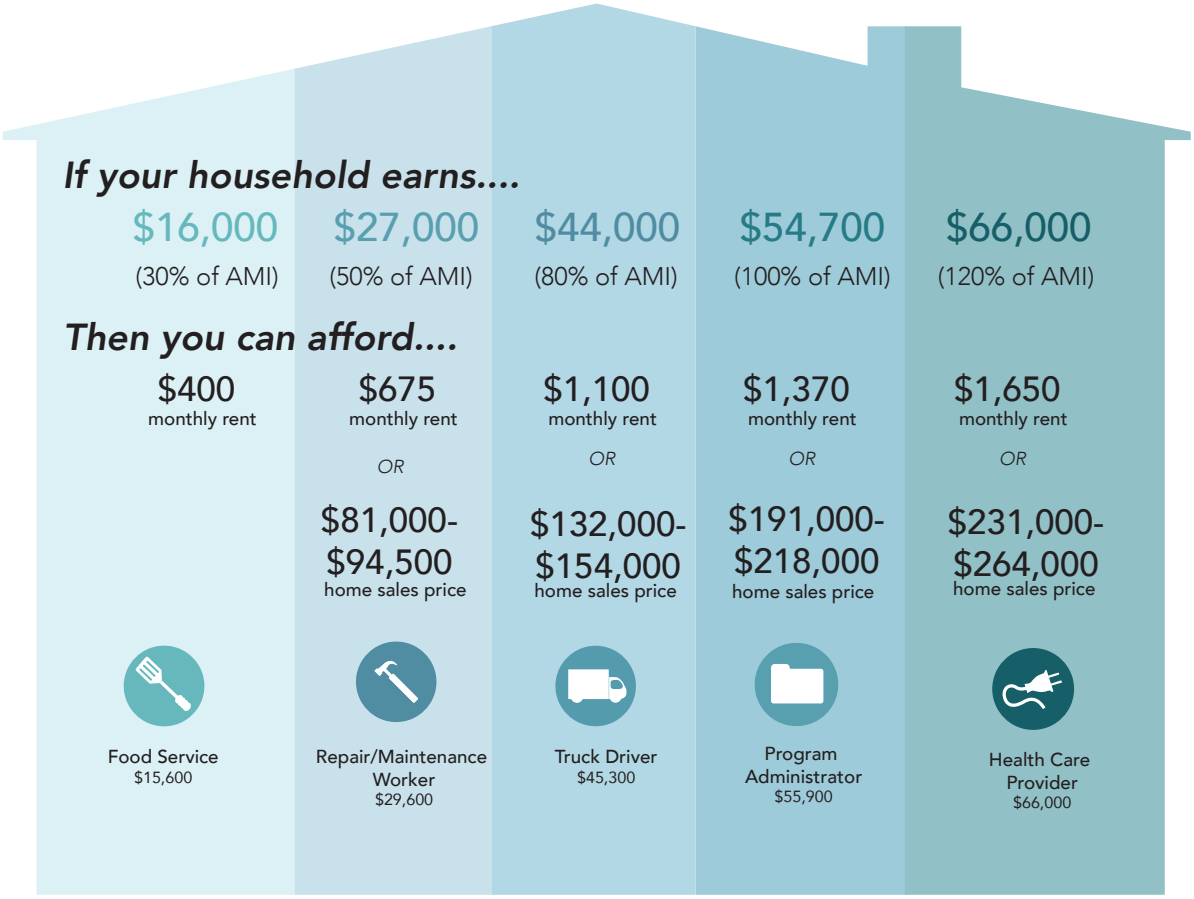
Source: U.S. Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

$13.49/hour

Affordable Housing Wage for two-bedroom Unit in Grant County

Exhibit 45 Financially Attainable Housing, by Median Family Income (MFI) for Grant County ($54,700), John Day, 2018

Source: U.S. Department of Housing and Urban Development, Grant County, 2018.



A household earning median income ($54,700) can afford a monthly rent of about $1,370 or a home valued at between $191,000 and $218,000.

About 28% of John Day's households have income less than $27,150 and cannot afford a two-bedroom apartment at Grant County's Fair Market Rent (FMR) of $700.

Exhibit 46. Share of Households, by Median Family Income (MFI) for Grant County ($54,700), John Day, 2018

Source: U.S. Department of Housing and Urban Development, Grant County, 2018. U.S. Census Bureau, 2013-2017 ACS Table S1901. *Note: MFI is Median Family Income, determined by OHCS for Grant County.*

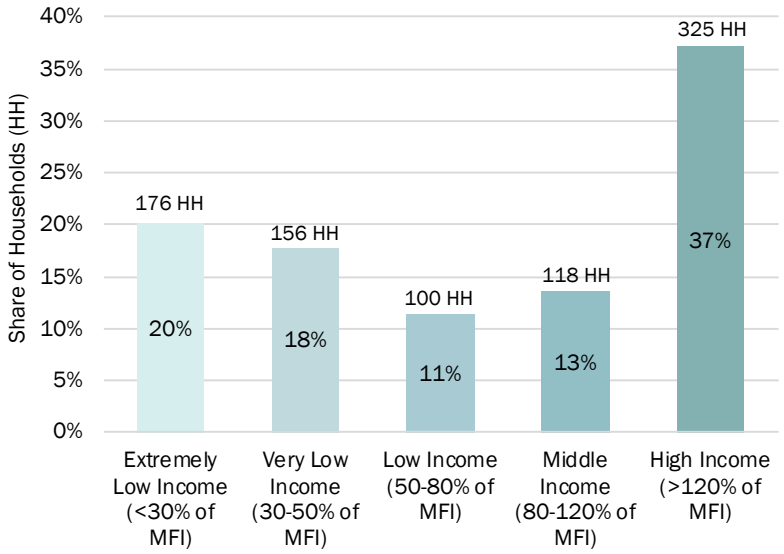
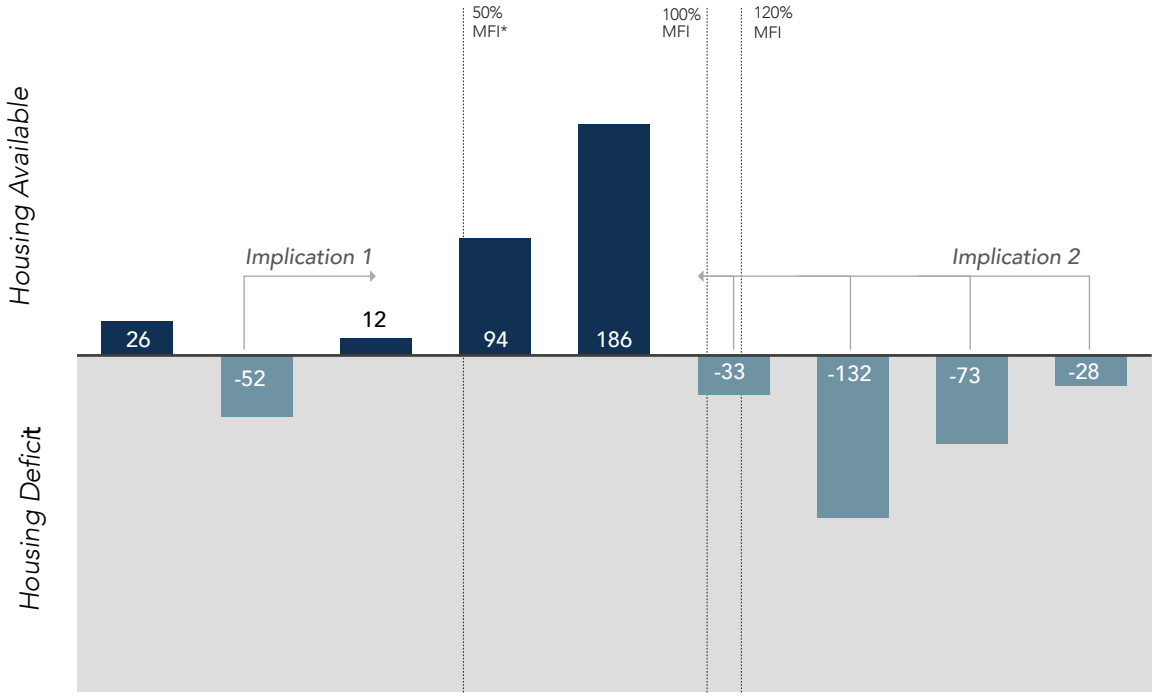


Exhibit 47 compares the number of households by income with the number of units affordable to those households in John Day. John Day currently has a deficit of housing affordable to households earning between $10,000 and $25,000, and greater than $50,000. The deficit of housing for households earning between $10,000 and $25,000 (between 15% and 37% of MFI) results in these households potentially living in housing that is more expensive than they can afford. Households in this income range are generally unable to afford market rate rents. When lower cost housing (such as government subsidized housing) is not available, these households pay more than they can afford in rent. This is consistent with the data about renter cost burden in John Day.

John Day has a deficit of housing types affordable at lower income levels such as new and used government-assisted housing, apartments, duplexes, tri- and quad-plexes, and manufactured housing. John Day also has a deficit of housing types affordable for higher income levels such as market-rate apartments, single-family attached, and single-family detached housing.

Exhibit 47. Affordable Housing Costs and Units by Income Level, John Day, 2016

Source: U.S. Census Bureau, 2013-2017 ACS, Table B19001, B25075, and B25063. *Note: MFI is Median Family Income, determined by OHCS for Grant County. In 2018, Grant County's MFI was $54,700.*



Household income	Less than $10,000	$10,000–$14,999	$15,000–$24,999	$25,000–$34,999	$35,000–$49,999	$50,000–$74,999	$75,000–$99,999	$100,000–$149,999	$150,000 or more
# Households	84	78	142	79	73	158	145	82	34
# Surplus / Deficit Units	26	-52	12	94	186	-33	-132	-73	-28
% Surplus / Deficit Units	31%	-66%	8%	119%	255%	-21%	-91%	-89%	-82%

*Median Family Income for a family of four

Implication 1

Some lower-incomer households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost-burdened.

Implication 2

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of lack of higher-cost and higher-amenity housing that would better suit their preferences.

Source: ECONorthwest

Summary of the Factors Affecting John Day's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice. While the number and interrelationships among these factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies, it is a crucial step to informing the types of housing that will be needed in the future.

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

Data illustrates what more detailed research has shown, and what most people understand intuitively:

- Life cycle and housing choice interact in ways that are predictable in the aggregate.
- Age of the household head is correlated with household size and income.
- Household size and age of household head affect housing preferences.
- Income affects the ability of a household to afford a preferred housing type.

The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), and the "empty-nesters."[15] Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Still, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in John Day over the next 20 years:

- **Demand for new housing is primarily linked to population growth.** Between 1990 and 2018, John Day's population shrunk by 101 people (-6%). The population in John Day's UGB is forecasted to continue to shrink in the coming decades as is the population of Grant County. Unless this trend is reversed, John Day is likely to see a general decline in the demand for housing. However, our research shows that the there is a mismatch between the housing supply that is available in John Day, and household incomes. Moreover, there is a general deficit of housing for households earning over $50,000 annually. These data point to an opportunity for new residential development for homes to serve household earning 100% to 120% Median Family Income. Further, should the City be successful in stabilizing or even growing the local population through its Strategy for Growth efforts, there will be additional demand for new housing.

[15] See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

- even if the population declines or remains stable there still will be a need to replace aging housing stock and provide new housing that meets the needs and desires of the population.
- **Demographic trends—especially age and income trends—of the local population will influence the demand for new housing and the types of new housing demanded.** While John Day has a median age that matches those at the state level, the age distribution differs from many other cities in Oregon. Proportionally the largest age cohorts within the city are children under age 18 and seniors. Likewise, Grant County's largest age cohort are seniors. Population projections show that the city's senior population will grow faster than other age groups. These data trends have a few implications.

  First, the large cohort of children in the city of John Day, compared to a proportionally small number of young adults means that as soon as children enter working/higher education age they leave the community—and few of them return. Second, the older adult and senior populations of John Day and Grant County are the fastest growing cohorts. As they age, many seniors that currently live in rural Grant County are likely to move to John Day or other cities in the region to be closer to family and services.

  Income trends show John Day to be a community with many low-income residents. Pairing income data with housing data illustrates that many John Day households are cost-burdened by their housing costs. These trends mean that despite generally low housing costs, housing affordability is a modest, but growing challenge in John Day.

  These trends show that John Day's key challenge over the next 20 years will be to provide opportunities for development of a range of housing of all types to meet the needs of households at both ends of the income spectrum. Low income households need the existing inventory of lower cost housing to be preserved and expanded. Higher income households, especially those making 100% to 120% of Median Family Income have the financial capacity to afford homes not currently available in the John Day housing market.
- **Key demographic and economic trends that will affect John Day's future housing needs are (1) the aging of the Baby Boomers, (2) the ability to attract and retain Millennials.**
  - *The Baby Boomer's population is continuing to age.* By 2040, people 60 years and older will account for 53% of the population in Grant County (up from 41% in 2016). The changes that affect John Day's housing demand as the population ages are that household sizes and homeownership rates decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, is likely to grow in John Day.

- *The ability for the community to attract and retain Millennials will dictate long-term housing needs in John Day.* By 2040, Millennials will be roughly between 40 and 60 years old. As they age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between the 2019 and 2039 analysis period, Millennials will be a key driver in demand for housing for families with children. The ability to attract and retain Millennials will depend on the City's availability of affordable renter and ownership housing along with the creation of more family wage jobs. The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.[16]

  In summary, an aging population, and the potential to attract and retain Millennials, and other variables are factors that support the conclusion of need for smaller and less expensive units and a broader array of housing choices. Growth of seniors will drive demand for small single-family detached houses and townhomes for homeownership, townhome and multifamily rentals, age-restricted housing, and assisted-living facilities. If John Day is able to attract more working age adults—especially Millennials—this population will drive demand for affordable housing types, including demand for small, affordable single-family units (many of which may be ownership units) and for affordable multifamily units (many of which may be rental units).

- **No amount of analysis is likely to make the distant future completely certain: the purpose of the housing forecasting in this study is to get an approximate idea about the future (so policy choices can be made today).** Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. A variety of factors or events could, however, cause growth forecasts to be substantially different.

[16] Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Strochak, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

5. Housing Need in John Day

This chapter presents housing demand and need projections for John Day, the capacity of residential lands to accommodate new housing, and a comparison of land supply and demand. The intent is to model different growth scenarios and document housing needs for a 5, 10, and 20 year period.

Project New Housing Units Needed in the Next 5, 10, and 20 Years

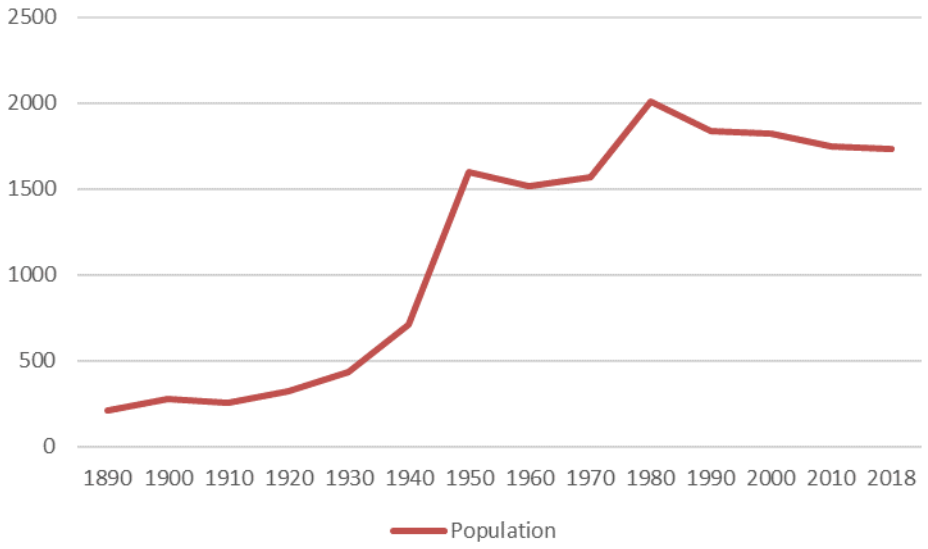
The results of the housing needs analysis are based on: (1) the official population forecast for growth in John Day over the 20-year planning period as well as two alternative growth scenarios, (2) information about John Day's housing market, and (3) the demographic composition of John Day's existing population and expected long-term changes in the demographics of Grant County.

Population Trends and Projections

John Day grew relatively rapidly between 1930 and 1950 with population peaking around 2,000 persons in 1980. Population has slowly declined since 1980.

Exhibit 48. Historic Population Trends by Decade, John Day, 1850 to 2016

Source: U.S. Census for Population and Housing



The official state population forecast for John Day projects the city will lose 80 people between 2019 and 2039. The alternative growth scenarios show the city could add 220 persons (at an 0.5% AAGR) to 462 persons (at a 1.0% AAGR)

Exhibit 49. Official State Population Forecast and Population Growth Scenarios, John Day UGB, 2019 to 2039

Source: PSU Population Research Center, Growth Scenario Calculations by ECONorthwest.

		Growth Scenarios	
Year	PSU Forecast	Moderate (0.5% AAGR)	Higher (1% AAGR)
2019	2,099	2,099	2,099
2039	2,019	2,320	2,562
Change 2020 to 2040			
Number	(80)	220	462
Percent	-4%	10%	22%
AAGR	-0.19%	0.50%	1.00%

Forecast for Housing Growth

This section describes the key assumptions and presents an estimate of new housing units needed in John Day between 2019 and 2039. The key assumptions are based on Census data.

- **Population.** A 20-year population forecast (in this instance, 2019 to 2039) is the foundation for estimating needed new dwelling units. The official state population forecast for John Day projects the city will lose 80 people between 2019 and 2029. ECO modeled two alternative growth scenarios: (1) moderate growth at 0.5% AAGR; and (2) higher growth at 1.0% AAGR. While these are not official state forecasts, they better represent the John Day strategy for growth and provide a basis for modeling housing demand.
- **Persons in Group Quarters.**[17] Persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large senior population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges, government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multi-family dwellings.

  The 2010 U.S. Census for Population and Housing showed that 3.1% of John Day's population (54 people) was in group quarters. **For the 2019 to 2039 period, we**

[17] The Census Bureau's definition of group quarters is as follows: A group quarters is a place where people live or stay, in a group living arrangement, that is owned or managed by an entity or organization providing housing and/or services for the residents. The Census Bureau classifies all people not living in housing units (house, apartment, mobile home, rented rooms) as living in group quarters. There are two types of group quarters: (1) Institutional, such as correctional facilities, nursing homes, or mental hospitals and (2) Non-Institutional, such as college dormitories, military barracks, group homes, missions, or shelters.

assume that 3.1% of John Day's new population, approximately 94 additional people, will be in group quarters.

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the most-recent decennial Census at the time of the analysis. According to the 2013-2017 American Community Survey, the average household size in John Day was 2.13 people. **Thus, for the 2019 to 2039 period, we assume an average household size of 2.13 persons.**
- **Vacancy Rate.** The Census defines vacancy as: "unoccupied housing units are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacant through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

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

  According to the 2013-2017 American Community Survey, John Day's vacancy rate was 9.4%. **For the 2019 to 2039 period, we assume a vacancy rate of 9.4%.**

John Day will have demand for 109 new dwelling units over the 20-year period under the moderate growth scenario and 230 under the higher growth scenario.

Exhibit 50. Forecast of demand for new dwelling units, John Day UGB, 2019 to 2039

Source: Calculations by ECONorthwest.

Variable	Demand for New Dwelling Units (2019-2039) PSU Forecast	Moderate (0.5% AAGR	Higher (1.0% AAGR)
Change in persons	(80)	220	462
minus Change in persons in group quarters	(2)	7	14
equals Persons in households	(78)	213	448
Average household size	2.13	2.13	2.13
New occupied DU	(36)	100	210
times Aggregate vacancy rate	9.4%	9.4%	9.4%
equals Vacant dwelling units	(3)	9	20
Total new dwelling units (2019-2039)	**(39)**	**109**	**230**
Annual average of new dwelling units	**(2)**	**5**	**12**

Housing Units Needed Over the Next 20 Years

Exhibit 50 presents a forecast of new housing in John Day's UGB for the 2019 to 2039 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in John Day. Following is a summary of factors that will influence housing needs in John Day:

- Demographic changes suggest moderate increases in demand for attached single-family housing and multifamily housing. The key demographic trends that will affect John Day's future housing needs are: (1) the aging of the Baby Boomers, (2) continued challenges in retaining Gen Z and millennial population, and (3) continued growth in Hispanic and Latino populations. Growth of these groups has the following implications for housing need in John Day:
- About 31% of John Day's households face housing affordability problems. About 48% of John Day's renters have affordability problems. These factors indicate that John Day needs more affordable housing types, especially for renters. A household earning median household income (about $54,700) could afford a home valued up to about $147,000, which is below the median home sales price of about $210,000 in John Day.

  In addition, John Day has a modest supply of multifamily housing, which accounts for 25% of the city's housing stock. Thirty-nine percent of John Day's multifamily buildings are relatively small (2-4 units).

  Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing or smaller single-family housing). To the extent that denser housing types are more affordable than larger housing types, continued increases in housing costs will increase demand for denser housing.

The types of housing developments that John Day will need to provide opportunity for over the next 20-years are: smaller single-family detached housing (e.g., cottages or small single-family detached units), manufactured housing, "traditional" single-family detached housing, townhouses, duplexes and quad-plexes, and small apartment buildings.

Exhibit 51 shows a forecast of needed housing in the John Day UGB during the 2019 to 2039 period. The projection is based on the following assumptions:

- John Day's official forecast for population growth shows that the City will lose 80 people over the 20-year period. The moderate growth forecast is for about 221 new people, and the higher forecast for 460 new people.
- The assumptions about the needed mix of housing in Exhibit 51 are:
  - **About 75% of new housing will be single-family detached**, a category which includes manufactured housing. Exhibit 12 shows that 75% of John Day's housing was single-family detached in the 2013-2017 period.
  - **About 1% of new housing will be single-family attached.** Exhibit 12 shows that 1% of John Day's housing was single-family attached in the 2013-2017 period.

- **About 24% of new housing will be multifamily**. Exhibit 12 shows that 24% of John Day's housing was multifamily in the 2013-2017 period.

John Day will have demand for up to 230 new dwelling units between 2019 and 2039. Based on historic trends, 75% of new dwelling units will be single-family detached units.

Exhibit 51. Forecast of demand for new dwelling units, moderate and higher growth scenarios, John Day UGB, 2019 to 2039

Source: Calculations by ECONorthwest.

Variable	Moderate	Higher
Needed new dwelling units (2020-2040)	109	230
Dwelling units by structure type		
Single-family detached		
Percent single-family detached DU	75%	75%
***equals* Total new single-family detached DU**	83	173
Single-family attached		
Percent single-family attached DU	1%	1%
***equals* Total new single-family attached DU**	3	2
Multifamily		
Percent multifamily	24%	24%
Total new multifamily	28	55
equals Total new dwelling units (2020-2040)	**114**	**230**

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; however, it assumes they will be replaced at the same site and will not create additional demand for residential land.

John Day will have demand for up to 230 new dwelling units between 2019 and 2039. This equates to between 22 and 46 for each 5-year period, or between 4 and 9 new units per year.

Exhibit 52. Forecast of demand for new dwelling units, moderate and higher growth scenarios, John Day UGB, 2019 to 2039

Source: Calculations by ECONorthwest.

Scenario	2019-2024 5-years	2025-2029 10-years	2030-2034 15-years	2035-2039 20-years
Moderate Growth Scenario				
Change in persons	44	110	165	220
Total new dwelling units	22	55	82	109
Higher Growth Scenario				
Change in persons	92	231	347	462
Total new dwelling units	46	115	173	230

Needed Housing by Income Level

The next step in the housing needs analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

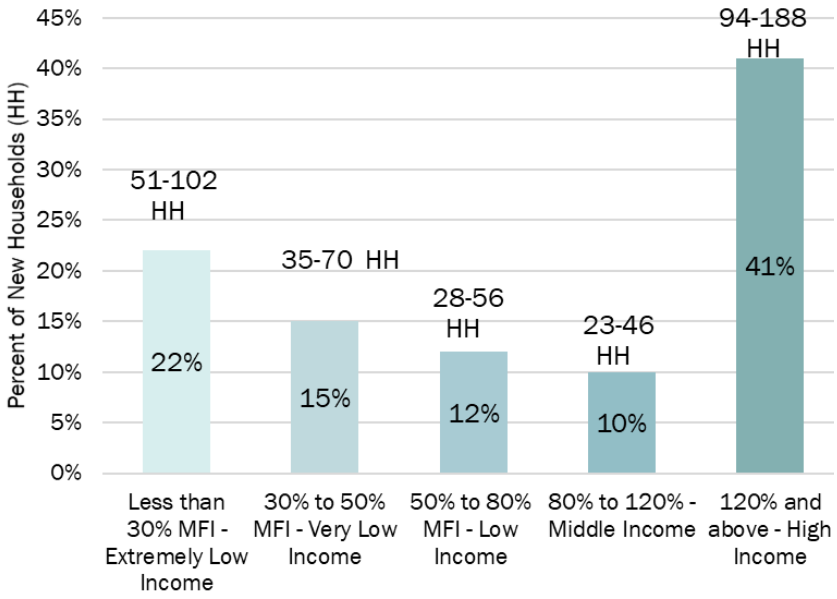
The analysis in Exhibit 53 is based on American Community Survey data about income levels in John Day, using information shown in Exhibit 46. Income is categorized into market segments consistent with OHCS income level categories, using Grant County's 2018 Median Family Income (MFI) of $54,700. The Exhibit is based on current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

About 27% of John Day's future households will have income below 50% of Grant County's median family income (less than $27,350 in 2016 dollars) and about 22% will have incomes between 50% and 120% of the county's MFI (between $27,350 and $65,640).

This data shows a need for affordable housing types, such as government-subsidized affordable housing, manufactured homes, apartments, townhomes, duplexes, and smaller single-family homes.

Exhibit 53. Future (New) Households, by Area Median Income (AMI) for Grant County ($54,700), John Day, 2019 to 2039

Source: U.S. Department of Housing and Urban Development. U.S. Census Bureau, 2012-2016 ACS Table 19001.



Sufficiency of Land to Accommodate Housing Need

The capacity analysis in Chapter 2 concluded that John Day has capacity for 1,000-1,800 units in the current UGB. That analysis assumes that all vacant land without slope constraints is serviceable and available for residential development. While that is a generous assumption, some of that land is already serviced and some of the serviced land will likely be available (e.g., for sale to developers) during the planning period.

Based on the official state population forecast, no new housing would be needed for the 2019-2039 period to accommodate population growth. That doesn't mean new housing will not be built—only that population growth will not be a driver of demand for new housing. Under the alternative forecasts, between 114 and 230 new dwelling units would be needed to accommodate population growth. The capacity analysis suggests there is enough vacant land to accommodate that housing. A big question is whether enough is serviceable. This section examines efforts by the City of John Day and their partners to put residential land into production and support new housing development.

Historic Efforts to Support Housing Production

The City of John Day has realized for many years that investments will be needed to support new housing development. The 2009 **John Day Local Street Network Plan (2009)** identified several of the infrastructure efforts that are being pursued today. Each of these investments were identified as possible ways the streets could be extended or developed to better accommodate future development. They respond to Goal 2 of the John Day Local Street Network Plan (2009), which declares that the City should identify transportation infrastructure to accommodate new development. The Local Street Network Plan describes these investments as follows:

John Day Local Street Network Plan

Relevant Planning Goals

Goal 2:

Identify roadway system, bicycle, and pedestrian needs to accommodate developing or undeveloped areas without undermining the rural nature of the community (John Day Local Street Network Plan, 2009).

Logical Street Extensions

- "Connecting Valley View Road to Patterson Bridge Road. This connection would provide a secondary access to the Iron Wood subdivision, thereby improving circulation, reducing emergency response times, and reducing traffic along the Bridge Street corridor. **This connection could be conditioned as part of future residential development occurring west of the Iron Wood subdivision.** Topographic constraints will have an impact on the specific alignment of such a connection" (John Day Local Street Network Plan, 2009).

- "Connecting Charolais Heights Drive to 7th Street. This connection would establish a loop around the 7th Street complex, providing an alternate travel route to the homes along Charolais Heights. **This connection could be conditioned as part of future residential development along the east end of Charolais Heights.** A new north-south corridor would be needed east of the 7th Street Complex to provide a connection to 7th Street" (John Day Local Street Network Plan, 2009).
- "Extending the 1st Street and Trowbridge grid network east of Elm Street. This **extension of the grid network could be accomplished upon the potential development of vacant properties and provide a new connection** to 3rd Avenue" (John Day Local Street Network Plan, 2009).
- "**As properties redevelop west of Canyon Creek, a new local street network will be needed to support the development.** To improve east-west travel and reduce reliance upon the US 26 corridor for local street travel, westerly extensions of the 4th and 6th Street corridors have been identified (Projects #15 and #16). These roadway extensions can be conditioned upon future redevelopment. As Canyon Creek is an existing natural barrier, the extension of these corridors will require new creek crossings. New north-south local street connections will provide access to US 26 (Project #19). The spacing of these intersections with US 26 will need to consider ODOT's access spacing criteria" (John Day Local Street Network Plan, 2009).

Current Efforts to Support New Housing Development

With the City Council's 2017 adoption of the Strategy for Growth, efforts to support new housing development have intensified. Recently, the City of John Day has taken action to incentivize the construction of new housing and renovation of existing housing by creating the John Day Housing Incentive Programs; a result of the John Day Housing Incentives Plan adopted by the City in June of 2018. To be eligible, properties must be located within the boundaries of the John Day's urban renewal area. There are two housing incentive programs, as detailed below:

New Home Incentive Program

- Property owners receive a 7% cash rebate on new home construction (based on the increase in the property's assessed value).
- The City will waive system development charges (SDCs). Currently, SDCs are $6,056 for newly constructed homes.

Existing Home Remodel Incentive Program

- Property owners receive a 15% cash rebate (based on the increase in the property's assessed value) on substantial improvements to home facades, structural repairs, major remodels and new additions that add additional rooms and living space.
- The minimum assessed value (AV) increase to qualify for this incentive is $10,000.

The two overarching goals of the John Day Housing Incentives Plan are to increase the number of housing units in John Day and improve the existing housing stock[18]. These incentives can be paired with additional efforts, which were identified by the City Council as options under consideration. These include:

- Creating a master plan for housing development
- Leveraging state and federal housing incentive programs
- Reducing regulatory hurdles to increase efficiency in home construction
- Providing services to reduce land development costs (i.e. street and other infrastructure improvements)
- Tax incentives such as local improvement districts that collateralize the cost of development over time

The City's intention is to pair these programs that encourage private investment in home construction, with their other public investment activities. For example, the City has been working with a range of partners and sponsors to create plans for new investment and strategies for implementation. Most prominent of these efforts are:

- The Innovation Gateway Plan and Riverfront Recreation Area, and;
- The John Day Community Investment Strategy (CIS)[19].

These efforts have helped the City hone in on 1) funds that will support infrastructure development, 2) identification of areas for new investment and types of new investments needed, and 3) creation of implementation plans to move the vision of new development to reality.

New Housing Development: Phasing and Prioritized Locations

Phasing of Housing Supportive Investments

The timing of capital projects and new development is reliant upon funding. Currently, the City has identified three phases of development for identified future investment areas, including those that will support new housing development:

- **Phase 1.** The first phase is almost complete. The first phase featured property acquisitions and land assembly activities along the John Day River, environmental site assessments, initial fundraising of $1.5 million from multiple sources. Key sources included securing ODOT Transportation Growth Management (TGM) and Economic Development Administration grants that funded the Innovation Gateway

[18] Specifically, the Housing Incentives Plan aims to incent the development of 100 new homes and the renovation of 100 existing homes by 2039.

[19] The CIS is the source fund for this technical report.

Area Plan and the Community Investment Strategy. Phase 1 culminates in October of 2019 with the City Council adoption of the Innovation Gateway Plan.

It is during this phase, that specific areas for new housing development were identified (Exhibit 54**).**

- **Phase 2.** The second phase is focused on the creation of infrastructure to support new development. This phase will feature development of the new wastewater treatment plant (scheduled completion in 2021) and transportation infrastructure in the western portion of the city, including an extension of 7th Street and connections and/or enhancements to connector roads. In addition, this phase includes new trails (concrete and gravel), parking areas, interpretive overlooks, a pedestrian bridge, and enhancements to the current bridge located at the Oregon Pine Mill site.
- **Phase 3.** The third phase will feature an extension of 7th Street in the eastern portion of the city, the creation of a 3rd Avenue bridge, and utility and infrastructure improvements to the industrial area within the Innovation Gateway Area. If funding is available, Phase 3 will also feature river restoration activities along the John Day River.

Prioritized Locations for New Housing Development

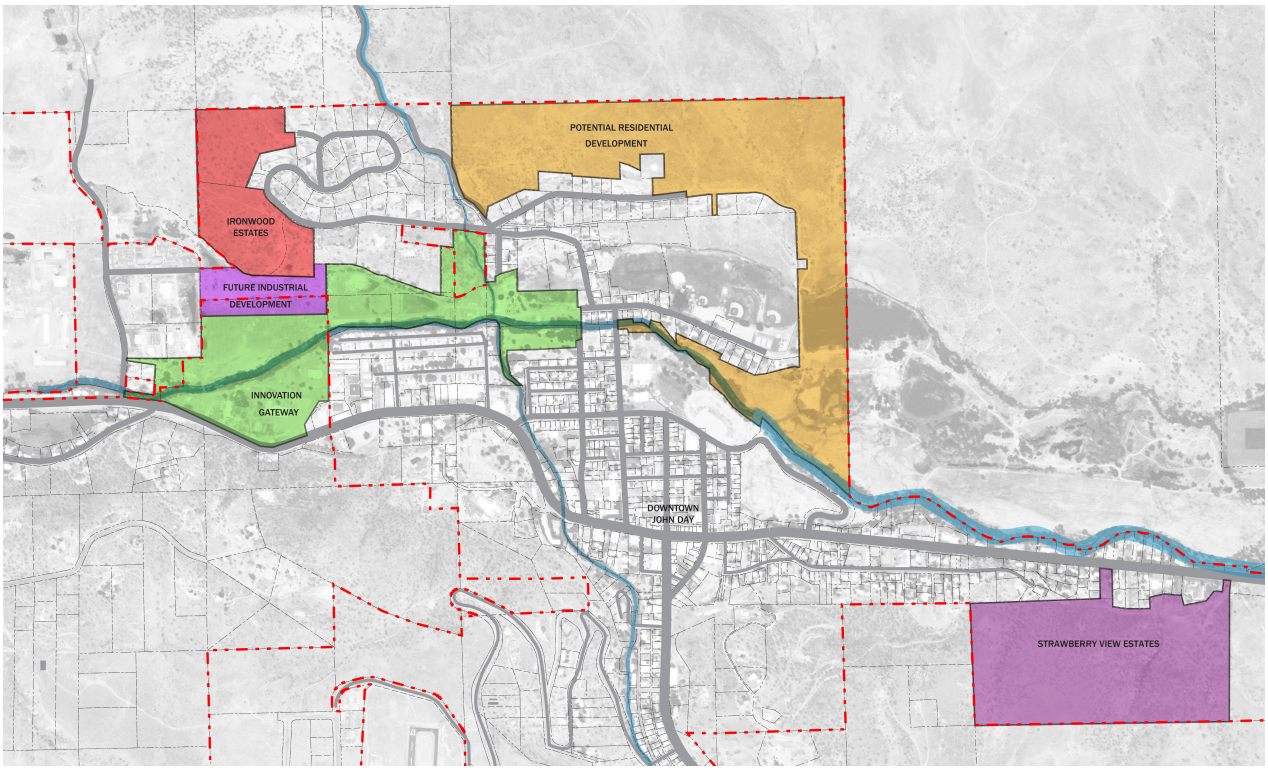
Through discussions with City leadership, community members, and with support from a consultant team, the City of John Day has identified three primary areas of the city where new housing development will be prioritized. Exhibit 54 shows the locations of these areas. They are:

- **The Ironwood Estates.** A 30-acre property slated for new residential development.
- **The Holmstrom Development.** A 130-acre property located in the eastern portion of the city and owned by the Holmstrom family.
- **Strawberry View Estates.** An 80-acre property located in the eastern portion of the city that is partially developed with water and sewer infrastructure. Phase 1 of this development is included in the City's new home incentive program.

Both of these areas feature buildable land that is suitable for new homes, but lack infrastructure needed to support new home development. The City's Innovation Gateway Plan calls for several improvements to existing streets and the creation of new streets to service these properties.

In July 2019, the City submitted an application to the Federal Government BUILD program to secure funds for these and other improvements across the city. BUILD, or Better Utilizing Investments to Leverage Development, is a U.S. Department of Transportation grant that is awarded annually through a merit-based process. Formerly called TIGER, BUILD grants are tailored for investments that can leverage private investment, save on project costs, and be delivered efficiently. If awarded, the BUILD dollars would provide funds for a substantial portion of housing supportive infrastructure. In fact, combined with other funds that the City has acquired from state sources, the BUILD grant would unlock both prioritized areas for housing investment.

Exhibit 54. John Day Proposed Improvement Areas



Source: Walker Macy, City of John Day