

Complete Neighborhoods & Housing
(Goal 10: Housing)
DRAFT Background Paper
Updated 11-7-11

Existing Goals

Lake Oswego's 1994 Comprehensive Plan identifies three goals for housing:

1. Provide the opportunity for a variety of housing types in locations and environments to provide an adequate supply of safe, sanitary, energy efficient housing at price and rent levels appropriate to the varied financial capabilities of present and future city residents.
2. Protect the character of existing neighborhoods.
3. Provide for needed housing while protecting environmentally sensitive areas, using land and public facilities as efficiently as possible, and facilitating greater use of alternative transportation modes.

Policy Questions to Consider

- What strategies should be considered to encourage housing types that accommodate the aging population and attract young and working families?
- One of the main strategies to accommodate future growth in the 2035 Vision map is to create 20-minute neighborhoods where people have access to housing, recreation, work and stores in areas with existing commercial development. What kinds of incentives should be considered to make this happen?

Introduction

The Complete Neighborhoods & Housing background paper is a part of *We Love Lake Oswego: Planning for People, Places and Prosperity*, a multi-year effort to guide the physical, economic, social, cultural and environmental development of Lake Oswego over the next 20 years. The Complete Neighborhoods & Housing Action Area addresses the requirements of Housing (Goal 10), the Metropolitan Housing Rule (OAR Division 7) and Metro Urban Growth Management Functional Plan, Title 1, with a focus on housing options, aging in place and access to amenities.

The purpose of this report is to provide background information for developing a decision-making framework and strategy for providing housing over the next twenty years. The report outlines existing housing goals, policy questions and potential changes for consideration during the Comprehensive Plan update process. It assesses the existing housing stock, housing needs and capacity including current trends, including the link between housing and sustainability. Finally, the report suggests how the City might track future progress toward achieving its housing and sustainability goals.

Planning for People, Places and Prosperity

As the City develops key elements of the Comprehensive Plan update, sustainability – defined for Lake Oswego as meeting the vital human needs of the present without compromising our ability to meet future needs – is an important consideration. Strategic questions will aid in the decision-making framework moving forward. Planning in a sustainable way means looking at the community as an interrelated system that includes places around us (the natural and built environment), people (that live and work here), and prosperity (of the local economy) that supports society's needs. As an example, strong parks and recreation programs support a sustainable Lake Oswego in the following ways.

People: Providing a range of housing choices for residents of all ages and income levels increases community diversity, resilience and strength. Well-designed housing in proximity to amenities, such as transportation options, parks and shopping contribute to a strong and active community. Quality housing opportunities are energy efficient and less expensive to maintain over time.

Places: Housing should be attractive and complement existing neighborhoods. Construction that incorporates quality local, renewable resources whenever possible also contributes to the local economy.

Prosperity: Housing adjacent to job locations and/or transportation options reduces commuting costs and helps create a vital and vibrant community. Using local building material suppliers and construction workers strengthens the City's economy.

Background

Lake Oswego's draft vision for Complete Neighborhoods and Housing states:

We have a wide variety of neighborhoods with high quality, attractive and compatible housing that serves a range of ages, incomes and households. Our distinct and walkable neighborhoods contribute to the city's small town feel. Mixed-use districts enhance adjacent residential areas by providing access to quality jobs, housing, transit, entertainment, services and shopping. Higher density housing is located strategically and sensitively, including along transportation corridors and town centers to preserve the character of our existing neighborhoods.

Since the last Comprehensive Plan update in 1994, downtown redevelopment and plans for the Lake Grove town center and Boones Ferry transit corridor have moved Lake Oswego toward compliance with the Functional Plan 2040 Growth concept. The Lake Grove Village Center Plan, adopted in 2008, focuses on transforming Lake Grove to a pedestrian friendly mixed use center with high density housing and supportive commercial uses. The refinement plan for Boones Ferry Road which runs through Lake Grove and connects to the Kruse Way employment center will create a more pedestrian friendly environment. The Foothills Plan envisions it as an expansion of the downtown area and is well-suited to transit oriented development. The proposed Portland to Lake Oswego streetcar alignment is adjacent to this area. Lake Oswego has been working with the City of Portland, TriMet and Metro to investigate options for future streetcar or enhanced bus service that would connect Lake Oswego and Portland along the

Willamette Shoreline railroad tracks and/or Highway 43. The potential for additional transit options is linked to the types of housing that can be provided.

One of Lake Oswego's Quality of Life Indicators is "The percentage of residential properties in Lake Oswego's Urban Services Boundary located within 1/4 mile of a grocery store or convenience store." As of June 2010, 5,155 households or approximately 27 percent of residences are within ¼ mile of a grocery store.

Lake Oswego has 12 special district plans which are official elements of the Comprehensive Plan. Eight of these plans are neighborhood plans which official define and shape the unique characteristics of specific neighborhoods through goals, policies and specific improvement projects. Special District Plans will be reviewed to ensure that their provisions are addressed in the Comprehensive Plan update.

In 2005, the Affordable Housing Task Force published a study about the need for more affordable housing in Lake Oswego. Many of the existing affordable housing units in the City are threatened by demolition and replacement with more expensive housing. Given the scarcity of land and land values in Lake Oswego, it may be difficult to provide affordable housing without some kind of subsidy. To retain affordable units the Task Force recommended that the City:

- work toward a goal of "no net loss" of existing affordable housing;
- support local efforts to establish employer-assisted housing to accommodate people employed in the community;
- replace the discretionary process in the review of secondary dwelling units with standards that are clear and objective, making sure to address neighborhood differences;
- support the efforts of nonprofit housing providers;
- establish an affordable housing trust fund to create, preserve and maintain affordable housing; and
- establish a minimum percentage of affordable housing units in all developments that receive assistance from the Lake Oswego Redevelopment Agency (LORA).

Housing Needs Analysis

As part of its Comprehensive Plan update, the City of Lake Oswego must address its Plan chapter associated with Goal 10 (Housing), its implementing/guiding measure, the Metropolitan Housing Rule, and the Portland Metropolitan Area Functional Plan, Title 1 (Requirements for Housing and Employment Accommodation).

The intent of Goal 10 is to ensure provision for the housing needs of citizens of the State; and that each city accommodates its fair share of regional housing needs. To this end, Goal 10 requires that cities demonstrate sufficient buildable land that could produce a range of housing types appropriate to meet housing needs. State laws require that a range of housing types must be accommodated within Lake Oswego. Approval standards for needed housing types and densities must be "clear and objective" and must not have the effect, individually or cumulatively, of discouraging needed housing through unreasonable cost or delay.

In the Portland Metro region, Goal 10 is also implemented through the Metropolitan Housing Rule. The rule applies to the cities and three counties within the Metro Urban Growth Boundary (UGB), including Lake Oswego, and addresses the Metro area as a regional market in terms of housing demand and buildable land supply and establishes minimum housing type and density standards for each city. An important requirement of the Metropolitan Housing Rule for Lake Oswego is to zone land to provide the opportunity for new residential construction to consist of at least 50 percent attached housing, and to provide an overall density of 10 or more dwelling units per net buildable acre.

Title 1 of Metro's Urban Growth Management Functional Plan is intended to promote efficient land use for housing and employment within the Metro UGB. The Functional Plan is essentially a regional Comprehensive Plan and seeks to assure that each city plans for adequate capacity of buildable land to accommodate future housing. The primary tool for achieving this objective is for local governments to determine the location of 2040 Growth Concept design types (town centers, main streets, corridors, etc.) and incorporate these designations into adopted comprehensive plans. Lake Oswego has completed this process.

Title 1 previously established dwelling unit capacity targets for each local government based primarily on the amount of buildable land and refill assumptions for each jurisdiction. In 1998 and 2002, Metro found that Lake Oswego met Title 1 capacity requirements. In December 2010, the Metro Council adopted Ordinance 10-1244B, known as the "capacity ordinance." This ordinance replaced the dwelling capacity target number with a "no net loss policy." Title 1 now requires the City to maintain the existing dwelling unit capacity by ensuring that any proposed zone change does not reduce the City's overall dwelling unit capacity.

The draft Metro Urban Growth Report (UGR) (December 2009) is currently being updated with an expected completion date of December 2011. Lake Oswego will continue working with Metro toward a coordinated local dwelling unit forecast for 2035 through their periodic review Plan update process.

The City of Lake Oswego conducted a Housing Needs Analysis (HNA) in 2010-2011. Two population projections are used for the analysis: a low-growth forecast based on the 2000-2010 Census-documented growth rate, and a medium-growth forecast that was consistent with the most recent adopted Metro forecast, coordinated with Lake Oswego in 2005. These ranges are being carried forward for comparison purposes until Metro and local jurisdictions arrive at updated forecasts, slated for December 2011.

Forecast	Units	2010 Estimate	2035 Projection	2010 – 2035 Change	Average Annual Change	AAGR*
Low	Population	43,094	47,307	4,213	169	0.37%
	Housing Units	19,166	21,040	1,874	75	0.37%
Medium	Population	43,094	51,000	8,006	320	0.68%
	Housing Units	19,166	22,726	3,560	142	0.68%

According to U.S. Census estimates, the median age of Lake Oswego residents increased from 41.2 years in 2000 to 42.1 years of age in 2006/2008. This is more than five years older than the median age of residents within the Portland Vancouver Metropolitan Statistical Area (36.7). 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, while the 24-55 cohort is projected to shrink. If trends continue, the younger population cohorts (age 5-14) are likely to remain flat or experience negative growth.

Lake Oswego’s land area is designated primarily for residential use, with nearly 60% of the land within the USB zoned for low-density residential development with minimum lot sizes of 7,500-15,000 sq. ft. Lake Oswego has a relatively new housing stock, with only 13% built prior to 1950, and 26% built since 1990. The housing is primarily owner-occupied, though attached and multi-family housing represented an increasing share of new development since 2000 (70%). Median home prices reached their peak in 2005 and have since fallen an average of 22%, while still remaining the highest in the region at \$400,800 in March 2011.

Lake Oswego has approximately 600 acres of vacant and part-vacant land, the large majority of which fall into the part-vacant category, meaning they are at least 2.5 times the minimum lot size for the zone, and could be divided to form additional lots. Over 90 percent of this land is located on lots zoned for a minimum size of at least 7,500 sq. ft. The buildable land inventory also includes an analysis of redevelopment potential on medium and high-density residential land, and on commercial land where housing is a permitted use along with commercial uses (“mixed use” zones). This analysis examined where these zones have developed below their potential capacity, and may add additional units in the future, assuming that properties have redevelopment potential when the building value is up to 150% of the land value. The analysis demonstrated a large capacity for new high-density units in mixed-use areas like Downtown and Lake Grove Village Center. Including vacant, part-vacant, and redevelopable land, Lake Oswego’s total buildable land inventory could accommodate approximately 5,500 new units.

In addition to determining the total number of needed units based on population forecast, the State requires jurisdictions to provide housing that is “commensurate with the financial capabilities of Oregon households.” The HNA report used Clackamas County’s demographics to demonstrate attainability needs for future residents. Based on the County income distribution, Lake Oswego’s demographic trends and land supply, the following mix of housing types was estimated to meet future needs:

Distribution of Housing by Unit Type	Percentage of Future Dwelling Units
Detached Large Lot SF (>5,000 sq.ft.)	23.7%
Detached Small Lot SF (<= 5,000 sq.ft.)	15.0%
Attached SF (Townhomes, Secondary Dwelling Units, Zero Lot Line Dwellings)	27.4%
Duplex/Triplex	11.0%
Multifamily (Apartments, Condos)	22.9%
Total	100%

The results of the HNA indicate that the Lake Oswego Urban Services Boundary has an adequate amount of vacant and part-vacant *low-density* land area, and redevelopable *high-density* land area to meet the 2035 forecasts for its projected housing needs. However, there may be an additional need to accommodate approximately 349 *medium-density* (small lot detached, townhouse, duplex, SDU, etc.) dwelling units to provide housing at a medium price level. While some or all of this attainability need may be met by the surplus in high density capacity, the community may want to provide the opportunity for additional medium density dwelling types as a housing option.

The HNA demonstrates that Lake Oswego generally has the capacity to accommodate either the low or medium population forecast, providing 1,874 to 3,560 new dwelling units. While the low-density dwellings can be accommodated on vacant and part vacant land, the community will need to rely on redevelopment in existing medium- and high-density residential zones and mixed-use zones to meet the projected need for smaller and attached housing types. In order to realize the housing redevelopment potential described in this report, the City will need to develop new strategies such as incentives or requirements for new development in the town centers to include a minimum number of housing units.

In addition to supporting the right size and type of dwelling unit, the city may need to establish strategies to help ensure a range of housing prices is maintained over time, in particular to provide attainable housing for residents earning less than 80 percent of the median family income, which represents 44 percent of Clackamas County households and 30 percent of Lake Oswego households.

To meet the State’s Metropolitan Housing Rule, Lake Oswego will need to ensure that all new housing may be developed under clear and objective review standards that do not have the effect of discouraging housing or reducing the proposed housing density as allowed through zoning. The City is beginning to investigate areas of its existing code that need to be updated. It is also exploring different approaches for providing clear and objective standards while ensuring continued high-quality community design.

Finally, the Housing Rule requires Lake Oswego to provide for an average density of 10 or more dwelling units per net buildable acre. Lake Oswego has demonstrated compliance with this rule at each Periodic Review since the City's original acknowledgement of its 1978 Comprehensive Plan. In 1994, DLCD acknowledged Lake Oswego's average density at 10.2 dwelling units/acre. Consistent with the City's last acknowledgement, Lake Oswego plans to demonstrate its average density "based on the jurisdiction BLI at the time of acknowledgment as updated," which the City's preliminary analysis shows continues to meet the 10 dwelling units/acre requirement.

Housing Trends

Aging Demographic

As mentioned above, U.S. Census data shows that Lake Oswego's population is aging. Lake Oswego's aging population requires a new focus on meeting the future needs of residents. Lake Oswego residents want to "age in place in a community where they can maintain their independence with available and appropriate housing, increased mobility and effective services and support." This will require smaller homes located near transportation and shopping.

Affordable housing

It has been noted that Lake Oswego has been less able to accommodate younger working families due to high housing costs, which then impacts school enrollment. This indicates a need for smaller, more affordable housing units for younger households. These units could be small lot and attached single family homes as well as multi-family condominiums.

What We've Heard

The 2010 *We Love Lake Oswego* community survey which received 823 responses, asked a variety of questions about neighborhoods and housing:

- 57 percent of respondents say that "the ability to walk or bike safely to meet daily needs" is one of the three most desirable elements of a great neighborhood, followed by "proximity to high-quality neighborhood schools" (49%) and "caring and connected neighbors" (41%).
- When asked what housing options will be most important to accommodate Lake Oswego residents over the next 25 years, 64 percent said "preservation/rehabilitation of existing housing," followed by "redevelopment of underused/blighted properties" (63%) and "cottage style housing" (59%).
- 84 percent of respondents say that quality schools will attract more young individuals and families to Lake Oswego.

Sources

Lake Oswego Comprehensive Plan, City of Lake Oswego, Adopted 1994.

Draft Lake Oswego Housing Needs Analysis, City of Lake Oswego, 2011.

Community Vision and Values Survey, 2010.