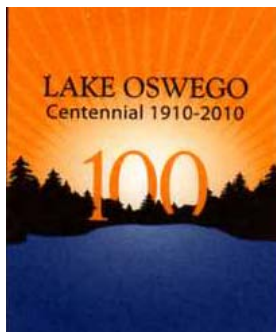


# LAKE OSWEGO POPULATION BASELINE ANALYSIS



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# ACKNOWLEDGEMENTS

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This report was funded by the City of Lake Oswego, with input from city staff, Metro staff and several local residents, business owners, and community stakeholders. We sincerely appreciate all the input that has been provided, and we hope these findings generate local policies that continue to make Lake Oswego a great place.

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- ◆ Councilor Roger Hennagin
- ◆ Councilor Kirstin Johnson
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# SECTION I: SUMMARY

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## A. INTRODUCTION

As Lake Oswego celebrates its 100-year centennial, it is important to consider the demographic trends that are impacting how the community is evolving and changing with time. This population baseline analysis was conducted to assist in understanding how demographic, socio-economic, and market trends are shaping housing and public facility needs in Lake Oswego.

FCS GROUP (the consultant) provided detailed analysis of demographic and housing data, and prepared long-term population baseline forecasts for the Lake Oswego Urban Service Boundary (USB) using available data and anecdotal information gleaned from literature research and interviews with experts in real estate development, lending, planning, and public facilities.

## B. WORK COMPLETED

This work scope places emphasis on five main work tasks:

- ◆ Data collection and analysis;
- ◆ Background literature and interviews;
- ◆ Review preliminary findings;
- ◆ Analysis refinement; and
- ◆ Study documentation.

## C. SUMMARY OF FINDINGS

The conclusions drawn from this analysis are provided for long-range planning and public policy consideration, and do not necessarily reflect the opinions of City staff or elected officials. A summary of key findings and conclusions include:

- ◆ Lake Oswego has consistently remained a very attractive place to live, work and recreate during the past century—as its population expanded from a few thousand residents (before 1940) to nearly 43,000 residents today (in the USB).
- ◆ Total population within the Lake Oswego Urban Service Boundary (USB) currently includes an estimated 43,000 residents, and is forecasted to increase to nearly 50,000 by year 2030, and approximately 52,000 by year 2035. This level of population growth is expected to require an additional 3,400 to 4,700 single family and multifamily dwellings.
- ◆ People living in Lake Oswego are a bit older, more affluent, and better educated than the “average citizen” in the greater Portland metropolitan region, State of Oregon, and the Nation.

- ◆ As the remaining vacant land supply in Lake Oswego diminishes, population growth has slowed down considerably. Future housing growth will most likely occur through redevelopment and infill of remaining vacant and partially vacant lots.
- ◆ In the short-term (next 1-2 years), a sluggish job market, more restrictive lending practices, an aging Baby Boom population, and smaller proportion of households in younger-age cohorts are resulting in lower regional demand for large single family homes. In the longer-term, Metro’s economic models anticipate a rebound in the regional economy to pre-recession levels, with regional population growth higher than in adjacent states.
- ◆ Lake Oswego continues to attract and retain working singles, and small families (age 25-44 with children under age 5) as well as younger Baby Boomers (age 46-56). Notwithstanding their age differences, these segments prefer similar housing characteristics (smaller dwellings near walkable town centers), including single family “cottages”, townhomes, apartments, and low-rise flats.
- ◆ Recent housing supply additions in Lake Oswego have already trended towards smaller homes, townhomes, and multifamily dwellings. In response to tighter regional land supplies combined with increases in local system development charges (impact fees on new developments), land prices have become more expensive and builders have generally turned towards smaller lots to use land more efficiently and profitably. We anticipate this trend to continue as aging Baby Boomer and the Generation Y segment (children of Baby Boomers) find these “smaller” housing types attractive.
- ◆ School enrollment levels have been declining since the early 2000’s for primary schools within the Lake Oswego School District. This trend is likely to continue as existing middle-age households (age 40 to 55) become “empty nesters” and younger families have fewer children.
- ◆ The City already has a relatively large senior citizen population (age 65+) relative to most cities in the greater Portland region. Over the next 25 years, the population over age 65 is expected to increase from 14% to 24% of the total population in the Lake Oswego USB. While the vast majority of this population segment prefers to “age in place”, there will be increasing demand for additional assisted and independent living centers for seniors.
- ◆ Lake Oswego has been acknowledged nationally for its community livability and financial sustainability. In comparison to other “triple A” rated communities around the U.S., Lake Oswego is similar in terms of: average household size; labor force; educational attainment; and home values. However, Lake Oswego was relatively higher in terms of poverty, and lower in terms of population over age 65.
- ◆ In light of these trends, Lake Oswego should continue to explore policies that promote redevelopment and infill housing opportunities to retain seniors and to attract young families. Community facilities should appeal to multiple generations to serve all population segments. Policies that support higher density housing near downtown and village centers, could help optimize land resources, and result in enhanced taxable property values, and improved return on public infrastructure, like sewer and water facilities.
- ◆ Large undeveloped tracts of land in urban and urbanizing areas can serve an important role in accommodating strategic development of senior-care housing, as well as attainable housing for all families.
- ◆ Downtown Lake Oswego and portions of Lake Grove offer existing and potential amenities desired by these growing population segments. Housing demand can be enhanced by providing convenient and safe transit access, pedestrian/bicycle facilities, and conveniently located civic facilities, such as libraries, parks, tennis courts, and community gardens.

## SECTION 2: LOCAL AND REGIONAL TRENDS

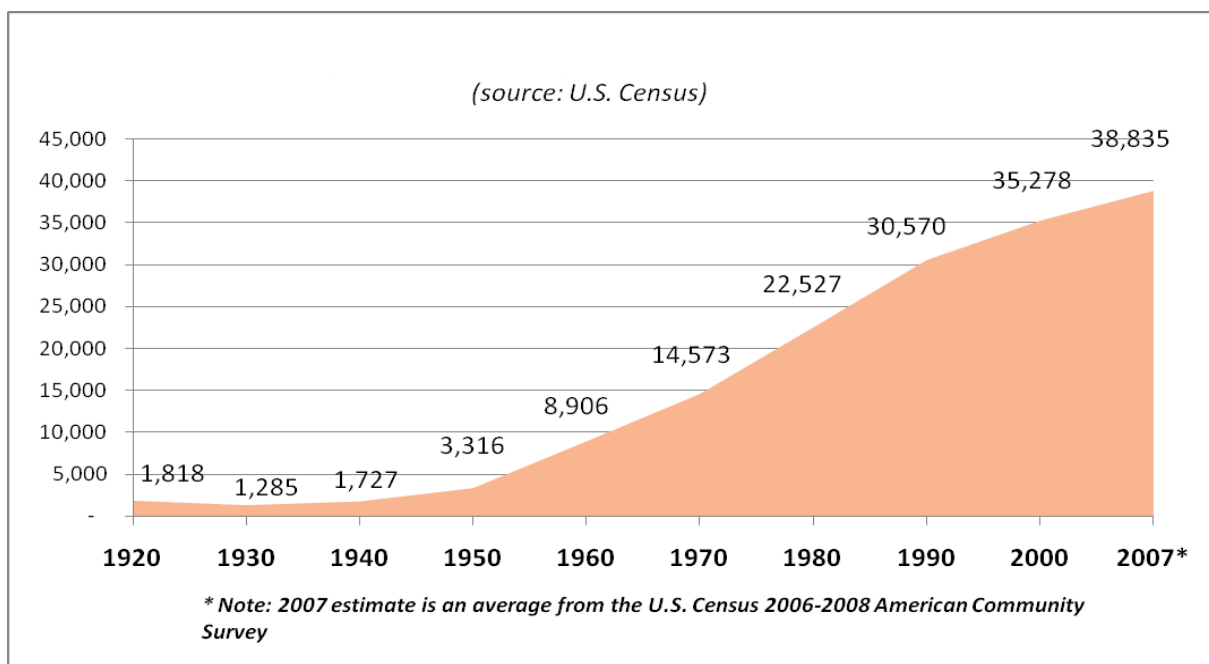
### A. HISTORICAL CONTEXT

Lake Oswego's demographics are changing as the Baby Boomers approach retirement age, and the greater Portland region adds new residents. According to current research and anecdotal information (gleaned from interviews with real estate experts and local officials), there are emerging demographic, economic and market trends that are impacting demographic patterns in Lake Oswego.

To understand how the City of Lake Oswego is evolving, we need to acknowledge its unique role within the larger region as a place to live, work and recreate. As an early "settlement", the land bounded by the Willamette and Tualatin Rivers that was later to become Lake Oswego was originally occupied by the Clackamas Indians, a branch of the Upper Chinookian stock. As pioneers moved into the Oregon Territory in the late 1800s, the area adjacent to the Willamette River became an attractive place for industry. New Town (First Addition) residents led a successful movement to incorporate the First Addition portion of Oswego in 1909 (after four previous attempts) and approved a city charter in 1910. Old Town and South Town areas approved annexations to the City in 1922.

The first U.S. Census for Lake Oswego recorded a population of 1,818 people in 1920. Population in Lake Oswego grew modestly during the first half of the 20<sup>th</sup> Century through annexations and in-migration, increasing to 3,316 residents by 1950 (U.S. Census). During the second half of the 20<sup>th</sup> Century, Lake Oswego became well recognized as an excellent community to live and recreate, and population rapidly expanded after World War II to 10,000 residents by 1962; 22,000 by 1980; and 30,000 by 1990. Since 1990, population growth has slowed as the supply of vacant buildable residential land has diminished (see **Figure II-1**).

**Figure II-1. Lake Oswego Historic Population Trends, 1920-2007**

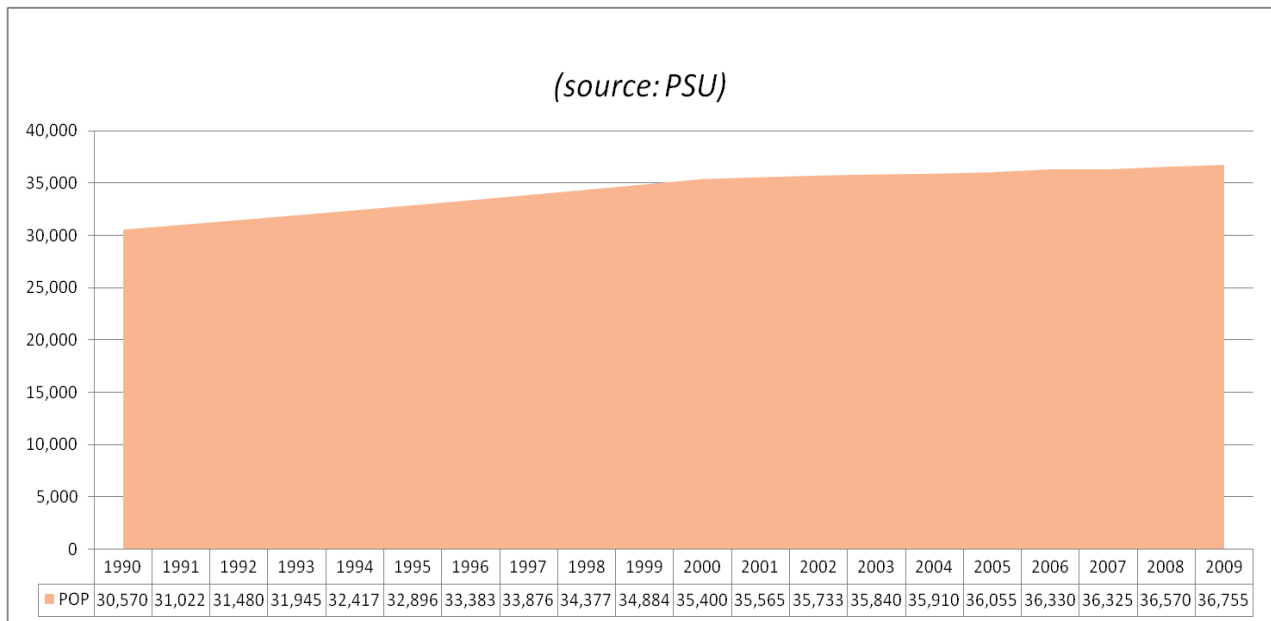


According to the U.S. Census, population in Lake Oswego increased by about 3,557 people since year 2000 (see **Figure II-1** and **Table II-1**). The most recent U.S. Census estimated there to be about 38,835 people in the Lake Oswego area, according to the U.S. Census Bureau’s 2006-2008 American Community Survey.

## B. RECENT DEMOGRAPHIC TRENDS

For comparison purposes, population estimates prepared by Portland State University (PSU) indicate a current population level of 36,755 as of July 1, 2009 for the Lake Oswego city limits. The varying methodologies between U.S. Census and PSU population estimates are explained in the following text box (see **Figure II-2**).

**Figure II-2. Lake Oswego Recent Population Trends, 1990-2009**



### U.S. Census versus Portland State University (PSU) Definitions for Lake Oswego

The U.S. Census and PSU utilize different methods for estimating population for the Lake Oswego area. **Census population estimates** are from the decennial census and the American Community Survey (ACS) and use the Office of Management and Budget (OMB) definitions for cities, which tend to include some unincorporated areas adjacent to the city limits. Census estimates are derived using a random sample of surveys conducted from residents within the area; with estimates at a 90% confidence level. Decennial Census data has an April 1 reference point. ACS data represent an average over a 3-year time period. It should be noted that the Census defined “Lake Oswego area” is generally greater than the city limits, but smaller than the area contained within Lake Oswego Urban Service Boundary (USB).

**PSU population estimates** represent the number of people living within the Lake Oswego municipal boundary. PSU population estimates are updated annually (July 1 each year) using available Census data, current building permit data, and Geographic Information Systems (GIS) estimates that depict areas annexed into the city. PSU population estimates also take into account natural increases in population levels (births minus deaths) and expected levels of in and out migration, and are subject to annual review and certification of each county and city in Oregon.



Lake Oswego is located in the very desirable “inner-urban area” within the greater Portland region. This location is considered advantageous for accessing downtown Portland and its surrounding communities within a manageable commute (primarily by auto or bus). Downtown Lake Oswego’s ongoing renaissance and excellent parks, schools, and community facilities continue to serve as attributes that make it a desirable place to live, work, and visit.

*“Oswego has the location, the proper metropolitan propinquity, the facilities for enjoyable living, the physical beauty for home and healthy outdoor life that should create a thriving prosperous and ever-growing suburb.” (Sar-San, The Prettiest Town in America, The Oswego Review, October 4, 1934)*

Lake Oswego experienced a net gain of approximately 898 households since year 2000, with an increase of 472 family households and 426 nonfamily households. As indicated in **Table II-1**, the average household size and average family size increased over the 2000 to 2008 time period, according to the U.S. Census. The average household size was 2.48 and the average family size was 3.10 people per household, according to the U.S. Census, 2006-2008 American Community Survey.

The median age of Lake Oswego residents also increased slightly, from 41.2 years in 2000 to 42.1 years of age in 2006/2008, according to U.S. Census estimates. In comparison to the median age of residents within the Portland-Vancouver-Beaverton MSA region (36.7), Lake Oswego residents are older. In fact, Lake Oswego has more residents over age 65 than all other cities in the greater Portland region, with the exception of King City.

Lake Oswego continues to retain and attract upper-income households. The number of households with annual household income levels above \$100,000 increased from 35% to nearly 41% of all households. The most significant gains occurred in households earning over \$200,000 per year, which increased by 808 households since year 2000, as indicated in **Table II-2**.

Lake Oswego continues to be among Oregon’s most affluent communities. According to the U.S. Census, 2006-2008 American Community Survey, Lake Oswego’s average per capita income was \$48,313, median household income was \$83,486, and median family income was \$105,593 (in 2008 dollar amounts).

While average income levels in Lake Oswego have increased in nominal dollars, inflation adjusted income levels have fallen since 2000. This trend towards lower real income levels has been well documented in the Portland region and nationally, and is primarily attributed to the shrinking income levels in middle-income households and higher costs of living for items such as food, energy and health care.<sup>1</sup> The relationship between falling real income levels and declining home prices should be monitored in the future as Lake Oswego considers options and policies to achieve a more attainable housing supply.

Poverty levels in Lake Oswego are relatively low, with an estimated 2,602 people in poverty, according to the U.S. Census 2006-08 American Community Survey. The number of people living below the federal poverty level in the Lake Oswego area increased from 1,181 people in 2000 to 2,602 people by 2006-2008. More detail regarding Federal poverty thresholds is provided in **Appendix A**.

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<sup>1</sup> For additional information on declining middle-class income levels, see article published in Portland Tribune, “Portland’s Middle Isn’t Holding” by Steve Law, May 20, 2010.

Table II-1. Lake Oswego Demographic and Socio-economic Trends

	Census 2000	Census 2006-08	Change
Population	35,278	38,835	3,557
Group Quarters Population	163	n/a	n/a
Households	14,769	15,667	898
Family Households	9,665	10,137	472
Nonfamily Households	5,104	5,530	426
Average Household Size	2.38	2.48	0.10
Average Family Size	2.95	3.10	0.15
Median Age	41.2	42.1	0.90
Median Household Income (unadjusted)	\$71,597	\$83,486	\$11,889
Median Family Income (unadjusted)	\$94,587	\$105,593	\$11,006
Per Capita Income (unadjusted)	\$42,166	\$48,313	\$6,147
Median Household Income (inflation adjusted)	\$93,101	\$84,388	(\$8,714)
Median Family Income (inflation adjusted)	\$122,996	\$106,733	(\$16,263)
Per Capita Income (inflation adjusted)	\$54,831	\$48,835	(\$5,996)
Individuals Below Poverty Level	1,181	2,602	1,421

Source: U.S. Census, American Community Survey 2006-2008. Note, income levels for 2000 are reflected for year 1999; and income levels for both periods are expressed in 2010 dollars, based on U.S. Bureau of Labor Statistics CPI index conversions to 1st Quarter 2010.

Table II-2. Households by Income Level, Lake Oswego, 2000 and 2006-2008

Income Level	Census 2000		Census 2006-08		Change	
	Number	Dist. %	Number	Dist. %	Number	Percent
Less than 14,999	861	5.8%	832	5.3%	(29)	-3.4%
\$15,000 to \$34,999	2,338	15.8%	2,152	13.7%	(186)	-8.0%
\$35,000 to \$74,999	4,472	30.2%	4,263	27.2%	(209)	-4.7%
\$75,000 to \$99,000	1,931	13.0%	2,050	13.1%	119	6.2%
\$100,000 to \$149,000	2,550	17.2%	2,698	17.2%	148	5.8%
\$150,000 to \$199,000	1,090	7.4%	1,282	8.2%	192	17.6%
\$200,000 or more	1,582	10.7%	2,390	15.3%	808	51.1%
<b>Total</b>	<b>14,824</b>	<b>100.0%</b>	<b>15,667</b>	<b>100.0%</b>	<b>843</b>	<b>5.7%</b>

Source: U.S. Census 2000, income levels expressed in 1999 dollars; and U.S. Census, American Community Survey, income levels expressed in 2008 dollars.

A closer look at population age cohort patterns for Lake Oswego reflects the aging Baby Boom population (includes those born between 1946 and 1965). As indicated in **Figure II-3 and Table II-3**, population cohorts that experienced the most significant increase included Baby Boomers within the 55-64 and 65-74 cohorts. These Baby Boomers (age 55 to 74) recorded a combined gain of 3,889 people since 2000.

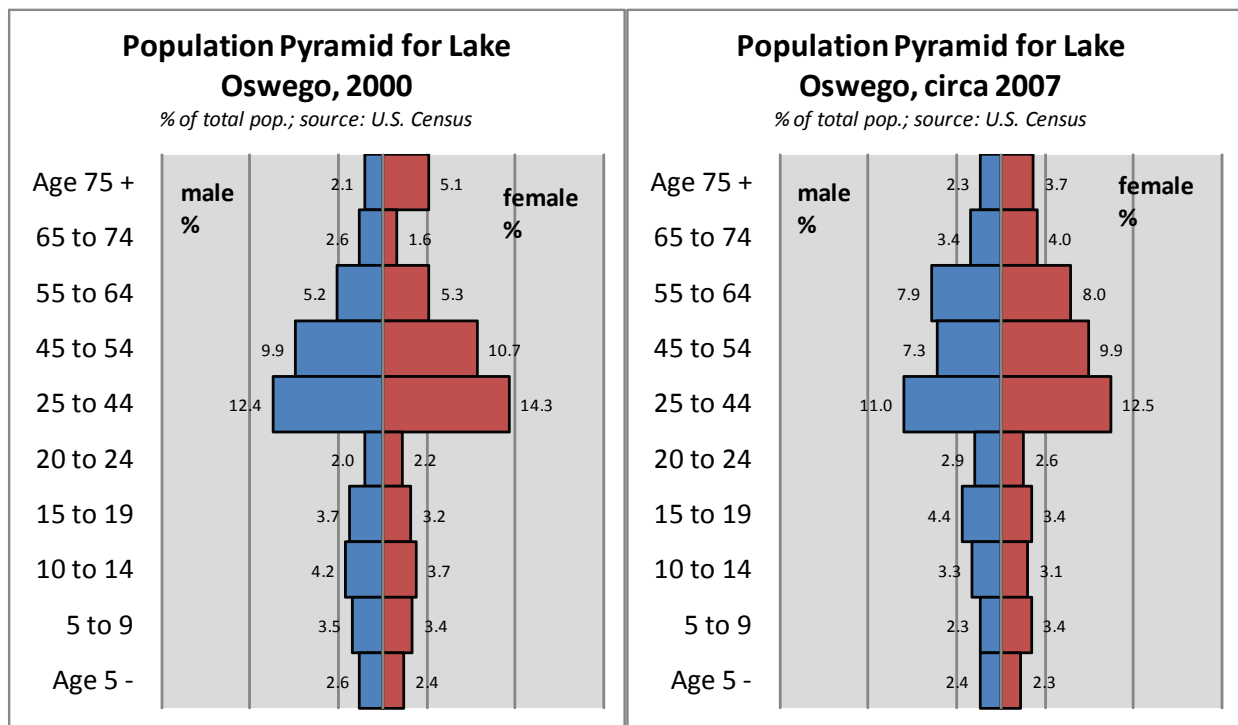
Another rapidly growing cohort included the Generation Y sector which includes people in their late teens to early thirties. Population within the age 15-24 cohort group has increased by 1,294 people since 2000.

According to the U.S. Census, the age cohorts that experienced a decline in total population in the Lake Oswego since 2000 included the following:

- ◆ Age 1-14 (lost 465 people);
- ◆ Age 25-44 (lost 326 people);
- ◆ Age 45-54 (lost 614 people); and
- ◆ Age 75+ (lost 221 people).

As older Baby Boomers tend to desire to remain in their current residence or community as long as possible, the population over age 75 is expected to increase measurably over the coming decades. However, the younger population cohorts (age 5-14) are likely to remain flat or experience negative growth in coming years.

**Figure II-3: Population Age Cohort Trends, Lake Oswego, 2000 and circa 2007\***



\* Note: population estimates for circa 2007 reflect findings from the U.S. Census American Community Survey 2006-2008.

Recent trends in Lake Oswego over the past decade reflect population gains in the under age 5 cohort, but significant population losses in the ages 5-14 group, as well as the age 45-54 cohort, and a slight decline in population over the age of 75, according to the U.S. Census (see **Tables II-3 and II-4**).

Table II-3. Lake Oswego Area Population Age Cohort Trends

Age Cohort (years)	Census 2000	Census 2006/08	Change	Percent Change
under 5	1,746	1,824	78	4%
5 to 9	2,426	2,233	(193)	-8%
10 to 14	2,810	2,460	(350)	-12%
15 to 19	2,424	3,057	633	26%
20 to 24	1,470	2,131	661	45%
25 to 44	9,441	9,115	(326)	-3%
45 to 54	7,267	6,653	(614)	-8%
55 to 64	3,676	6,160	2,484	68%
65 to 74	1,477	2,882	1,405	95%
75+	2,541	2,320	(221)	-9%
<b>Total</b>	<b>28,296</b>	<b>32,318</b>	<b>4,022</b>	<b>14%</b>

Source: U.S. Census, 2000 and American Community Survey 2006-08. Lake Oswego area is slightly larger than city limits but smaller than the Urban Service Boundary.

Table II-4. Lake Oswego Area Annual Historic Population Growth Rates

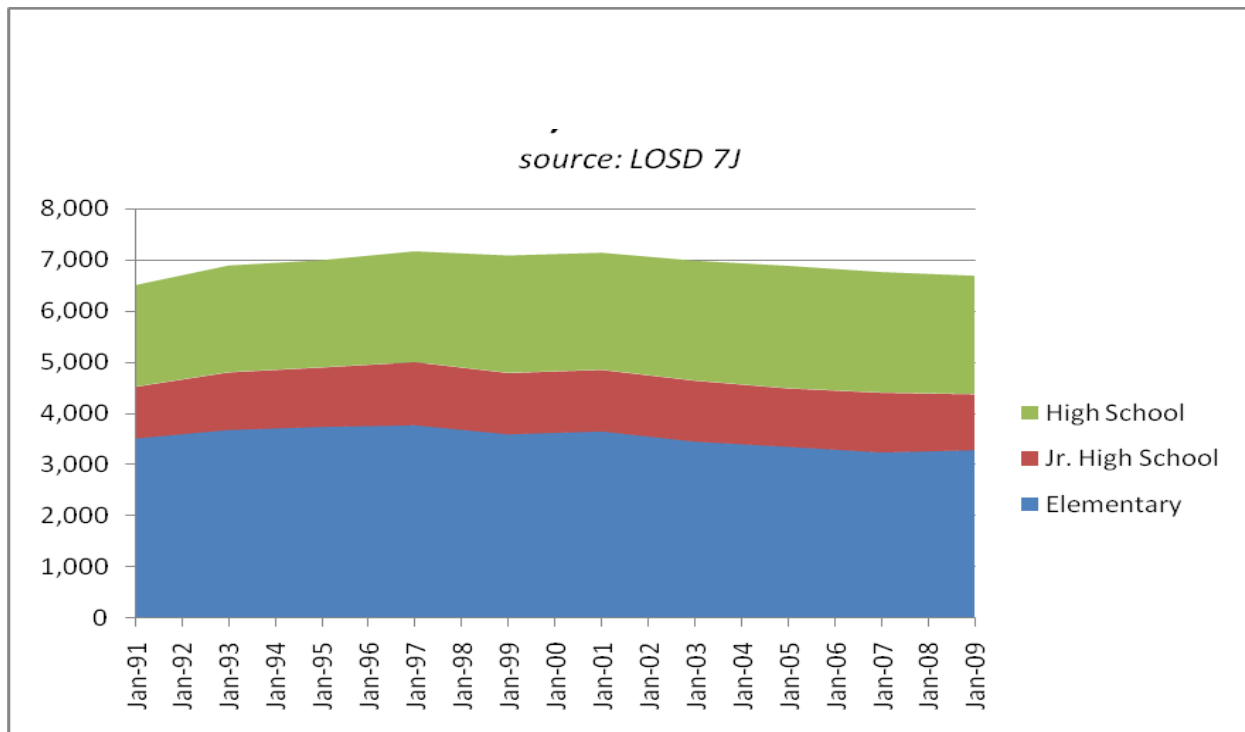
	Most Recent Trend		6-Year Trend		Long-Term Trend	
	2006 to 2007		2000 to 2007		1990 to 2007	
	Number	AAGR%	Number	AAGR%	Number	AAGR%
<b>Total Population</b>	<b>480</b>	<b>1.3%</b>	<b>508</b>	<b>1.4%</b>	<b>486</b>	<b>1.4%</b>
Male	(289)	-1.6%	195	1.1%	217	1.3%
Female	769	3.9%	313	1.6%	269	1.5%
<b>Age Cohort (years)</b>						
under 5	132	7.8%	11	0.6%	3	0.2%
5 to 9	(213)	-8.7%	(28)	-1.2%	12	0.5%
10 to 14	(410)	-14.3%	(50)	-1.9%	16	0.7%
15 to 19	(114)	-3.6%	90	3.4%	67	2.8%
20 to 24	208	10.8%	94	5.4%	45	2.7%
25 to 44	766	9.2%	(47)	-0.5%	(104)	-1.0%
45 to 54	(251)	-3.6%	(88)	-1.3%	125	2.3%
55 to 64	162	2.7%	355	7.7%	213	5.4%
65 to 74	208	7.8%	201	10.0%	52	2.2%
75+	(8)	-0.3%	(32)	-1.3%	56	3.2%

Source: US Census. Lake Oswego area is generally slightly larger than city limits but smaller than Urban Service Boundary.

A declining younger (school age) population is also evidenced by Lake Oswego School District enrollment levels. After maintaining enrollment levels above 7,000 students between 1995 and 2001, school district enrollment levels have been declining over the past several years. Between 2001 and 2009, total school district enrollment declined to 6,702 students. The most significant enrollment decline occurred in the elementary school level, which lost 368 students over the 2001-2009 time period, while the junior high school enrollment dropped by 110 students. This decline was countered by a slight increase in high school enrollment of 26 students during this time period.

Current 10-year student enrollment forecasts prepared by the Lake Oswego School District includes “worst case,” “best case,” and “most likely” forecast scenarios that range from no growth (best case) to a loss of 342 students (most likely scenario) to a loss of 632 students (worst case) over the next 10 years. The school district intends to update its forecast after the 2010 Census is completed (see **Figure II-4**).

**Figure II-4. Lake Oswego School District Enrollment Trends, 1999-2009**



Since housing demand is generally a function of population change and household size, it is important to understand how changing demographics translate into evolving housing needs. As indicated in **Table II-5**, the fastest growing segment of household formations in Lake Oswego since 2000 has occurred among senior households, with one or more resident over the age of 65. This older Baby Boomer segment gained 753 households, while the household segment with members less than age 18 added 224 households since 2000 (according to U.S. Census estimates). In contrast, households with one or more members between age 18 and 65 declined by 79 households in Lake Oswego.

An analysis of marital status indicates that Lake Oswego is attracting and retaining single (unmarried) households, and is “losing” married households with children; which often occurs as kids move away to college or for work, and the household becomes reclassified as “empty nesters.”

Table II-5. Lake Oswego Area Household Formation Trends

	Census 2000	Census 2006-08	Change
HHs with 1 or more <18 yrs	4,862	5,086	224
HHs with 1 or more 18 to 65 yrs	7,049	6,970	(79)
HHs with 1 or more > 65 yrs	2,858	3,611	753
<b>Total Households</b>	<b>14,769</b>	<b>15,667</b>	<b>898</b>
	2000	Est. 2007	Change
Married, w/Kids <18 yrs.	3,918	3,650	(268)
Married, no kids	4,377	4,409	32
Single, < age 65	2,958	4,040	1,082
Single, > age 65	1,163	1,490	327
Other *	2,353	2,078	(275)
<b>Total Households</b>	<b>14,769</b>	<b>15,667</b>	<b>898</b>
<i>* includes non-related people living together.</i>			
<i>Source: U.S. Census, 2000 and American Community Survey 2006-08.</i>			

### C. RECENT HOUSING SALES AND IN-MIGRATION TRENDS

The recent economic recession created turmoil in the housing market for Lake Oswego, as with most cities across the United States. Median home prices in Lake Oswego have fallen about 22% since hitting a peak of \$502,000 in February 2008. Median sales prices in Lake Oswego were \$371,200 as of March 31, 2010 (according to Zillow.com). The downward spiral in home prices appears to be leveling out. As indicated in **Table II-6**, average home prices in Lake Oswego recorded a 2.2% gain from one year ago, and home price trends for both Lake Oswego and West Linn compare favorably to other areas within the Portland region.

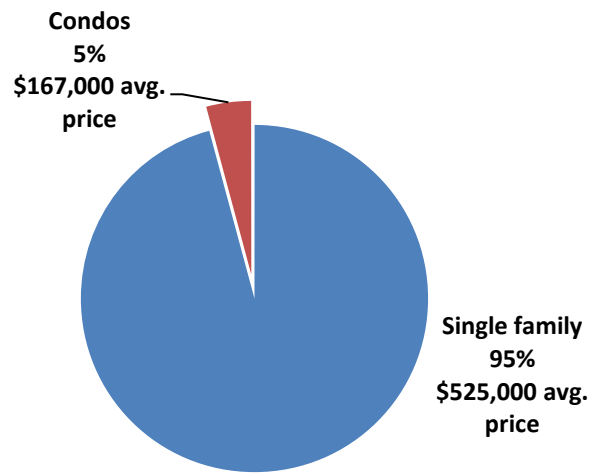
Table II-6. Median Home Sales Price Trends in Selected Markets

	M-o-M	Y-o-Y	Median Sales Price
	Feb. 2010 to March 2010	March 2009 to March 2010	
Lake Oswego	-5.1%	2.2%	\$371,200
West Linn	0.0%	11.6%	\$346,200
Tualatin	-3.5%	-7.6%	\$267,900
Beaverton	-2.6%	-7.6%	\$243,700
Portland	0.3%	-0.1%	\$262,300

*Source: Zillow.com as of March 31, 2010.*

Over the past 12 months (March 31, 2009 to March 31, 2010) there were approximately 538 recorded home sales in Lake Oswego, including 513 single family detached homes and 25 condominium dwellings. Information on housing types and household status is provided in **Figure II-5**.

Figure II-5. Home and Condo Sales in Lake Oswego, March 2009-March 2010



(source: zillow.com)

Home sales across the region have been highest for lower priced homes selling \$349,000 or less, and Lake Oswego was no exception with 200 homes sold in this price range over the past 12 months. Lake Oswego continues to lead the region in homes sold over \$1 million in value, with 36 homes sold in this price range over the past 12 months. Based on current market absorption levels, it appears that Lake Oswego has a 9 to 24 month inventory of unsold homes, with the longest inventory in homes priced above \$1 million, as indicated in **Table II-7**,

Lake Oswego's housing prices on a per square foot of floor area basis exceed neighboring jurisdictions in all price levels, with one exception in Portland. The average home sales price (based on recorded sales over past 12 months) in Lake Oswego ranged from:

- \$159/SF for homes priced \$350,000 to \$499,000;
- \$166/SF for home priced \$349,000 or less;
- \$209/SF for homes priced \$500,000 to \$699,000;
- \$244/SF for homes priced \$700,000 to \$999,999; and
- \$358/SF for homes priced above \$1 million.

Average sales price levels were higher in Lake Oswego relative to the other jurisdictions, with the exception of Portland homes priced between \$350,000 and \$500,000 (see **Table II-8** and **Figure II-6**). There are many reasons why a variation in sales price per square foot occurs, such as: relative property taxes, quality of public education/schools; community image; and perceived quality of life. Other factors, such as the relative age of the housing structure and level of amenities also play a role in the sales price per square foot.

Recent home sales in the Portland market in the \$350,000 to \$499,000 price category are likely dominated by relatively new condominium units with relatively small floor plates (hence the cost per square foot tends to exceed Lake Oswego in this price category). With regard to the homes priced above \$1 million, many of the most expensive homes in Lake Oswego are relatively new or rehabilitated dwellings with Mt. Hood Views and/or Oswego Lake access —amenities that command price premiums.

Table II-7. Housing Listings and Sales Trends in Selected Markets

Dwellings Listed For Sale as of May 10, 2010					
Price Range	Lake Oswego	West Linn	Tualatin	Beaverton	Portland
\$349k or less	250	158	92	519	3,500
\$350-499k	109	105	54	82	702
\$500-699k	115	90	6	14	377
\$700-999k	84	21	7	8	99
\$1M or more	71	10	1	5	108
<b>Total</b>	<b>629</b>	<b>384</b>	<b>160</b>	<b>628</b>	<b>4,786</b>
Dwellings Sold over Past 12 Months, as of May 10, 2010					
Price Range	Lake Oswego	West Linn	Tualatin	Beaverton	Portland
\$349k or less	200	183	153	822	5,748
\$350-499k	150	96	70	142	1,132
\$500-699k	90	61	15	23	373
\$700-999k	48	10	3	6	90
\$1M or more	36	3	-	1	62
<b>Total</b>	<b>524</b>	<b>353</b>	<b>241</b>	<b>994</b>	<b>7,405</b>
Estimated Months Until Current Inventory is Sold					
Price Range	Lake Oswego	West Linn	Tualatin	Beaverton	Portland
\$349k or less	15	10	7	8	7
\$350-499k	9	13	9	7	7
\$500-699k	15	18	5	7	12
\$700-999k	21	25	28	16	13
\$1M or more	24	40	-	60	21
<b>Avg.</b>	<b>14</b>	<b>13</b>	<b>8</b>	<b>8</b>	<b>8</b>

Source: Zillow.com

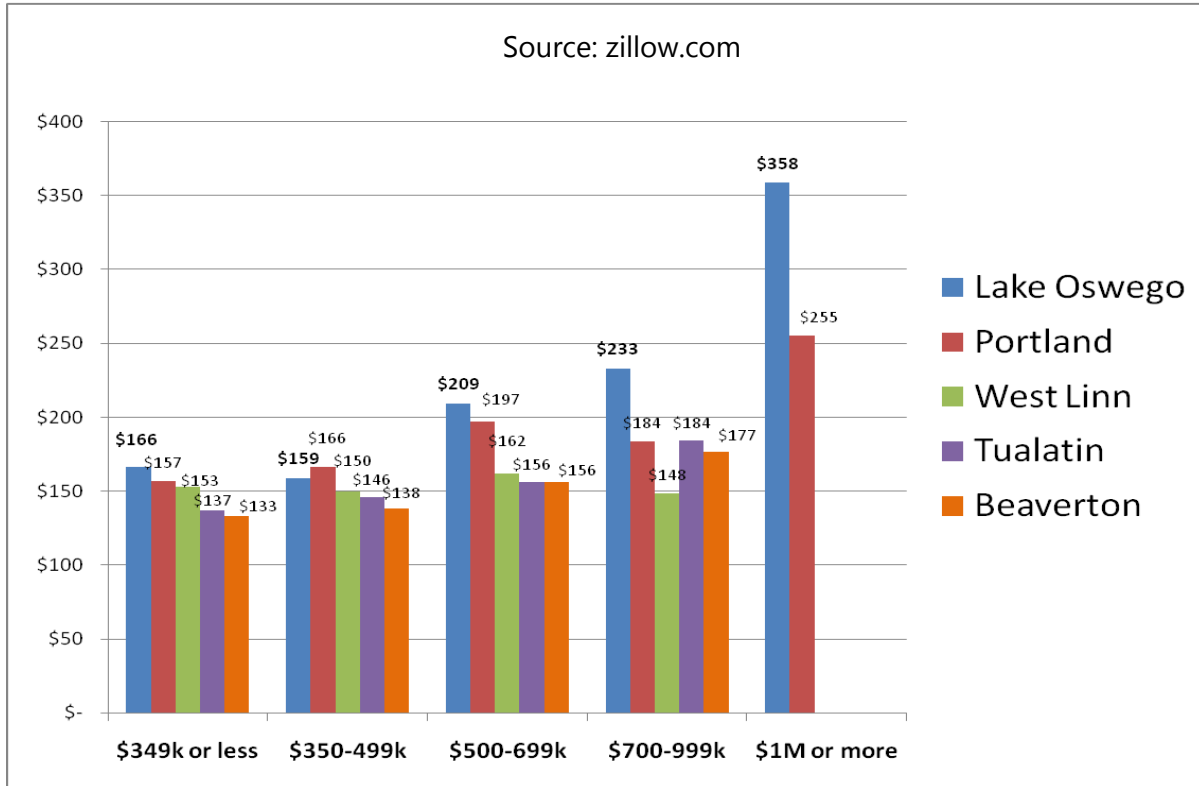
Table II-8. Average Home Sales Price Per SF of Floor Area in Selected Market Areas

Average Home Sales Price Per SF of Floor Area in Selected Market Areas					
Price Range	Lake Oswego	Portland	West Linn	Tualatin	Beaverton
\$349k or less	\$166	\$157	\$153	\$137	\$133
\$350-499k	\$159	\$166	\$150	\$146	\$138
\$500-699k	\$209	\$197	\$162	\$156	\$156
\$700-999k	\$233	\$184	\$148	\$184	\$177
\$1M or more	\$358	\$255	n/a	n/a	n/a
Lake Oswego Average Home Sales Prices Per SF Compared to:					
Price Range	Portland	West Linn	Tualatin	Beaverton	
\$349k or less	106%	109%	122%	125%	
\$350-499k	96%	106%	109%	115%	
\$500-699k	106%	129%	134%	134%	
\$700-999k	127%	157%	127%	132%	
\$1M or more	140%	n/a	n/a	n/a	

Source: Zillow.com; based on sample of actual housing sales over past 12 months; as of March 31, 2010.



Figure II-6. Average Homes Sales Price Per SF by Price Range, March 2009-March 2010



One reason for the relatively high cost of Lake Oswego housing is the average age of the structure. Lake Oswego's housing stock is relatively new in comparison to the Portland market. In Lake Oswego, nearly 26% of the dwellings were built since 1990, and in Portland less than 17% of the inventory was built since 1990. In Lake Oswego only 13% of the housing inventory was built before 1950, whereas in Portland 57% of the inventory predates 1950. See **Table II-9** for more detail about the age of Lake Oswego's housing inventory.

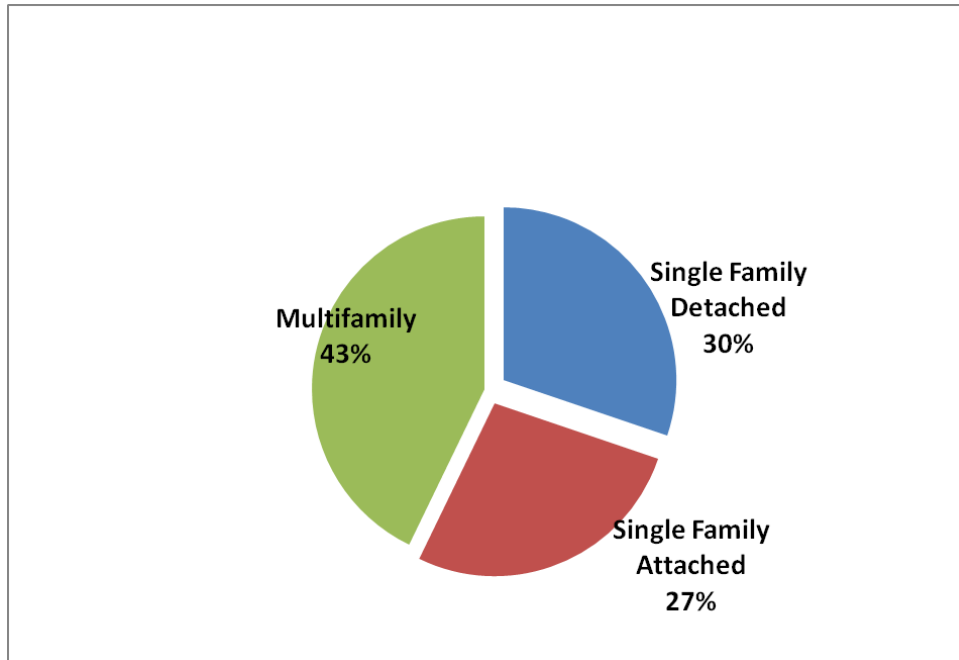
Table II-9. Age of Housing Structures Built in Lake Oswego, 2006-2008

	Structures	Distribution
Built 2005 or later	251	1%
Built 2000 to 2004	758	4%
Built 1990 to 1999	3,328	20%
Built 1980 to 1989	4,230	25%
Built 1970 to 1979	3,841	23%
Built 1960 to 1969	2,282	13%
Built 1950 to 1959	912	5%
Built 1940 to 1949	637	4%
Built 1939 or earlier	711	4%
<b>Total Structures</b>	<b>16,950</b>	<b>100%</b>

Source: U.S. Census.

Lake Oswego housing is predominantly owner-occupied, with 68% of the total housing inventory occupied by owners and 24% occupied by renters. However, the share of multifamily dwellings as a percentage of the total housing inventory is increasing. As indicated in **Table II-10** and **Figure II-7**, recent increases in the housing inventory have been predominantly made up of multifamily structures (apartments and condominiums) and single-family attached (townhome) units, which together accounted for 70% of the total housing inventory additions since 2000, according to U.S. Census estimates.

**Figure II-7. Lake Oswego Housing Inventory Additions, 2000 to circa 2007\***



\*Note: estimates for circa 2007 reflect data from the U.S. Census American Community Survey 2006-2008.

**Table II-10. Lake Oswego Housing Characteristics**

	Census 2000	Census 2006-08	Change
<b>Dwelling Units</b>			
Owner-Occupied	10,423	11,591	1,168
Renter-Occupied	4,346	4,076	(270)
Vacant	972	1,283	311
<b>Total Unit Count</b>	<b>15,741</b>	<b>16,950</b>	<b>1,209</b>
<b>Structure Type</b>			
Single-Family Detached	10,055	10,443	388
Single-Family Attached	1,169	1,516	347
Multifamily	4,418	4,968	550
Mobile Home	26	23	(3)
<b>Total Unit Count</b>	<b>15,668</b>	<b>16,950</b>	<b>1,282</b>
<b>Median Home Value</b>	\$296,200	\$540,000	\$243,800
<b>Median Gross Rent</b>	\$839	\$1,063	\$224

Source: U.S. Census, 2000 and American Community Survey 2006-08.

Nearly 80% of Lake Oswego’s housing market is driven by people within the region that change their residence for one reason or another, such as downsizing when kids move away or after one spouse divorces or dies. As indicated in **Table II-11**, about 31% of Lake Oswego’s households changed their residence since 2004, and over half changed their residence since year 2000. Hence, about 1 out of 2 people in Lake Oswego have changed their place of residence over the past 10 years.

A closer analysis of population migration patterns indicates that about 38.5% of the population that changed their residence over the past year remained within the same local county or city. As indicated in **Table II-12**, over 40% moved from a different county within Oregon, and 18% moved from a different state, and 3% moved from abroad. Of the population that moved over the past year, only 17% were married, and the rest were single or widowed. The median age of those moving over the past year was relatively young at age 28.5, which is well below the citywide median age of 42.6, according to the U.S. Census, 2006-2008 American Community Survey.

**Table II-11. Year Householder Moved in Housing Unit, circa 2007**

	<b>Number</b>	<b>Dist. %</b>
Moved in 2005 or later	4,920	31%
Moved in 2000 to 2004	4,309	28%
Moved in 1990 to 1999	3,821	24%
Moved in 1980 to 1989	1,390	9%
Moved in 1970 to 1979	920	6%
Moved in 1969 or earlier	307	2%
<b>Total</b>	<b>15,667</b>	<b>100%</b>

*Source: U.S. Census, 2006-08 American Community Survey.*

**Table II-12. Population Moving into Lake Oswego over Past Year, circa 2007**

	<b>People Moving into Lake Oswego Over Past Year</b>	<b>Lake Oswego Population</b>
Moved within Same County	38.5%	n/a
Moved from Different County in Oregon	40.2%	n/a
Moved from Different State	18.3%	n/a
Moved from Abroad	3.0%	n/a
<b>Total</b>	<b>100.0%</b>	<b>n/a</b>
<b>Sex</b>		
Male	47%	47%
Female	53%	53%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Marital Status (pop over age 15)</b>		
Married	17%	52%
Never Married	36%	29%
Now Separated or Divorced	35%	14%
Widowed	12%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>
<b>Median Age</b>	<b>28.5</b>	<b>42.6</b>
<b>Median Income Level</b>	<b>\$24,580</b>	<b>\$41,024</b>

*Source: US Census, American Community Survey 2006-2008.*

**Table II-13** describes population migration patterns in Lake Oswego by age cohort. The most mobile population segments are contained in the age 25 to 34 grouping.

**Table II-13. Lake Oswego Area Mobility Patterns, 2006-2008**

Age Cohort	Lake Oswego Total Population (for comparison)		Moved During Past Year		Moved from within Same County		Moved from Outside County within Oregon		Moved from Outside Oregon	
	Number	Dist. %	Number	Dist. %	Number	Dist. %	Number	Dist. %	Number	Dist. %
under 5	1,432	4%	553	8%	137	5%	260	10%	156	11%
5 to 17	6,924	18%	1,126	17%	423	17%	590	22%	113	8%
18 to 24	2,957	8%	945	15%	142	6%	546	21%	257	19%
25 to 34	4,778	12%	1,479	23%	709	28%	369	14%	401	29%
35 to 44	4,337	11%	924	14%	357	14%	377	14%	190	14%
45 to 54	6,653	17%	813	12%	325	13%	329	13%	159	11%
55 to 64	6,160	16%	430	7%	232	9%	85	3%	113	8%
65 to 74	2,882	7%	137	2%	89	4%	48	2%	-	0%
75+	2,320	6%	99	2%	79	3%	20	1%	-	0%
<b>Total</b>	<b>38,443</b>	<b>100%</b>	<b>6,506</b>	<b>100%</b>	<b>2,493</b>	<b>100%</b>	<b>2,624</b>	<b>100%</b>	<b>1,389</b>	<b>100%</b>

Source: US Census, American Community Survey 2006-2008.

In light of the increase in seniors over the age of 65 and influx of younger residents between ages 25-34, the desired mix of future housing demand will likely be strongest for relatively smaller 1 and 2 bedroom dwelling units, including single family “cottages” and multifamily apartments and low rise flats or condominiums. We would expect to see a significant demand for both for-sale and rental housing products that appeal to young families, empty nesters, and seniors.

Lake Oswego is beginning to experience relatively flat population growth due to a declining natural population increase (births less deaths). Natural increases (or decreases) in population are a function of population age, gender and birth and death rates. As Lake Oswego’s Baby Boom population ages, the natural increase in population will likely continue to decline. An analysis of population birth rates and death rates within the Lake Oswego area by FCS GROUP indicates that the average annual number of births in Lake Oswego has declined from 432 per year in 2000 to 361 per year in 2006-2008. During this same time period, the average annual number of deaths increased from 19 to 42 people annually. The estimated natural increase in population for the Lake Oswego area declined from 413 residents per year in 2000 to 319 residents per year in 2006-2008, as shown in **Table II-14** and **Figure II-8**.

It should be noted that this analysis of birth rates assumes a constant fertility rate based on Oregon Department of Health Statistics data for Clackamas County, and constant death rate based on data for the State of Oregon. According to a recent study by the Pew Research Center, and *Wall Street Journal* reports, the U.S. birth rate reached a 20-year high in 2007, and started dropping in 2008 and in 2009. Pew research indicates that 14% of the U.S. residents ages 18 through 34 and 8% of those ages 35 through 44 said they delayed having a child because of the recent recession.

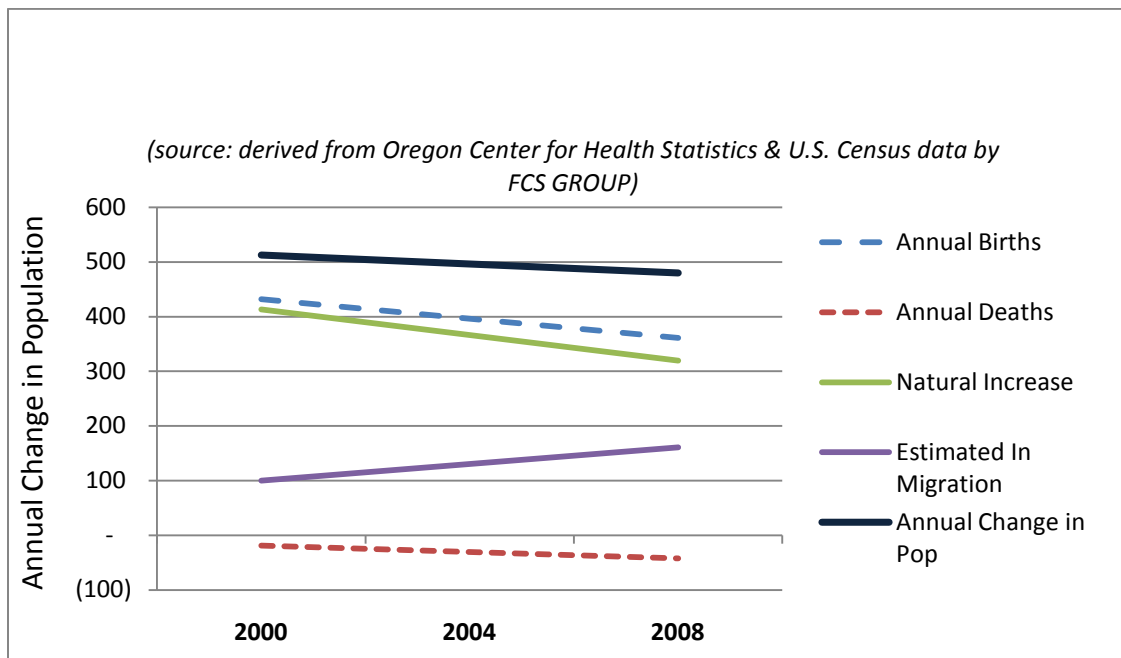
The net migration levels for the Lake Oswego area were derived by subtracting the natural increase in population from the total change in population over the selected time periods. As indicated in the table below, the average annual net in-migration in Lake Oswego is estimated at 100 residents per year during the 2000-2006 time period, and 161 residents per year during the 2006-2008 time period.

Table II-14. Lake Oswego Annual Natural Population Change and Net Migration Estimates

	2000-06	2006-08
Annual Births	432	361
Annual Deaths	(19)	(42)
<b>Annual Natural Increase</b>	<b>413</b>	<b>319</b>
	2000-06	2006-08
Annual Total Pop Change Per U.S. Census	513	480
Less Annual Natural Increase	413	319
<b>Annual Estimated Net Migration</b>	<b>100</b>	<b>161</b>

Source: analysis by FCS based on birth/death rates by Oregon Center for Health Statistics; and US Census Bureau.

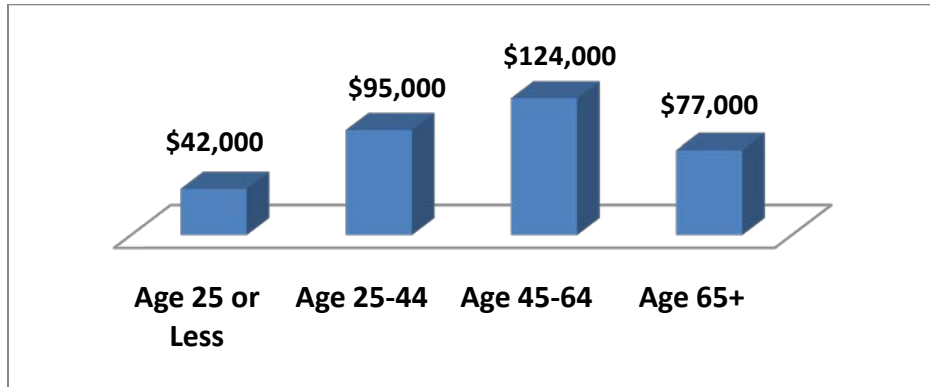
Figure II-8. Components of Population Change in Lake Oswego, 2000-2008



With the average life expectancy in the U.S. being 77.7 years, we would anticipate that the majority of Baby Boomers in Lake Oswego (now ages 46-65) will “age in place” over the next 10-25 years. Since about 10% of the population over the age of 75 opt to live in assisted living facilities (based on stakeholder interview input), we would likely see a measured increase in the demand for senior care assisted living facilities, but the vast majority of these seniors will opt to remain in their current residence as long as possible. A significant share may also opt to relocate into smaller dwellings within Lake Oswego, if attainable housing alternatives exist.

One possible hindrance to the potential population growth in the age 25-44 (younger families) segment is related to the perceived lack of attainable housing, particularly after the current housing inventory is absorbed. According to an analysis by FCS GROUP (using U.S. Census data from the 2006-2008 American Community Survey) income levels vary significantly by age of householder. **Figure II-9** indicates that the average household income levels for Lake Oswego (expressed in 2008 dollars) ranged from: \$42,000 as a low for the average householder under age 25, to \$124,000 for the age 45-64 householder segment.

Figure II-9. Lake Oswego Avg. Household Income by Age of Householder, 2006-2008



Source: Estimates by FCS GROUP using U.S. Census data

If we assume that prospective home buyers in these segments apply 30% of their income to a house payment, we can estimate the monthly housing costs for attainable housing. Attainable home prices are determined by assuming that the purchaser has a 20% down payment and obtains a 30-year fixed mortgage at current rates (4.58%) for interest and principle. The resulting analysis of current housing market conditions in Lake Oswego for “attainable housing” price points is provided in **Table II-15**.

The results indicate that if recent market conditions continue, the current level of homes for sale in Lake Oswego will likely be absorbed over a 1 to 2 year time period, depending upon the targeted price point. It should be noted that in light of recent federal incentives to first time home buyers (which expired in April 2010), the prior 12-month absorption trend may actually overstate the potential housing absorption levels in the near term—resulting in a slightly longer time frame for the current housing demand to normalize.

Table II-15 Analysis of Attainable Home Prices by Age of Householder in Lake Oswego

	Age 25 or Less	Age 25-44	Age 45-64	Age 65+
Household Income (midpoint) <sup>1</sup>	\$42,000	\$95,000	\$124,000	\$77,000
Avg. Monthly Payment (midpoint) <sup>2</sup>	\$1,050	\$2,375	\$3,100	\$1,925
Attainable Home Price (midpoint) <sup>3</sup>	\$257,000	\$581,000	\$758,000	\$471,000
Number of Homes Listed in L.O. at or below Price Point (midpoint) <sup>4</sup>	203	454	542	371
Number of Homes Sold in L.O. at or below Price Point Over Past 12 Months (midpoint) <sup>4</sup>	136	431	491	344
Months Until Current Attainable Housing Inventory is Depleted (midpoint) <sup>4</sup>	18	13	13	13

Notes:

<sup>1</sup> Derived from U.S. Census American Community Survey, 2006-2008.

<sup>2</sup> Assumes 30% of income is applied to housing payments.

<sup>3</sup> Assumes 20% downpayment on 30-year mortgage at 4.58% fixed rate.

<sup>4</sup> Based on Zillow.com data as of June 7, 2010.

## D. LAKE OSWEGO BASELINE POPULATION FORECAST

Lake Oswego's USB population level is currently estimated at 41,598 people, according to the City of Lake Oswego Planning Department. Lake Oswego's future population growth will be a function of planned development, along with changes in fertility and death rates, and in-migration and out-migration patterns. Local housing stock availability and price levels and broader national, international and regional economic conditions will also influence the pace of growth.

In order to forecast overall population growth for the Lake Oswego area, FCS GROUP considered actual historic population trends over three time periods: most recent trend (obtained from the U.S. Census American Community Survey for 2005-07, and 2006-08); six-year trend (obtained from the 2000 Census and the 2006-08 American Community Survey); and long-term trend (obtained from the 1990 Census and the 2006-08 American Community Survey). The average annual growth rates for the various population cohorts over these time periods are shown in **Table II-16**.

In addition to considering historic trends documented by U.S. Census estimates, FCS GROUP also considered population age cohort forecasts prepared for Clackamas County by the Oregon Office of Economic Analysis, and national forecasts prepared by the U.S. Census for the 2010 to 2030 time periods. The resulting forecast for population growth in the Lake Oswego area are provided in **Table II-17** for the 2007 to 2020 (near term) and the 2020 to 2035 (long term) time periods. These forecasts are referred to as the baseline midpoint forecast scenario. As with any forecast, the actual level of population growth will vary from year to year; hence, these assumptions should be revisited after 2010 Census data are available. However, these forecasts are generally appropriate for long-range planning and policy purposes.

Using the baseline forecast growth rate assumptions, the resulting long-term population forecast for the Lake Oswego USB assumes population increases from 43,094 currently to approximately 51,981 people by year 2035, as indicated in **Table II-18**. It should be noted that these forecasts are expected to have a margin of error of approximately 15% at a 80% confidence interval. Hence, we are 80% confident that the actual population growth rate in the City will vary within 15% of the baseline forecast. In other words, the total population growth level in the Lake Oswego USB is expected to range from 7,554 to 10,220 net new residents over the 2010 to 2035 time period, with a midpoint forecast of 8,887 net new residents.

The amount of population growth under the most likely baseline forecast expects a significant increase in population over the age of 55, and a slight decrease in population between the ages of 5 and 14. The younger Generation Y population segment (ages 15-24) is also expected to increase in the short-term due to a recent trend towards "children" remaining with parents over longer periods, as they save money for housing and/or repay student loans.

The age 25 to 44 cohort is also forecasted to experience significant net new growth, as younger families move from within the greater Portland region to capitalize on Lake Oswego's positive characteristics, such as: good schools, safety/low crime rates, arts, recreation, short commute time, and other quality of life attributes.

### **Recommendation:**

**Once the current 2010 Census data are available for Lake Oswego (by mid 2011), it is recommended that the City update these population age cohort forecasts using the most up to date local demographic trends.**

Table II-16. Lake Oswego USB Average Annual Population Growth Forecast Assumptions

Age Cohort (years)	AAGR, Local Trends Extrapolated <sup>1</sup>		AAGR, County Forecast <sup>2</sup>		AAGR, Used for Pop Study <sup>3</sup>	
	2007 to 2020	2020 to 2035	2007 to 2020	2020 to 2035	2007 to 2020	2020 to 2035
under 5	1.3%	1.1%	2.3%	0.9%	1.1%	0.2%
5 to 9	-1.5%	-1.3%	1.7%	1.2%	-0.6%	-0.2%
10 to 14	-2.4%	-2.2%	0.6%	1.8%	-0.7%	-0.3%
15 to 19	0.0%	0.0%	-0.4%	2.4%	-0.1%	0.1%
20 to 24	2.4%	2.2%	0.4%	1.5%	0.6%	0.4%
25 to 44	1.3%	1.2%	2.5%	0.9%	1.0%	0.2%
45 to 54	-0.7%	-0.7%	-0.7%	3.1%	-0.5%	0.5%
55 to 64	1.6%	1.4%	1.2%	0.2%	1.1%	0.3%
65 to 74	2.7%	2.4%	5.4%	0.1%	4.3%	1.2%
75+	0.4%	0.9%	2.6%	4.6%	1.5%	4.2%

Notes:

<sup>1</sup> Based on Lake Oswego Census estimates by age cohort for Year 2000 and the American Community Surveys for 2005-2007 (circa 2006), and 2006-2008 (circa 2007); factored to achieve approx. 50,000 pop level by Year 2030 ( City forecast for USB by 2030).

<sup>2</sup> Based on Oregon Office of Economic analysis forecasts for Clackamas County by age cohort for Years 2005 to 2030; factored to achieve approx. 50,000 pop level by Year 2030 ( City forecast for USB by 2030).

<sup>3</sup> Derived by FCS GROUP using weighted average that varies by age cohort applied to the Census trends and the Oregon Office of Economic analysis forecasts for Clackamas County; factored to achieve approx. 50,000 pop level by Year 2030 ( City forecast for USB by 2030).

Please note that all forecasts are assumed to represent a baseline (midpoint) at approx. 80% confidence level, and 15% margin of error.

Table II-17. Lake Oswego Population Trends and Forecasts

Source: FCS Group based on average annual growth rates shown on Table II-16.

Age Cohort (years)	Census 2000	Census 2006-08	Estimated USB 2010	Forecast USB 2015	Forecast USB 2020	Forecast USB 2025	Forecast USB 2030	Forecast USB 2035
under 5	1,746	1,824	2,046	2,161	2,283	2,306	2,330	2,354
5 to 9	2,426	2,233	2,378	2,304	2,233	2,214	2,196	2,178
10 to 14	2,810	2,460	2,614	2,525	2,438	2,405	2,372	2,340
15 to 19	2,424	3,057	3,311	3,298	3,286	3,309	3,332	3,355
20 to 24	1,470	2,131	2,357	2,432	2,510	2,562	2,615	2,669
25 to 44	9,441	9,115	10,185	10,692	11,224	11,329	11,436	11,543
45 to 54	7,267	6,653	7,102	6,909	6,721	6,908	7,099	7,296
55 to 64	3,676	6,160	6,917	7,320	7,747	7,846	7,946	8,047
65 to 74	1,477	2,882	3,551	4,386	5,418	5,758	6,120	6,504
75+	2,541	2,320	2,633	2,837	3,056	3,760	4,627	5,694
<b>Total</b>	<b>35,278</b>	<b>38,835</b>	<b>43,094</b>	<b>44,865</b>	<b>46,916</b>	<b>48,398</b>	<b>50,074</b>	<b>51,981</b>
<b>AAGR</b>	1.4%	1.4%	--	0.8%	0.9%	0.6%	0.7%	0.75%



If these baseline forecasts hold true, the percentage of Lake Oswego’s inhabitants over age 65 will increase from about 14% of the total population currently to 24% by year 2035. The younger share of the total population under age 14 is expected to decrease from 16% currently, to 14% by year 2035, as indicated in Table II-18 and Figure II-10.

Table II-18. Population by Age Cohort in Lake Oswego, Trends and Baseline Forecast, 2000-2035

Age Cohort (years)	Recent Trends	Near-Term Forecast for Lake Oswego USB		Long-Term Forecast for Lake Oswego USB			Change for USB
	2005 to 2010	2010 to 2015	2015 to 2020	2020 to 2025	2025 to 2030	2030 to 2035	2010 to 2035
under 5	83	115	122	24	24	24	308
5 to 9	(97)	(74)	(72)	(18)	(18)	(18)	(200)
10 to 14	(151)	(90)	(87)	(33)	(33)	(32)	(275)
15 to 19	174	(12)	(12)	23	23	23	44
20 to 24	229	75	78	52	53	54	312
25 to 44	176	507	532	105	106	107	1,358
45 to 54	(285)	(193)	(188)	186	192	197	194
55 to 64	923	403	427	99	100	101	1,131
65 to 74	791	835	1,032	340	362	384	2,953
75+	43	204	219	704	867	1,067	3,061
<b>Total</b>	<b>1,887</b>	<b>1,771</b>	<b>2,051</b>	<b>1,482</b>	<b>1,675</b>	<b>1,907</b>	<b>8,887</b>

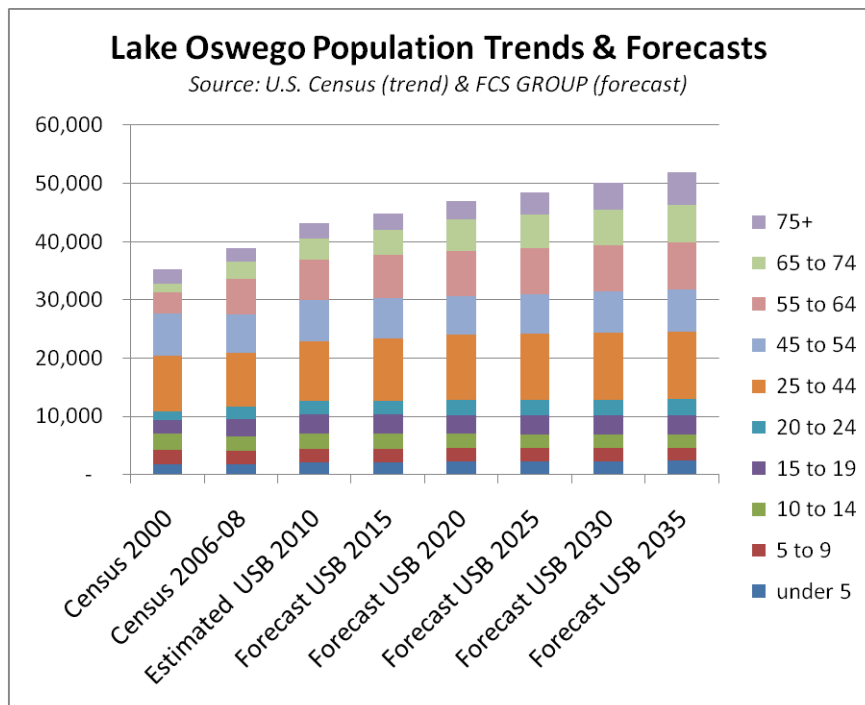
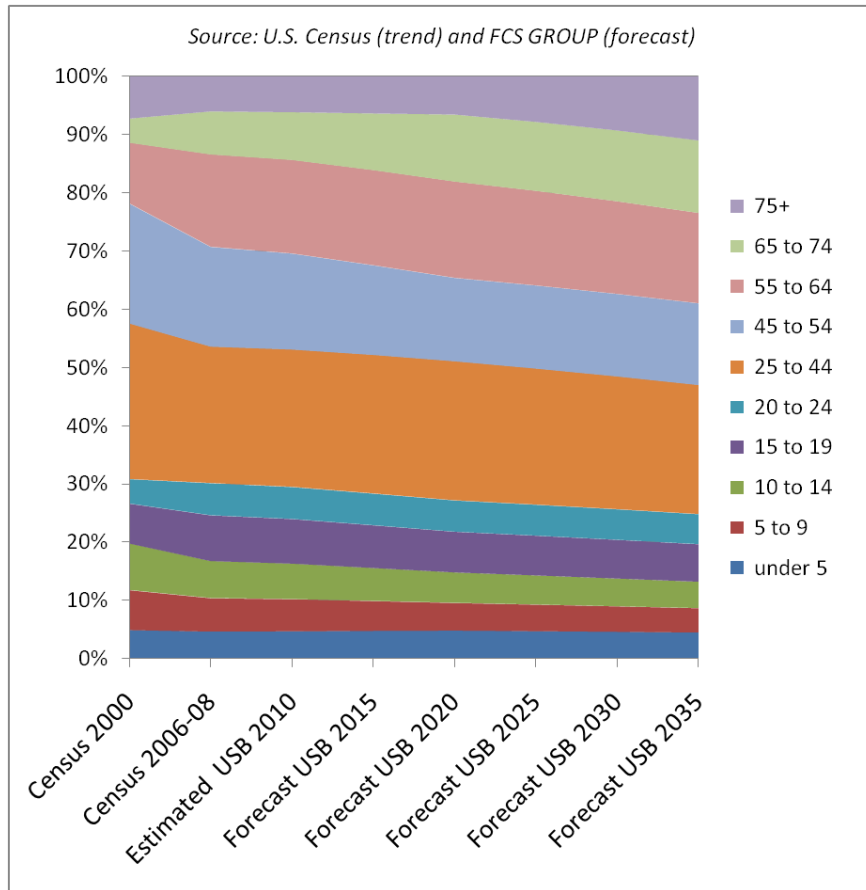
Source: FCS GROUP, based on average annual growth rates shown in Table II-15.

Table II-19. Lake Oswego Area Population Age Cohort Distribution Trends and Forecasts

Age Cohort (years)	Census 2000	Census 2006-08	Estimated USB 2010	Forecast USB 2015	Forecast USB 2020	Forecast USB 2025	Forecast USB 2030	Forecast USB 2035
under 5	5%	5%	5%	5%	5%	5%	5%	5%
5 to 9	7%	6%	6%	5%	5%	5%	4%	4%
10 to 14	8%	6%	6%	6%	5%	5%	5%	5%
15 to 19	7%	8%	8%	7%	7%	7%	7%	6%
20 to 24	4%	5%	5%	5%	5%	5%	5%	5%
25 to 44	27%	23%	24%	24%	24%	23%	23%	22%
45 to 54	21%	17%	16%	15%	14%	14%	14%	14%
55 to 64	10%	16%	16%	16%	17%	16%	16%	15%
65 to 74	4%	7%	8%	10%	12%	12%	12%	13%
75+	7%	6%	6%	6%	7%	8%	9%	11%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: FCS GROUP based on Census data; and county forecasts by Oregon Office of Economic Analysis.

**Figure II-10. Lake Oswego Population Trends and Forecasts**



## E. LAKE OSWEGO HOUSING DEMAND

Translating population growth into housing demand entails making informed growth rate assumptions for population segments, and estimates for group quarters demand, average household size, and housing vacancy rates. A range in housing needs was prepared by FCS GROUP for the Lake Oswego USB over the 2010 to 2035 time period based on long term baseline population forecasts (carried from **Table II-18**) and current assumptions for group quarters capture rates, average household size, and vacancy allowance.

The results of the baseline housing demand analysis, provided in **Table II-20**, assumes that the total population level in the Lake Oswego USB increases by between 7,554 and 10,220 residents between 2010 and 2035. This level of growth would likely translate into the need for 3,191 and 4,286 net new single family or multifamily dwelling units. It is assumed that there would also be demand for 260 to 422 additional assisted living units to accommodate the aging Baby Boom population. The total dwelling unit demand over the 2010 to 2035 period is expected to range from 3,451 to 4,709 dwellings.

In light of the expected increase in smaller-family households over the age of 55 and within the 25-44 age cohorts, the preferred housing mix would likely trend to smaller 1-3 bedroom detached “cottages”, townhomes and low-rise multifamily apartments and low-rise flats or condominiums.

**Table II-20. Forecasted Net New Housing Needed in Lake Oswego USB, 2010-2035**

	Low	High	Midpoint
Forecasted Population Increase <sup>1</sup>	7,554	10,220	8,887
Under age 75	4,952	6,700	5,826
Over age 75	2,602	3,520	3,061
<b>Assisted Living Housing Needs (group quarters)</b>			
Percent of Pop. Over Age 75 in group quarters	10%	12%	11.2%
<i>Group Quarters Demand (units)</i>	<i>260</i>	<i>422</i>	<i>341</i>
<b>Additional Single &amp; Multifamily Housing Needs</b>			
Forecasted Pop. In Households	7,294	9,798	8,546
Average Household Size	2.4	2.4	2.4
Forecasted Housing Unit Demand	3,039	4,082	3,561
Vacancy Allowance (@5%)	152	204	178
<i>New Single &amp; Multifamily Demand (dwellings)</i>	<i>3,191</i>	<i>4,286</i>	<i>3,739</i>
<i>Total Net New Housing Need</i>	<i>3,451</i>	<i>4,709</i>	<i>4,080</i>

<sup>1</sup> Derived from Table II-17; allows 15% margin of error from midpoint estimate.

Source: Analysis by FCS GROUP.

## F. LAKE OSWEGO USB HOUSING CAPACITY

The city of Lake Oswego’s Long Range Planning Department staff continues to monitor the ever-changing vacant and part-vacant (under developed) land supply within the Lake Oswego USB. Using available tax lot data, city staff evaluated current levels of vacant lands by land use zoning classification to identify parcels that have vacant land suitable for new development. The analysis by the city subtracts development constraints, such as steep slopes, natural resources, and public right-of-way requirements. It also applies current Lake Oswego land use zoning classifications and Metro’s 20% underbuild assumption.

Over the past few years, the city has conducted three buildable land inventory estimates for Lake Oswego using vacant land estimates and residential development capacity estimates that vary by zoning type. The resulting estimate of residential development capacity for the Lake Oswego USB assumes a range in potential net new housing development capacity, which primarily reflects a variation in assumptions with regard to how much part vacant (partially developed) land will be converted to its planned or zoned capacity levels. As indicated in **Table II-21**, the total amount of potential net new housing capacity within the USB on existing vacant and part vacant land is estimated to range from 2,200 to 4,200 net dwelling units depending upon development assumptions.

In light of the fact that there is a paucity of fully vacant parcels within the Lake Oswego USB, the amount of future housing that can be accommodated on vacant tax lots is expected to range from 280 to 560 dwelling units (17% of total housing capacity within USB). As the vacant tax lots are developed, the city will need to rely much more on part-vacant lands (underdeveloped tax lots) to meet housing demand. The amount of development capacity on part vacant lands is expected to range from 1,920 to 3,640 dwelling units (87% of total housing capacity).

After comparing the housing demand projections to the estimated range in potential housing capacity levels from development of vacant and part vacant land within the USB, it appears that Lake Oswego would need to accommodate about 0 to 1,251 dwelling units through redevelopment under the lower-estimate for demand, and 510 to 2,510 dwelling units through redevelopment under the higher-demand estimate. Changes in local land use policies, such as rezoning land to higher-density or mixed-use classifications, forming public/private partnerships for strategic developments, encouraging accessory dwellings by reducing SDCs, or expanding the USB can impact redevelopment potential. These types of policy implications should be further evaluated during the Comprehensive Plan update that is now underway.

**Table II-21 Forecasted Future Housing Demand Compared with Potential Housing Capacity on Vacant Lands, Lake Oswego USB, 2010 to 2035**

		Lower Estimate	Higher Estimate
1	<b>Total Net New Housing Demand (Dwellings) <sup>1</sup></b>	3,451	4,709
2	<b>Potential Net New Housing Capacity on Existing Land Areas <sup>2</sup></b>		
3	Vacant Res., Comm. & Mixed-Use Land (Dwelling Capacity)	280 to 560	280 to 560
4	Part-Vacant Res., Comm. & Mixed-Use Land (Dwelling Capacity)	1,920 to 3,640	1,920 to 3,640
5	<b>Subtotal Vacant &amp; Part Vacant Land Areas (Dwellings)</b>	<b>2,200 to 4,200</b>	<b>2,200 to 4,200</b>
6	<b>Redevelopment Expectations {Line 1 - Line 5} (Dwellings) <sup>3</sup></b>	<b>0 to 1,251</b>	<b>510 to 2,510</b>

Notes:

<sup>1</sup> Housing demand forecast derived from Table II-20.

<sup>2</sup> Housing capacity for vacant lands reflect preliminary estimates prepared by city of Lake Oswego planning staff. Range reflects variation in methods used between the Preliminary Buildable Land Inventory (5/29/2008) and the recent Preliminary Buildable Land Inventory (5/7/2010).

<sup>3</sup> Redevelopment assumes replacement of existing building improvements with newer more intensive development. It should be noted that redevelopment expectations could be partially mitigated through USB expansion and/or "up-zoning."

Source: compiled by FCS GROUP based on city staff buildable land capacity estimates.

## SECTION 3: EMERGING PATTERNS

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### A. NATIONAL AND REGIONAL INFLUENCES

The United States has the third highest population in the world and is growing more rapidly than all but only six other countries. Population in the U.S. is forecasted to increase by nearly 57 million people between 2010 and 2030, according to the U.S. Census Bureau.

Western states are expected to grow faster than the rest of the nation in population and housing, as migration plus natural increases shift more people into coastal areas, particularly to regions that have adequate water supplies, and relatively attainable housing prices.

According to Metro, the seven-county Portland-Beaverton-Vancouver Primary Metropolitan Statistical Area (PMSA) is expected to add approximately 1 million new residents over the next 30 to 40 years, and the tri-county Metro Urban Growth Boundary (UGB) is expected to increase by approximately 608,000 people--from 1,548,000 residents in 2005 to 2,156,000 residents by 2030. Metro forecasts the net new dwelling unit demand in the UGB to range from 224,000 to 301,500 dwelling units over the 2007-2030 timeframe. This equates to an average annual regional growth rate ranging from 1.37% to 1.70%.

As indicated previously, population growth in Lake Oswego has slowed down significantly over the past decade. The average annual growth rate (AAGR) for population in the City of Lake Oswego increased by 1.5% per year (1990-2000) and by only 0.4% per year (2000 to 2009), according to Portland State University. In comparison, population growth in the greater tri-county Region remained relatively high, increasing by 2.1% per year (1990-2000) and by 1.4% per year (2000 to 2009), according to PSU.

The fact that Lake Oswego's population growth is subsiding faster than its regional counterpart is partially attributed to a declining vacant land supply, and a run up in housing and land prices, which is making housing less attainable for people desiring to move into Lake Oswego. Lake Oswego's median home prices for owner-occupied dwellings increased from \$296,200 in 2000 to \$540,000 in 2006-2008 time period, according to the U.S. Census Bureau. While home prices in Lake Oswego are still about 1.8 times higher than the regional average, they have fallen about 22% from their 2008 peak.

### B. CHANGING PREFERENCES

Changing demographics are a primary factor driving future urban growth patterns in America.<sup>2</sup> Current research by the Urban Land Institute indicates profound changes are expected to occur in American housing patterns over the next few decades. Research indicates a trend towards continued growth in population; and changing habits within four main demographic groups:

- ◆ Older Baby Boomers (those born between 1946 and 1955)

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<sup>2</sup> Author's note: there is actually a complex interplay between changing demographics, economic and environmental conditions, public infrastructure/amenities, and perceived quality of life advantages that impacts consumer housing and community preferences.

- ◆ Younger Baby Boomers (those born 1956 to 1965)
- ◆ Kids of Baby Boomers, which comprise over one half of the U.S. population (often called Generation Y, the Millennials or Echo Boomers)
- ◆ Immigrants (and their children and grand children)

**Older Baby Boomers** are projected to grow faster than the total population, and are beginning to retire or are cutting back on working full time. Fewer older Baby Boomers are expected to move over the next decade as they await home prices to recover from the current downtown.

According to the American Association of Retired People (AARP) and feedback from the interviews (see **Appendix B**), the older Baby Boomers are now preferring to remain in their homes longer than ever before, and about 90% over the age of 75 would rather stay in their current homes than move into a retirement or assisted living development. There are also trends towards aging seniors to move in with relatives, as families are becoming more multi-generational. Real income levels are declining for this segment as seniors move towards fixed retirement income gleaned from Social Security payments and private investments.

**Younger Baby Boomers** still have decades before they retire, and their children are more likely to remain at home until their mid-20's (after high school and/or after they “bounce back” from college). Real income levels for this segment have remained flat or have declined in inflation adjusted dollars. The recent housing market decline has dampened their ability to purchase second homes and many first homes are “underwater” with home values below their mortgage levels. This segment prefers to remain in their homes until housing prices appreciate.

Lake Oswego’s already established senior citizen population includes a larger share of the total population than most cities in the greater Portland region. As the number of people over age 55 increases in the coming decades, research by AARP indicates that there will be increasing interest with respect to:

- ◆ Desire to live near their family members.
- ◆ Preference for smaller housing units with ground-floor living or elevator access;
- ◆ Preference for walking over driving to shopping and civic activities (see below);
- ◆ Increased use of public and private transit options, such as buses, shuttles, flex cars, and streetcars;
- ◆ Increased use of and desire to volunteer at civic facilities, such as libraries, senior centers, and community gardens. It should be noted that the Lake Oswego Public Library has been the state of Oregon’s leading library for the past seven years with respect to material circulation per capita, and has an estimated 1,000 visitors per day.
- ◆ Access to medical centers and health-related services and health care professionals.
- ◆ Desire to continue moderately strenuous recreational activities, including walking, hiking, biking, golf, tennis, gardening, and various indoor activities.

**The Generation Y segment** includes the children of Baby Boomers in their late teens and early 30s. This segment includes a large amount of singles and young married couples without children. They prefer urban mixed-use living and often consider themselves as “eco-conscious.” Most are delaying having children until their mid 30s, and it is expected that family sizes will shrink. Their attitudes towards investing in housing have been affected by the recent recession, and many prefer to rent by preference and necessity until their student loans are paid off and their savings improve.

**Immigrants** comprise about 13% of the U.S. population, and about 9.5% of the Lake Oswego population. Nationally, this segment is 50% more likely to live in poverty compared to other segments.

According to the Harvard Joint Center (quoted by the Urban Land Institute) the fastest growing housing segment in America has been the single-person household, most of which are women. In the future, the Harvard Joint Center, 2009 State of the Nation’s Housing study indicates that:

*“Married couples without children (including empty nesters) will be the fastest-growing household type, followed closely by single-person households.”*

### C. COMPARISON AMONG “PEER” CITIES

It is difficult to make direct comparisons between geographic locations. Every urban area has unique culture, history, climate, land use regulations, and tax structures (among other variables). Nevertheless, a city’s financial sustainability in this current weak economic environment is something that should be closely monitored, and there may be some lessons learned from comparing cities that continue to demonstrate strong financial capacity.

Lake Oswego recently attained a coveted Aaa (triple A) bond rating, which is the highest rating given to municipalities by Moody’s. According to the International City/County Management Association (ICMA) 2009 survey of AAA-rated cities, the jurisdictions that received this high bond rating are accredited with the following:

- ◆ Greater ability to deal with the recent economic recession with no “severe impact.”
- ◆ Strategic approach at making targeted budget cuts rather than across the board cuts.
- ◆ Ability to utilize contractors in lieu of City personnel to perform services.
- ◆ Willingness to increase fees and reduce services, if appropriate.
- ◆ Ability to generate cash reserves to be used to stem fiscal hardship.

In a comparison among municipal areas with 20,000 to 50,000 residents that have received the AAA bond rating, Lake Oswego was found to be relatively similar in terms of: average household size; labor force; educational attainment; and home values. However, Lake Oswego was relatively higher in terms of poverty, and lower in terms of population over age 65; and median household income (see Table III-1).

**Table III-1. Comparison of Selected Municipalities with AAA Bond Rating and 20- 60,000 Residents**

Location	Pop.	Avg. Household Size	% of Pop Over 25 in Labor Force	% of Pop Over 25 with Bachelor Degree or Higher	% of Pop Below Poverty	% of Pop Over Age 65	Median Age	Per capita Income	Median Household Income	Median Home Value (owner occupied)
Beverly Hills, CA	35,746	2.38	57%	58%	5.5%	19.0%	43.1	\$67,145	\$88,014	\$1,000,000+
Highland Park, IL	28,289	2.67	67%	65%	3.3%	17.8%	44.4	\$68,785	\$120,688	\$618,000
Village of Wilmette, IL	28,060	2.83	62%	77%	2.7%	15.0%	43.2	\$71,427	\$132,411	\$694,800
Lexington, MA	30,065	2.71	64%	76%	3.2%	18.7%	45.6	\$61,170	\$126,960	\$691,300
Edina, MN	50,261	2.32	64%	64%	3.3%	19.7%	44.6	\$58,069	\$80,781	\$431,400
Dublin, OH	41,352	2.76	74%	72%	2.9%	6.3%	37.2	\$52,050	\$115,664	\$329,700
Upper Arlington, OH	34,690	2.53	66%	70%	5.6%	15.7%	42.2	\$52,145	\$91,683	\$323,000
Lake Oswego, OR	<b>38,835</b>	<b>2.48</b>	<b>66%</b>	<b>66%</b>	<b>6.7%</b>	<b>13.4%</b>	<b>42.1</b>	<b>\$48,313</b>	<b>\$83,486</b>	<b>\$540,000</b>
Germantown, TN	41,009	2.74	68%	67%	6.5%	12.4%	44.6	\$59,119	\$120,093	\$295,500
<b>Average for These Locations</b>	<b>36,479</b>	<b>2.60</b>	<b>65%</b>	<b>68%</b>	<b>4.4%</b>	<b>15.3%</b>	<b>43.0</b>	<b>\$59,803</b>	<b>\$106,642</b>	<b>\$547,078</b>
<i>L.O. comparison to avg.</i>	<i>similar</i>	<i>similar</i>	<i>similar</i>	<i>similar</i>	<i>higher</i>	<i>lower</i>	<i>similar</i>	<i>lower</i>	<i>lower</i>	<i>similar</i>
<b>U.S.A. Data for Comparison</b>	--	<b>2.61</b>	<b>65%</b>	<b>27%</b>	<b>13.2%</b>	<b>12.6%</b>	<b>36.7</b>	<b>\$27,466</b>	<b>\$52,175</b>	<b>\$192,400</b>

Source: ICMA’s 2009 Survey; and U.S. Census, American Community Survey, 2006-2008; compiled by FCS GROUP.

## D. INTERVIEW INPUT

A cross section of stakeholders with representation from the City, community, school district, developers, brokers, lenders, planners, public polling experts, and academic researchers took part in interviews to offer their insights into the evolving community of Lake Oswego (see **Appendix B**). In addition to corroborating the above conclusions regarding current data and research findings, the interviewees that participated in this study provided anecdotal information on perceived market and demographic trends. While specific interview input is kept confidential, some general highlights are provided as a basis for added anecdotal information for the subsequent policy considerations.

### Stakeholder input on mega trends shaping Lake Oswego:

- ◆ The current economic recession has dramatically changed the velocity of growth in the U.S. and the greater Portland region. It will be many years until the housing market will catch up to slower job and population growth rates.
- ◆ Regional job growth is key to local economic and demographic growth, and eventually impacts housing demand, price stability, and tax rates. If the state and regional economy cannot remain competitive places to retain, grow or attract businesses, Lake Oswego's economy will suffer.
- ◆ As the greater Portland Metropolitan Region expands, there will be significant increases in traffic congestion to/from outer communities, such as Gresham, Happy Valley, Oregon City, Sherwood, Wilsonville and Hillsboro. Lake Oswego is an inner-ring community that stands to benefit over time from its proximity to Portland and the outer ring communities.
- ◆ With regard to future ballot measures that fund public facilities, such as schools and parks, the age groups that tend to support new funding measures for public facilities usually include younger households (age 25-35) and older households (over age 65) if the investment results in a "legacy project." Results always vary by community and the timing of the proposed measure; and expect to see far lower support from all age groups for operating levies compared with capital levies.
- ◆ As long as the schools in Lake Oswego are doing well, we would expect to see families with children continue to move here and home prices stabilize or increase. In light of the current and pending state budget deficits (+/- \$2.57 billion over next few years), the role of the Lake Oswego School Foundation and support for local operating levies will likely become even more critical for maintaining public schools as community assets.
- ◆ Young creative professionals that moved into Portland over the past decade are starting to have children, and may soon discover Lake Oswego as a safe community to raise a family with excellent schools.
- ◆ There is strong trend for aging Baby Boomers to age in place and remain in their current residence as long as possible, or at least until home prices appreciate. There is big demand for in-home care and home remodels to accommodate seniors. While families are having fewer kids in later years, household size may increase due in part to multi-generational households, as more seniors move in with their children.
- ◆ In the short-term, tighter credit restrictions will require more upfront equity from developers and likely result in smaller development projects than in recent years. There will be less speculative investment and financing available for large mixed-use development projects.

### Stakeholder input on emerging patterns shaping Lake Oswego:

- ◆ There are two primary groups opting to move into Lake Oswego: downsizing Baby Boomers; and younger single professionals. About 4 out of 5 people that move into Lake Oswego come from elsewhere in the greater Portland Region.



- ◆ Seniors that are purchasing housing in Lake Oswego primarily choose the area because of prior community ties and/or proximity to friends and relatives. Downtown locations are preferred because of attributes such as walking distance to stores and restaurants, transit service, public library, abundance of health care providers, and relative public safety/low crime rates were also cited as positives.
- ◆ There is pent up demand for higher-end apartments in Lake Oswego that appeal to all age groups.
- ◆ The senior *independent housing* market in L.O. is perceived as being well served currently. However, demand for *assisted living* (health care on premises) is still very strong and growing.
- ◆ Lake Oswego home prices will not likely continue to increase as fast as surrounding cities like West Linn and Oregon City, where you can get more home for the money.
- ◆ The permitting process in Lake Oswego is also considered to be relatively burdensome and costly when compared to surrounding areas. Lake Oswego’s current development code is considered to be too onerous, particularly for adding Accessory Dwelling Units, live/work units, and small-lot cottages.
- ◆ Recent development in the Lake Grove Town Center area along the Boones Ferry Road is beginning to define that location as an emerging high quality center.
- ◆ There is a perceived lack of “attainable housing” in Lake Oswego that is contributing to a decline in school age population.
- ◆ Current library and community center are dated facilities and should be expanded or supplemented with newer facilities.
- ◆ Linking Lake Oswego to Portland via streetcar would provide an excellent transportation option for commuters, visitors, and transit-dependent people. Expanding the system to Marylhurst may offer a better opportunity to avoid downtown parking and related traffic jams. Other options such as river boat shuttles/high speed ferries to/from Portland and Foothills should also be explored, and may make more sense than high speed rail from Portland to Eugene.
- ◆ Providing local transit shuttles or dial-a-ride service should be considered along with excellent bicycle and pedestrian trails and paths will be needed throughout the city to serve all ages of residents.

#### **Stakeholder input on Lake Oswego’s future:**

- ◆ Lake Oswego and West Linn will likely experience continued in-migration of middle-aged families moving from Portland with older children that are about to enter junior high school or high school. Those families will likely find Lake Oswego attractive given its excellent schools, beautiful parks, great neighborhoods, arts, short commute times, and relatively lower property taxes.
- ◆ The Foothills area and the Wizer block in downtown represent Lake Oswego’s best hope for additional housing development that can be effectively served by mass transit. Other potential redevelopment areas such as the Amory building and portions of the older industrial areas near I-5 should be considered.
- ◆ Involving multiple generations in local planning, education, training and events would lead to a more inter-woven community with various perspectives and experiences. This synergy is already beginning to occur among Lake Ridge High School and the Stafford housing development, and could also be applied at courses or events offered at Marylhurst and at Lake Oswego High School.

## SECTION 4: POLICY CONSIDERATIONS

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### A. EMERGING CHALLENGES AND OPPORTUNITIES

While Portland has received national and international acclaim for its livability, environmental/green ethos, biking, retirement living; the City of Lake Oswego has also received some national attention for its livability.

Over the past few years, Lake Oswego received nationwide press including:

- ◆ *U.S. News and World Report*: one the “Top 100 Best Places to Live”
- ◆ *Money Magazine*: “Top 100 Small Towns in America”
- ◆ *Wall Street Journal*: “Top 10 Places to Live”
- ◆ *Cottage Magazine*: nominated First Addition neighborhood as one of “Ten Best Cottage Communities in the U.S.”
- ◆ *American Planning Association*, *First Addition* listed as one of “America’s Top 10 Neighborhoods”
- ◆ *USNews.com*: nominated Lake Oswego School District 7J as “Top 100 High Schools in the Nation”

It is apparent that as the Lake Oswego Baby Boom population reaches retirement age, the City will need to carefully monitor various *local* measures of livability and success. New challenges are expected to surface in coming years, including:

- ◆ *Buildout of the vacant land inventory*—is placing more attention and focus on redevelopment, and will eventually put pressure on urbanization of adjacent lands in the Stafford area.
- ◆ *Slower overall population growth with increasing senior needs*—will likely result in lower school enrollment (particularly in the K-9 grade levels) and changing demand for public services and facilities (such as emergency services, community meeting facilities, passive and active recreation, transit, etc.).
- ◆ *Slower growth in taxable property valuations*—in the wake of falling home values, and as the City relies more on redevelopment in lieu of new development, expect lower general fund revenue growth in coming years to pay for local services.
- ◆ *Changing regional transportation patterns*—as the greater Portland region (7 county PMSA region) adds nearly 1 million new residents over the next 30 to 40 years, there will be more vehicle and transit trips that will “cut through” Lake Oswego. Lake Oswego will find itself in a position where it must balance local livability against regional and state land use and transportation mobility interests.

These challenges may present opportunities for the City of Lake Oswego to continue to evolve and diversify its economic and demographic base over time. The potential opportunities that may be realized over the next 10-20 years will be heavily influenced by more immediate policy actions. Some potential opportunities include:

- ◆ *Keep investing in the things that make Lake Oswego unique.* Lake Oswego is highly regarded regionally and nationally for its excellent schools, quality of life, parks, recreation, library, and arts. The level of quality and attention to detail does not go unnoticed by residents and visitors, and will likely become more

appreciated after the current fiscal recession plays out and communities such as Portland and Beaverton struggle to maintain basic infrastructure and services.

- ◆ *Support Lake Oswego Schools.* Lower school enrollment patterns will likely be limited to K-9 grade levels, but could be partially reversed through deliberate and strategic land use and community investment policies that help promote more attainable housing developments in both urban and urbanizing locations.
- ◆ *Acknowledge the wide range of housing price levels.* The existing housing options and price levels are quite diverse in Lake Oswego. While the cost of housing is about 10-25% higher than surrounding cities, housing options in the \$350,000 to \$500,000 category appear to be less expensive (per square foot of floor area) than compared with condos selling in the Pearl District or South Waterfront. As the young families that moved into Portland over the past decade begin to raise families, Lake Oswego could experience some renewed in-migration.
- ◆ *Less vacant land may soon lead to more redevelopment.* The lack of vacant land supply in Portland and inner-ring communities like Lake Oswego will eventually create market conditions that help drive up redevelopment of older underutilized buildings and sites. The City, through its urban renewal development agency, could help facilitate strategic public/private development projects that are consistent with local economic and community development initiatives.
- ◆ *Leverage the Baby Boomers.* The aging population of Baby Boomers in Lake Oswego can become an evolving source of community culture and growth. Opportunities to encourage participation by all ages in topics of interest, community events, arts, lectures, education, training and recreation would result in a richer mix of experiences and cultures for all to appreciate. New assisted and independent living senior housing developments can result in new tax base and higher visitation levels which will provide economic support to local businesses and health care providers.

## B. CURRENT LOCAL POLICY INITIATIVES

Under the direction of the Lake Oswego Council, the City staff has been working with local residents and businesses on several efforts aimed at identifying local policy options and priorities regarding land use, development, economic development, transportation and the environment. It will be important to consider the findings and recommendations that have emerged from recent policy initiatives as the City continues to prioritize how it will spend limited financial resources. An abridged summary of selected local initiatives includes:

### **A Community Vision for Lake Oswego, Report on the City of Lake Oswego 50+ Community Dialogues (meetings held in 2005 and 2006)**

This effort involved participation by over 500 people over the age of 50, and dialogues were focused on how to address changing economics, politics, health care, housing and transportation issues. In addition to a comprehensive assessment of the emerging needs of residents over the age of 50, the work included a review of national best practices. A series of task force meetings (community dialogues) were held to identify recommendations aimed at cost-effective methods of meeting community needs, and avoiding duplication of services. The top recommendations included:

- ◆ Support and implement the “Lake Oswego Affordable Housing Report (adopted July 2005) and develop model programs to provide housing options for residents.
- ◆ Support and implement the “Lake Oswego Elderly & Disabled Special Needs Transportation Study Recommendations” (adopted December 2005) and encourage additional transportation options

- ◆ Evaluate programming and facility requirements to meet the current and future social service needs of residents.
- ◆ Continue to increase opportunities for community and intergovernmental connection.
- ◆ Provide additional life planning and meaningful paid and unpaid service opportunities.
- ◆ Evaluate and develop partnerships to support healthy aging.

More detailed objectives for each of these key recommendations are provided in the report, which is available on the City's Web site at <http://www.ci.oswego.or.us/ACC/50Plus.htm>

### **Attainable Housing in Lake Oswego for Seniors Aging-In-Place and Families; Envisioning Right-Sized Housing Options for Downsizing Seniors or Starting Families, December 2009**

This effort included a demographic and market analysis of trends, and identified challenges using prior input from the 2005 report by the Affordable Housing Task Force, and current recommendations by the Housing Study Group. Primary recommendations of this work included:

- ◆ Update the Comprehensive Plan and implement new goals through the Community Development Code to support attainable housing choices.
- ◆ Replace Discretionary Review Process for SDU's with clear and objective standards.
- ◆ Develop goal and incentives of "no net loss" of existing affordable housing.
- ◆ Establish through Lake Oswego Redevelopment Agency minimum percentage of affordable units in supported developments.
- ◆ Consider tear-down fees for habitable housing units that are to be razed.
- ◆ Recognize the diversity of neighborhoods in applying standards for affordable housing.
- ◆ Form broad-based community Housing Board or Commission to advise the Council over time.
- ◆ Establish Trust Fund to create, preserve, or maintain affordable housing.

Complete reports and meeting minutes on affordable housing are provided on the City's Web site at: <http://www.ci.oswego.or.us/plan/housing.htm>

### **Community Development Code Audit, June 2010**

Lake Oswego is in the process of reviewing its Community Development Code (CDC), which is Chapter 50 of the municipal code for the City. The purpose of the audit was to identify suggestions on where the CDC could be improved to ensure that the content reflects desires of the local officials and citizens. The CDC audit included public and stakeholder input, and a review of national best practices. The audit suggests several techniques that can be used to address stakeholder input regarding perceived: lack of clarity; complex development standards; and confusing review procedures. Details of the report are available on the City's Web site at: [http://www.ci.oswego.or.us/plan/Planning\\_Projects/PP09-0007\\_Code\\_Audit/Code\\_Audit\\_PP09-0007.htm](http://www.ci.oswego.or.us/plan/Planning_Projects/PP09-0007_Code_Audit/Code_Audit_PP09-0007.htm).

These and other local planning efforts provide plenty of research, analysis, and stakeholder input for local policy makers and citizens to consider as the City attempts to address changing demographics, economic and market conditions.

## C. FUTURE POLICY CONSIDERATIONS

In light of the findings contained in this study and the recent policy initiatives it is apparent that Lake Oswego will continue to evolve and change in the future, and can build upon its success realized during its first 100 years. A summary of policy considerations is provided below for additional input and discussion.

### Policy Considerations:

1. **Focus on prioritizing and implementing recent and ongoing initiatives.** Continue to work with local stakeholder advisory committee(s) and the public to carefully consider and prioritize the recommendations included in the Community Vision for Lake Oswego, Report on the City of Lake Oswego 50+ Community Dialogues; and the Housing Group Study.
  - ◆ Consider the specific action items and priorities from Item 1 in tandem with update of the City's Community Development Code and the Comprehensive Land Use Plan; and other related planning initiatives or studies (i.e., Foothills Redevelopment Master Plan, Lake Oswego Redevelopment Agency Urban Renewal Plan update, etc.).
  - ◆ Identify and implement low cost – high value community services, actions and programs that appeal to all segments of the population. For example, continue to promote community events, arts, recreation and educational activities that result in a didactic interchange between seniors and younger residents.
  - ◆ Consider amendments to the Community Development Code which result in desired infill and redevelopment of smaller dwellings and in areas near town center and downtown locations.
2. **Use strategic public investment and marketing to attract desired private investment.**
  - ◆ Inventory and monitor strategic planning areas and redevelopment sites that could potentially address attainable housing developments.
  - ◆ Determine potential return on public investment from investing in land assembly or site infrastructure, and identify appropriate funding sources and public investment priorities which optimize desired private investment in housing and related development.
  - ◆ Monitor neighborhood equity issues and invest in facilities and services that address imbalances so that public transit, parks, recreation and community facilities are enhanced and provided in locations that are planned to have relatively greater population density levels.
  - ◆ In light of the fact that the tri-County Metro UGB is expected to add between 224,000 to 301,500 dwelling units (9,200 and 12,400 new households per year) over the next 20-25 years. Lake Oswego should target about a 2 percent capture rate to support about 3,000 to 4,000 total net new households over the 20-25 year time period. The City should try to market to young families to help maintain school enrollment levels. In addition to great public and private schools, Lake Oswego could also promote its arts, recreation & parks (great bicycle and running trails), international diversity (1 in 10 residents are foreign born) and access to jobs (low commute times to most employment centers in the region).
3. **Continue to promote multi-generational community outreach**
  - ◆ By tapping this mix of current and future leaders represented by Baby Boomers and young creative professionals in current policy discussions and priority setting, we stand to benefit for another 100 years.

## APPENDIX A

Federal Poverty Thresholds by Family Size, Urban Clackamas County,  
Current year dollar amounts (not inflation adjusted)\*

	Census 2000	Census 2008
<b>One Person</b>	<b>\$8,794</b>	<b>\$10,991</b>
<i>Under 65 Years of Age</i>	\$8,959	\$11,201
<i>Over 65 Years of Age</i>	\$8,259	\$10,326
<b>Two Persons</b>	<b>\$11,239</b>	<b>\$14,051</b>
<i>Under 65 Years of Age</i>	\$11,590	\$14,489
<i>Over 65 Years of Age</i>	\$10,410	\$13,030
<b>Three Persons</b>	<b>\$13,738</b>	<b>\$17,163</b>
<b>Four Persons</b>	<b>\$17,603</b>	<b>\$22,025</b>
<b>Five Persons</b>	<b>\$20,819</b>	<b>\$26,049</b>

\* Source: U.S. Census Bureau, average amounts shown do vary by number of related children residing at home.

## APPENDIX B

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**We wish to thank the following stakeholder interview participants:**

- ◆ Adam Davis, President, Davis, Hibbits & Midghall
- ◆ Bill Baars, Director, Lake Oswego Public Library
- ◆ Brian Bjornson, Managing Director (and local developer), Norris & Stevens
- ◆ Candace Kramer, Real Estate Broker (and local developer), Windermere
- ◆ Lawrence Lopardo, Secretary/General Council, Avamere Family of Companies (and local developer/resident)
- ◆ Matthew L. Stanley, Vice President (and Lake Oswego resident), Umpqua Bank
- ◆ Paul Lyons, Management Consultant (and Lake Oswego Housing Task Force committee member)
- ◆ Robert Gallante, Manager, Lake Oswego Urban Renewal Agency
- ◆ Steven Ferrarini, Sales Manager, Touchmark, Inc. (senior care housing developer and operator)
- ◆ Stuart Ketzler, Finance Director, Lake Oswego School District
- ◆ Victoria Garcia, Assistant Vice President, Pacific Northwest Title

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## About FCS GROUP and the project manager

**FCS GROUP** was formed in 1988 to meet a growing demand for independent, objective financial and economic consulting to effectively address cost of service issues in the public sector. Since the firm's inception, FCS GROUP has delivered high-quality, cost-effective consulting services in over 1,600 engagements for over 375 municipal clients. Our staff of 33 serves clients in 10 western states and Canada from our offices in Portland, Seattle and San Francisco. FCS GROUP's mission is to facilitate sound decision-making and management by public officials and stakeholders by providing a solutions-oriented analytical approach to public sector financial and management issues and programs.

### **E. Todd Chase, AICP, LEED<sup>AP</sup>**

#### **Senior Economist & Project Manager, FCS GROUP**

Todd Chase is an economist, Oregon office manager and partner with FCS GROUP. With over 25 years of experience in economic analysis for local governments, ports and private developers, Todd has worked throughout the U.S., Asia and South America on development initiatives. His experience includes work on over 150 community development master plans, economic impact studies, and strategic development implementation assignments. Notable local projects managed by Todd include: River and Pearl District Master Plan Return on Investment (ROI) Analyses; Brewery Blocks Redevelopment ROI Analysis; Metro Economic and Employment Land Study; Metro Regional Infrastructure Study; Clackamas County Economic Landscape Strategy; Hood River Economic Opportunity Analysis; Downtown Bend Design Standards; and development funding/implementation strategies for North Bethany and Pleasant Valley communities.

Todd completed his master's coursework in Finance at Johns Hopkins University, and earned a Bachelor of Science Degree in Economics from the University of Florida. He is a member of the American Institute of Certified Planners, Oregon Department of Land Conservation and Development Economic Development Planning Committee, the U.S. Green Build Council, and the Urban Land Institute, and is a former board member of the Clackamas County Economic Development Commission, and American Council of Engineering Companies of Oregon (ACEC Oregon). Prior to working for FCS GROUP, Todd worked as senior planning manager for Otak, Inc., and was a real estate development analyst for McGraw-Hill/DRI in the Washington D.C area. Todd and his wife Kim, son Trevor, and daughter Heather have lived in Lake Oswego for over 15 years.