



Lake Oswego

Goal 9 (Economy) and Goal 10 (Housing): preliminary findings

April 14, 2011

Presentation Contents

- Growth Forecasts Update
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Population & Housing Growth Scenarios - revised

Base year (2010) housing counts have been updated to reflect current Lake Oswego Planning Dept. staff estimates for housing units within the Lake Oswego USB.

- Low Growth Forecast: Based 2000-2010 Census estimated population trend in Lake Oswego. Extrapolates the past 10-year population growth trend into the future. Assumes housing growth equates to population growth. This forecast is not consistent with Metro's 2005 adopted growth forecast.
- Medium Growth Forecast: In line with the Metro adopted growth forecasts (adopted in 2005) for long-term household growth in the Lake Oswego area.

Housing Growth Forecasts Lake Oswego USB

Low Forecast	2010 est.	Proj. 2035	2010 - 2035 Change	Avg. Annual Change	AAGR*
Population	43,094	47,307	4,213	169	0.37%
Housing Units	19,166	21,040	1,874	75	0.37%

Medium Forecast	2010 est.	Proj. 2035	2010-2035 Change	Avg. Annual Change	AAGR*
Population	43,094	51,100	8,006	320	0.68%
Housing Units	19,166	22,726	3,560	142	0.68%

*AAGR = average annual growth rate

Housing Analysis Methodology

1. Calculate gross buildable land inventory (BLI) of vacant and part-vacant residential-zoned land in Lake Oswego USB
2. Determine min and max housing capacity allowed with current zoning on vacant BLI
3. Determine 20-year market needs for housing with low & medium growth forecast
4. Compare dwelling demand forecast to dwelling capacity on vacant, part vacant and redevelopment lands (current zoning)
5. Apply Metropolitan Housing Rule (MHR) requirements:
 - ✓ Provide the opportunity for a 50/50 mix of attached and detached housing
 - ✓ Provide for an overall density of 10 dwelling units/acre
 - ✓ Provide types & densities for present and future area residents of all incomes

Residential Vacant Land Supply

- USB currently has about 616 acres of vacant and part vacant residential zoned land area (net buildable acres).
- Includes 77.3 acres of vacant and 538.9 acres of part vacant land
- (This does not reflect multifamily zoned land or redevelopment land area, which are not generally subject to “clear and objective” standards).

Residential Buildable Land Inventory, Lake Oswego USB

Zone/Plan Designation	Vacant Acres	Part Vacant Acres	Total Acres
R-0	0.0	5.6	5.6
R-2	2.2	0	2.2
R-2.5	0.4	0	0.4
R-3	0.5	12.5	13.0
R-5	4.4	18.1	22.5
R-6	0.6	0	0.6
R-7.5	33.0	242.7	275.7
R-10	18.5	179.5	198.0
R-15	17.7	80.5	98.2
Total	77.3	538.9	616.2

Source: City of Lake Oswego, January 2011.

Residential Redevelopment Analysis *(preliminary findings)*

- Focuses analysis on “medium+ density” R zones in USB (R-O, R-2, R-2.5, R-3, R-5)
- Includes tax lots with assessed improvement value to land value ratio of 1.25 or less (average of \$43 in total AV per SF of land area)
- Reflects tax lots over 0.25 acres (10,890 SF) in net land area (same development constraints applied as the buildable land inventory)
- Applies current allowed maximum density assumptions by zone

Summary of Redevelopment Potential on R Zones (preliminary)

Net Acres with medium to very high redevelopment potential	78.5
Potential New Dwellings	1,144
Less Existing Dwellings	(330)
Potential Net New Dwellings	814

Mixed-Use Redevelopment Analysis *(preliminary findings)*

- Focuses analysis on “mixed use” zones in subareas (GC/OC, NC/RO, OC/R-3, EC, HC, EC/RO) in Foothills, Downtown, Kruse Way, Boones Ferry Corridor
- Includes tax lots with assessed improvement value to land value ratio of 1.25 or less (average of \$43 in total AV per SF of land area)
- Reflects tax lots over 0.25 acres (10,890 SF) in net land area (same development constraints applied as the buildable land inventory)
- Applies estimated maximum density assumptions by zone per code
- Applies maximum residential allocation assumptions by zone based on city staff and consultant observations in city/region

Mixed-Use Redevelopment Analysis *(preliminary findings)*

- Results in 88.7 acres that can accommodate up to 3.8 million square feet of building floor area
- Not all will be housing
- Need to deduct existing development
- Could happen well beyond 25-years

	Total Medium, High & Very High Redev. Acres	FAR Allowed Max (est.)	Potential Building Floor Area SF
Zoning			
GC/OC	26.8	0.30	350,745
NC/RO	1.2	0.25	13,068
OC/R3	1.5	0.30	19,994
EC	14.0	3.00	1,828,213
HC	19.5	0.30	254,434
CR&D	0.0	0.50	-
EC/RO	25.7	1.20	1,340,777
Total	88.7		3,807,231

Mixed-Use Redevelopment Analysis *(preliminary findings)*

Potential Housing Units on Mixed-Use Redevelopment Lands Sensitivity Analysis

Zoning	Avg. Min DU% of FAR	Avg. Max DU% of FAR	Max New Dwellings*	Less Existing Units	Net New Max Units*
GC/OC	20%	50%	152	0	152
NC/RO	20%	50%	6	0	6
OC/R3	20%	50%	9	0	9
EC	10%	80%	1,272	9	1,263
HC	0%	10%	22	0	22
CR&D	0%	10%	-	0	-
EC/RO	20%	80%	933	422	511
Total			2,394	431	1,963

* assumes 1,150 SF floor area per average dwelling unit.

- Results in up to 1,963 dwelling units that could potentially be provided on mixed-use zones with certain minimum requirements
- Also, a portion of these areas could serve job growth

Housing Demand Analysis

Low Growth Forecast Findings

Low Growth Forecast = 1,874 new dwellings

- ❖ Not consistent with Metro and MHR forecasts
- ❖ Likely meets MHR dwelling mix requirement
- ❖ Changes in existing land use policies, code and redevelopment levels needed to comply with other aspects of MHR (density and attainability)
- ❖ Probably difficult to “defend” per State law (MHR)

Housing Demand Analysis

Medium Growth Forecast Findings

Medium Growth Forecast = 3,560 new dwellings

- ❖ Consistent with Metro and MHR growth forecasts
- ❖ Likely meet MHR dwelling mix requirements
- ❖ Changes in existing land use policies, code and redevelopment levels needed to comply with MHR (density and attainability requirements)
- ❖ Much easier to “defend”

Housing Attainability Findings Greater Portland Region (households by HUD income limits)

Income Limit Classification	2007 Est. (Draft HNA)	2010 Est. (Current Est.)	Notes
High (120% or more of Median Income)	28%	35%	Share of higher-income households went up
Upper Middle (80%-120% of Median Income)	20%	20%	Middle-Income households dropped from 40% to 34%
Lower Middle (50% -80% of Median Income)	20%	14%	
Low (30%-50% of Median Income)	16%	19%	Lower-Income household share stayed about the same
Very Low (less than 30% of Median Income)	16%	11%	
Total	100%	100%	

Housing Attainability Findings Lake Oswego (households by HUD income limits)

Income Limit Classification	2007 Est. (Draft HNA)	2010 Est. (Current Est.)	Notes
High (120% or more of Median Income)	46%	53%	Share of higher-income households went up
Upper Middle (80%-120% of Median Income)	17%	16%	Middle-Income households dropped from 33% to 26%
Lower Middle (50% -80% of Median Income)	16%	10%	
Low (30%-50% of Median Income)	12%	14%	Lower-Income household share stayed about the same
Very Low (less than 30% of Median Income)	9%	6%	
Total	100%	100%	

Draft Assumptions for Housing Attainability and Mix

Metropolitan Housing Rule requires Lake Oswego to meet the needs of the “area” (not city) residents at “all income levels” plus meet or exceed the minimum density (10 DU/acre) and mix requirements (50%+ in SFA & MF)

	Owner-Occupied Dus	Renter-Occupied Dus	All Dus	Density (DU/NBA)
Housing Tenure Distribution	64.5%	35.5%	100%	
Distribution of Housing by Unit Type				
Detached Large Lot SF (>5,000 sq.ft.)	29%	4%	20%	5.0
Detached Small Lot SF (<= 5,000 sq.ft.)	28%	6%	20%	9.0
Attached SF (Rowhouses, SDUs, Zero Lot Line)	28%	6%	20%	14.0
Duplexes/Accessory Dwellings	2%	25%	10%	8.0
Multifamily (Apartments, Condos)	13%	59%	29%	30.0
Total	100%	100%	100%	

Source: Lake Oswego Housing Needs Analysis, Winterbrooke/ECONorthwest, April 2010.

Draft Findings for Housing Needs for Attainability and Mix

Lake Oswego appears to have surplus of buildable low-density land area, but a deficit of medium and high density vacant land area to meet Metropolitan Housing Rule attainability requirements.

Housing Type	Land Supply (net buildable acres)	Land Need (net acres)		Land Surplus or (Deficit)	
		Low Forecast	Medium Forecast	Low Forecast	Medium Forecast
Low Density (R7.5, R10, R15)	572	117	223	455	349
Medium Density (R3, R5)	36	51	97	(15)	(61)
High Density (R0, R2, R2.5)	8	18	35	(10)	(27)
Total	616	187	355	429	261

Source: based on findings presented in prior tables

Metropolitan Housing Rule Policy Issues for Discussion

Density Test for Metropolitan Housing Rule (MHR)

Vacant and Part Vacant Res. Zoned Land Area	616	Net buildable acres
Required Min. Density Per MHR	10.0	DUs/Net Buildable Acre
Required Net New Dwellings Per MHR	6,160	Dwellings
Potential New Dwellings in USB on Vacant and Part Vacant Lands Per City Analysis	(2,155)	Dwellings
Additional Density Requirement Not Met by Vacant and Part-Vacant Residential Lands	4,005	Dwellings

Strategies for addressing the unmet density requirements could include:

- A. New standards for housing minimums*
- B. Redevelopment of strategic areas, like Foothills or WEB building site*
- C. Changing low-density zones to medium-density on official zoning map*
- D. New clear & objective standards that support accessory dwelling units*
- E. Others?*

Draft Analysis of Options for Meeting MHR Density Requirement

1	New Dwelling Units Required to Meet Metropolitan Housing Rule Density Target	6,160		
2	Dwellings Allowed on Existing Vacant and Part-Vacant Land Inventory in Lake Oswego USB	(2,155)		
3	Remaining Unmet Density Requirement			4,005

4	New Policy for Minimum Housing Density Requirement on Medium-Density R Zones (R-O, R-2, R-2.5, R-3, R-5)*	0	to	(1,963)
5	New Policy for Minimum Housing Density Requirement on Mixed-Use Zones (GC/OC, NC/RO, OC/R-3, EC, HC, EC/RO)*	0	to	(816)
6	Specific Plan and Zone Change for Foothills Industrial Area (14.6 +/- acres)	0	to	(1,300)
7	Specific Plan for WEB Site with Housing Requirement	0	to	(400)
8	New Goals and Standards for SDUs or ADUs	0	to	(400)
9	Subtotal (new policy measures)	0	to	(4,879)
10	Unmet Housing Density Requirement	4,005	to	(874)

*** based on draft analysis on redevelopment tax lots with improvement to land value ratio of 1.25 or less, with net parcel size at least 0.2 acres after constraints are subtracted*

Discussion Questions & Next Steps

Questions:

- Are the proposed ranges for housing growth acceptable?
- Are any changes needed to the growth forecasts for submittal?
 - ❖ Low
 - ❖ Medium (growth consistent with Metro forecast)
 - ❖ Or something higher?
- Are the assumptions for housing tenure and mix correct to achieve attainability objectives?
- Are the redevelopment assumptions reasonable?
- Do the strategies intended to meet Housing Rule requirements seem reasonable? What strategies would work best in LO?

Goal 9 Economic Opportunity Analysis Update

Employment Growth Scenarios - revised

Base year (2010) has been updated to reflect current Oregon Employment Dept. job estimates for Lake Oswego USB (Dec. 2009) adjusted to Dec. 2010 using current monthly employment statistics for Clackamas County.

- Low Growth Forecast: Assumes job growth equates to population growth rate in low forecast; and no net loss/gain of industrial or government jobs.
- Medium Forecast: Assumes job growth equates to population growth rate in medium forecast; and no net loss/gain of industrial or government jobs.
- Medium-High Forecast: Consistent with long-term growth rates for employment sectors based on the most recent 10-year (2008-2018) employment forecast for job sectors in Clackamas County (Region 15), and are extrapolated to year 2035.
- High Forecast: Assumes job growth rates consistent with Metro 2009 UGR and draft ECONorthwest EOA work, extrapolated to year 2035.

Low & Medium Employment Growth Forecasts, Lake Oswego USB

Low Growth Forecast	2010 est.	Proj. 2035	2010 to 2035 Change	Avg. Annual Change	AAGR*
Employment	20,538	22,546	2,008	57	0.37%
Retail	1,551	1,760	209	6	0.51%
Commercial/Services	13,382	15,181	1,799	51	0.51%
Industrial	2,834	2,834	-	-	0%
Government/Education	2,771	2,771	-	-	0%

Medium Growth Forecast	2010 est.	Proj. 2035	2010 to 2035 Change	Avg. Annual Change	AAGR*
Employment	20,538	24,354	3,815	109	0.68%
Retail	1,551	1,948	396	11	0.91%
Commercial/Services	13,382	16,801	3,419	98	0.91%
Industrial	2,834	2,834	-	-	0%
Government/Education	2,771	2,771	-	-	0%

*AAGR = average annual growth rate

Medium-High and High Employment Growth Forecasts, Lake Oswego USB

Medium-High Growth Forecast	2010 est.	Proj. 2035	2010 to 2035 Change	Avg. Annual Change	AAGR*
Employment	20,538	25,398	4,859	194	0.85%
Retail	1,551	2,142	590	24	1.30%
Commercial/Services	13,382	17,297	3,915	157	1.03%
Industrial	2,834	2,492	(142)	(14)	-0.51%
Government/Education	2,771	3,468	697	28	0.90%

High Growth Forecast	2010 est.	Proj. 2035	2010 to 2035 Change	Avg. Annual Change	AAGR*
Employment	20,538	34,280	13,741	550	2.07%
Retail	1,551	2,691	1,140	46	2.23%
Commercial/Services	13,382	23,001	9,619	385	2.19%
Industrial	2,834	4,251	1,417	57	1.63%
Government/Education	2,771	4,336	1,565	63	1.81%

*AAGR = average annual growth rate

Lake Oswego 2035 Job Forecasts

draft findings

Lake Oswego USB Net New Employment Forecast, 2010 to 2035

	Low Growth Forecast	Medium Growth Forecast	Medium-High Forecast	High Growth Forecast
Retail Trades	209	396	590	1,140
Services	1,799	3,419	3,915	9,619
Industrial	-	-	(342)	1,417
Government	-	-	697	1,565
Total	2,008	3,815	4,859	13,741

Lake Oswego Vacant and Part Vacant Employment Land Inventory

	Vacant and Part-Vacant Property									
	0.26 to 1 acre		1 to 3 acres		3 to 6 acres		> 6 acres		Total	
	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres	Lots	Acres
Commercial										
E-C	2	0.57							2	0.6
GC	4	1.89	2	4.63					6	6.5
OC/NC	1	0.52							1	0.5
CR & D					1	4.67			1	4.7
Institutional										
CI							1	6.92	1	6.9
Industrial										
IP	1	0.91							1	0.9
Total	8	3.89	2	4.63	1	4.67	1	6.92	12	20.11

- ✓ Reflects Zoning that can accommodate job growth in USB (does not list zones with no buildable land)
- ✓ Subtracts floodplains, wetlands and steep slopes (over 25%)
- ✓ Represents vacant and part vacant land over ¼ acre

Unique Refill and Redevelopment Considerations

- Office vacancy rates end of 2010 were 18.3% in Kruse Way and 12.2% in Lake Oswego/West Linn. Equals 635,000 square feet of vacant space.
 - Vacant buildings could support about 1,500 jobs in Lake Oswego (with no vacant land need)
- Retail has relatively low vacancy rates (4%)
- Industrial had negative absorption during 2010 in Lake Oswego (lost 24,000 SF with 6% vacancy rate)
- There are about 103 acres of mixed-use land area with medium to very high redevelopment potential in Lake Oswego (could accommodate about 1,600 net new jobs)

Draft Target Clusters for Lake Oswego

- Finance, Insurance and Real Estate
- Professional, Scientific, Technical Services and Information
- Corporate or Regional Headquarters
- Green Businesses
- Health Care
- Services for Residents & Seniors
- Government and Public Services
- Advanced Education
- Arts

Important to consider special site and public facility requirements

Lake Oswego USB Employment Land Demand Forecast, 2035

(draft gross buildable land requirements in acres)

Vacant Land Demand

Land Use Classification	Low	Medium	Med-High	High
Commercial & Mixed Use	10	20	40	95
Institutional	1	1	9	21
Industrial	1	2	0	24
Total Vacant Land Demand (acres)	14	23	56	141

Vacant Land Supply

12.3 acres vacant

6.9 acres vacant

Only 1 acre vacant

20.2 acres total

Low to Medium growth forecasts are generally consistent with available land supply and refill/redevelopment potential

Possible Hybrid Scenario?

(draft gross buildable land requirements in acres)

Vacant Land Demand

Land Use Classification	Low	Medium	Med-High	High	Hybrid
Commercial & Mixed Use	10	20	40	95	14
Institutional	1	1	9	21	9
Industrial	1	2	0	24	-3
Total Vacant Land Demand (acres)	14	23	56	141	21

Vacant Land Supply

- 12.3 acres vacant
- 6.9 acres vacant
- Only 1 acre vacant
- 20.2 acres total

Hybrid growth forecast seems most consistent with available land supply and refill/redevelopment potential

Employment Policy Issues for Discussion

Questions:

- What is the locally preferred growth forecast range for submittal?

Next Steps:

- Application of employment forecast to land use scenarios
- Refinement of implementation strategies; policy development and implementation ordinance updates as needed