

# NeRC

Northwest Economic Research Center  
College of Urban and Public Affairs



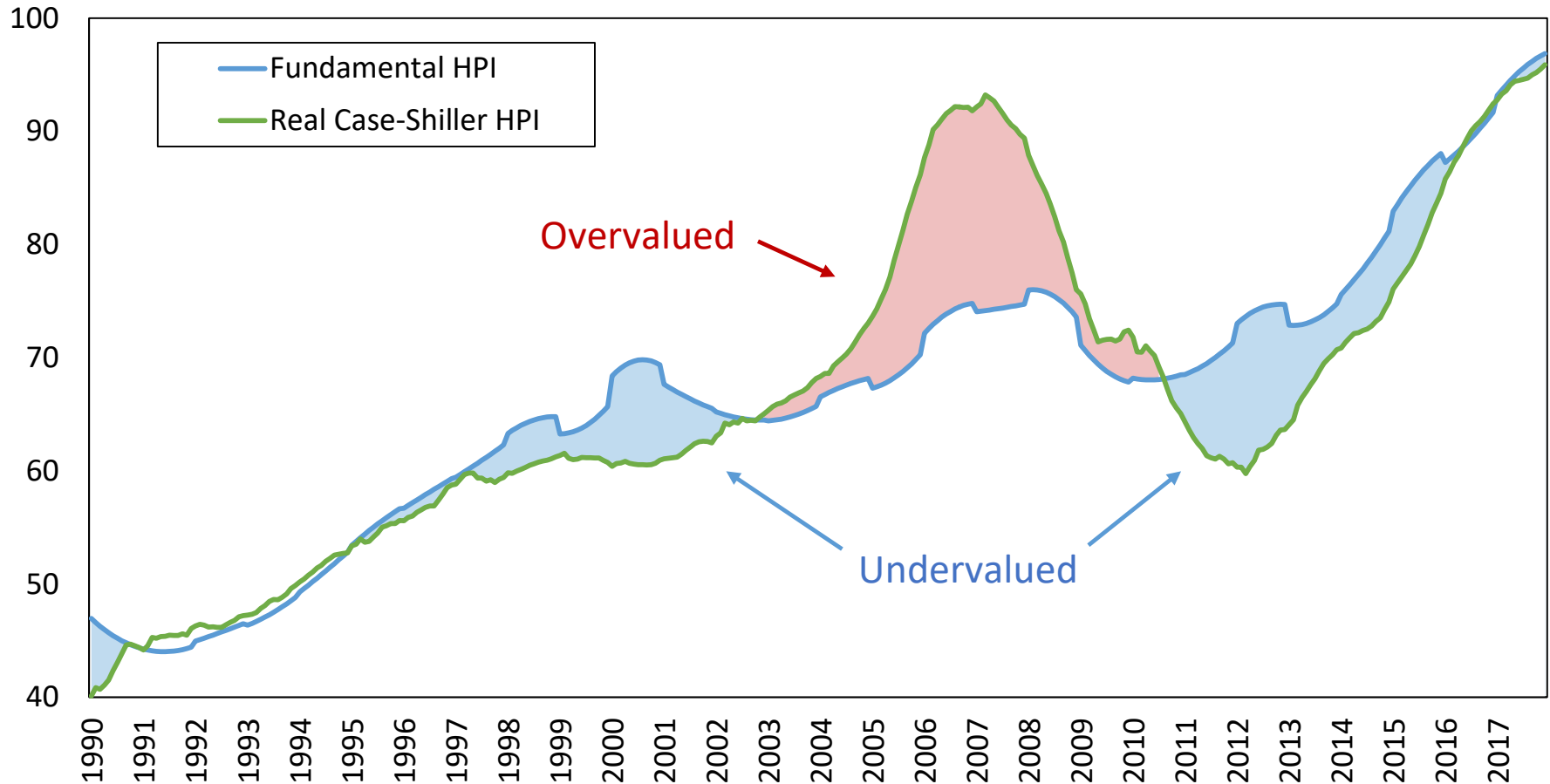
## What Role do ADUs play in the Real Estate Market?

# Portland's Affordability Crisis

- Fast growth -> Affordability Issues
- Portland City Council declared a housing emergency  
October 2015
- Many policies adopted/discussed
  - Inclusionary Zoning
  - Landlord Restrictions and Moving Fees
  - Rent Control?

# Fundamental House Price Index, Portland MSA



Index, Monthly, January 1990 – December 2017



## Causes of the Affordability Crisis

- Remember, affordability accounts for housing prices *and* incomes
- Distribution of incomes
- Rising house prices
  - Population growth
  - Rising incomes
  - Low inventories

## Causes of the Affordability Crisis

- Remember, affordability accounts for housing prices *and* incomes
- Distribution of incomes
- Rising house prices
  - Population growth
  - Rising incomes 
  - Low inventories 

## What are ADUs?

- Accessory Dwelling Units: A legal and regulatory term for a secondary house or apartment with its own kitchen, living area and separate entrance that shares the building lot of a larger, primary house. (Investopedia)
- Max size in Portland: 800 sqft
- Why should you care? **Infill**
- Portland waives Service Development Charges (SDC)

## What are ADUs?



## What are ADUs?





## What are ADUs?



[http://www.websterwilson.com/work\\_ADUPortland.html](http://www.websterwilson.com/work_ADUPortland.html)

## Determining ADUs affordability affect

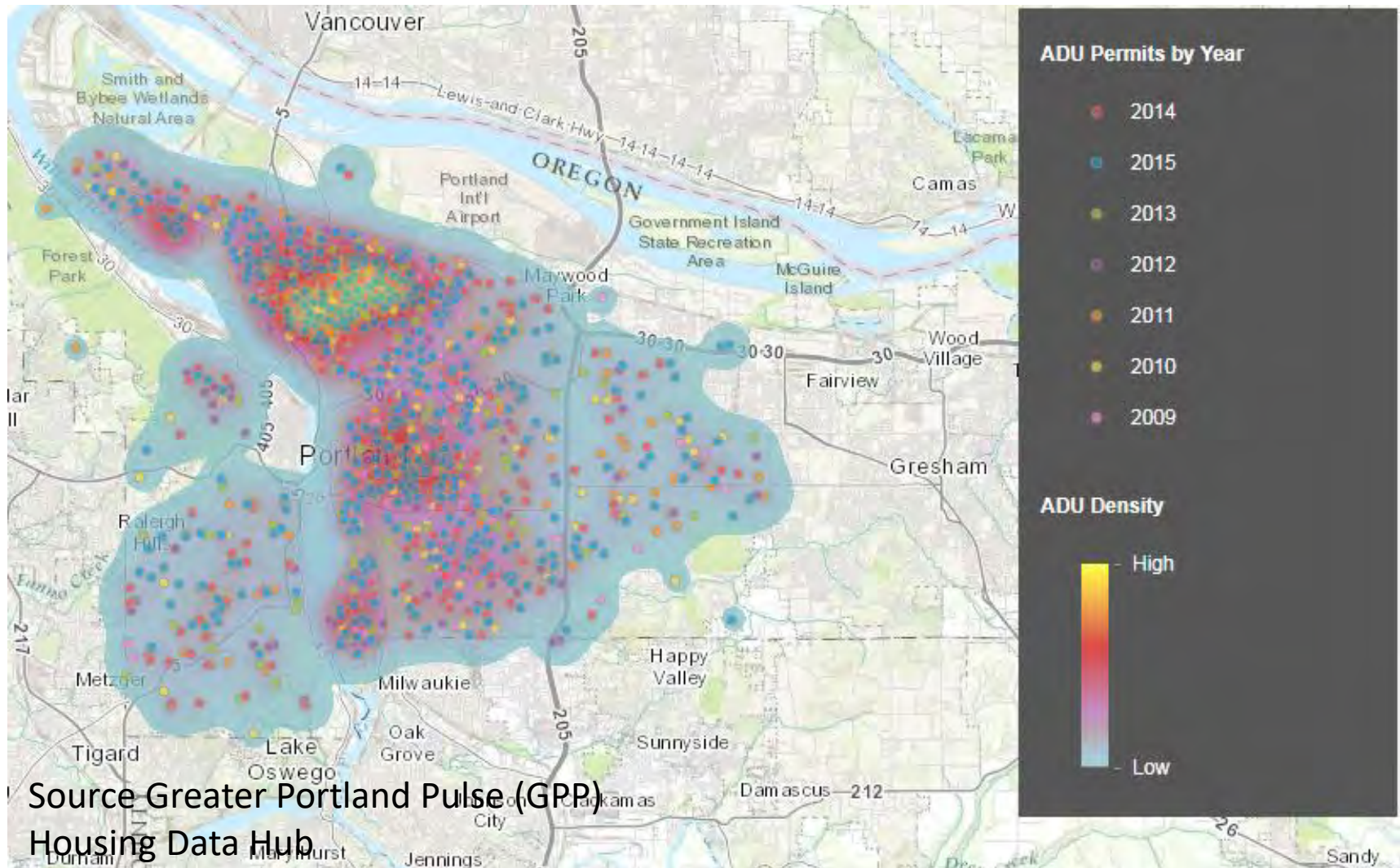
Using survey data:

- Compare the \$/sf for ADUs and small single family homes by neighborhood
- Test to see if incomes are higher/lower for ADU occupants

## Questions: Short-term Rentals

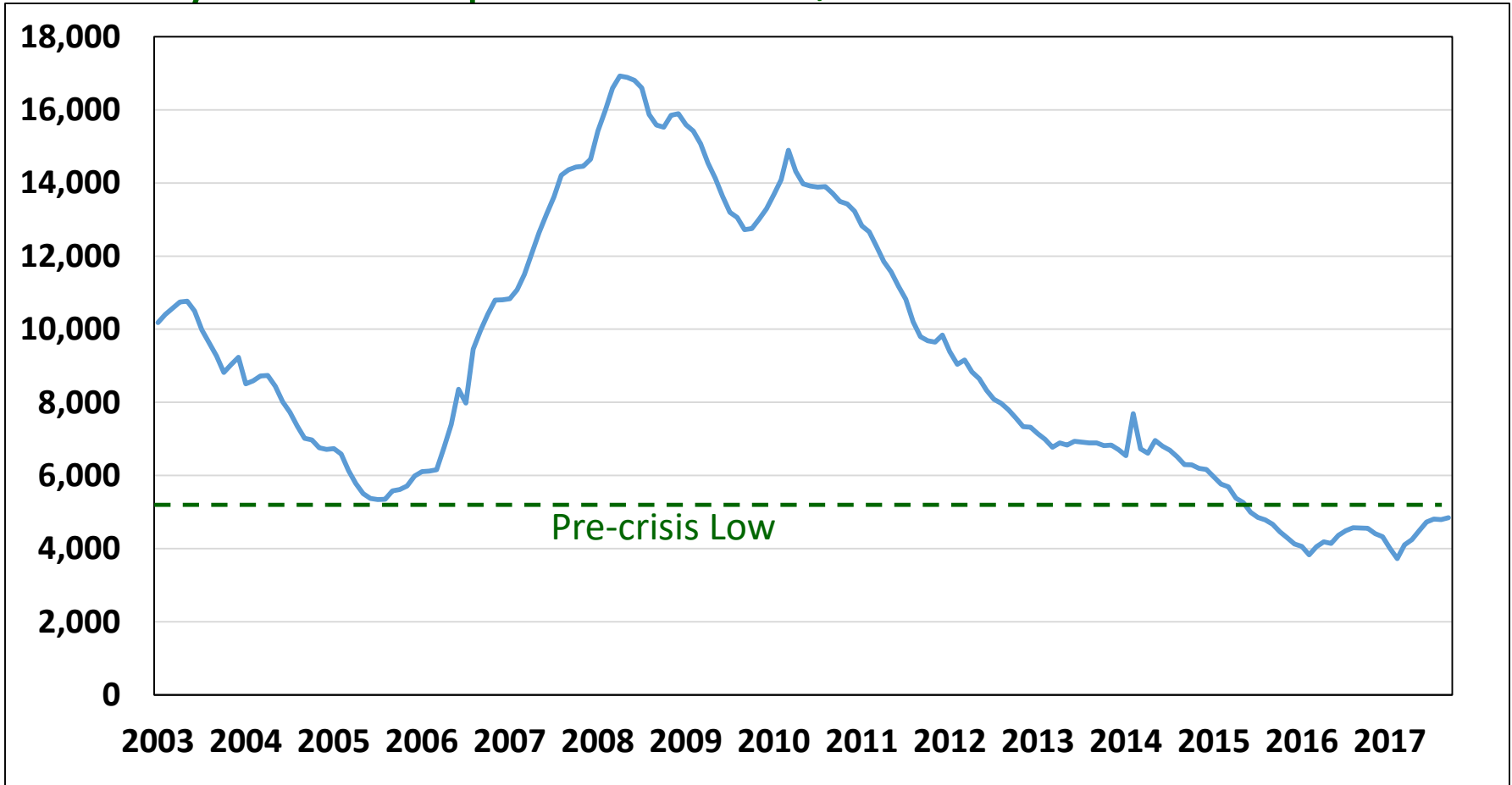
- How prevalent is this usage?
  - DEQ survey found 5%, back in 2013
- Airbnb chimes in (incomes!)
- Good investments or affordable?

# Questions: Neighborhood Effects?



# Portland MSA Total Residential Inventory

## January 2003 – September 2017, SA



Thank you!