



April 23, 2012

To: Lake Oswego City Council
From: Tom Cusack, Lake Oswego Resident
Subject: April 24, 2012 City Council Meeting-The Need for Affordable Rental Housing Targets in Foothills Redevelopment Plan and Development Agreements.

I have lived in Mountain Park in Lake Oswego for 31 years. For the record, until I retired 5 years ago, I was the Oregon HUD Field Office Director, serving in that position for a decade and for another 15 years as the HUD/FHA Single Family and Multifamily Director in the Oregon HUD Office. I also write the Oregon Housing Blog and have made more than 2,500 housing related posts since my retirement.

While I serve on several advisory and non-profit boards, these comments represent my personal views and not the views of those organizations.

I am writing to comment on the Foothills Redevelopment item on the April 24, 2012 City Council agenda and to offer support for the establishment of affordable rental housing goals, including family focused rental housing goals, as part of the Lake Oswego Foothills Redevelopment Plan and the inclusion of those goals in any subsequent development agreements and development concepts. I had previously provided related written and oral comments for the November 29, 2011 City Council meeting that included Foothills Redevelopment related actions. (My prior November 28, 2011 written comments can be found [HERE](#)).

In reviewing my prior comments and the April 19, 2012 Foothills District Concept Plan Alternatives document in the City Council meeting materials for April 24, 2012 I note that:

1. There is no mention at all of affordable housing in the April 19, 2012 Foothills District Concept Plan Alternatives document in the City Council meeting package.
2. Lake Oswego has made little progress toward accomplishing a 2001-2006 5 year affordable housing production goal of 339 units found in [Title 3.07.720](#) [pdf p. 42] of the Metro Functional Plan.
3. There has not been a single income restricted family rental housing unit developed in Lake Oswego since this goal was adopted in the Functional plan nearly a decade ago or for that matter in the 31 years I have lived in Lake Oswego. Despite a nearly 75 year history of federal housing programs there are still no income restricted family rental housing projects in Lake Oswego.
4. The absence of any goals for income restricted family rental housing in the plan is inconsistent with a stated Lake Oswego goal of attracting families to combat the threat of declining school enrollment and the goal of Metro adopted goal of promoting regional housing choice.
5. The 2005 Lake Oswego Affordable Housing Task Force specifically recommended that Lake Oswego "Establish through the Lake Oswego Redevelopment Agency (LORA) a minimum percentage of affordable units in all developments that receive the assistance of LORA" but that recommendation has never been implemented.

6. There are no income restricted affordable family rental units in any of the current or planned Urban Renewal districts/Town Centers in Lake Oswego and Lake Grove.

Lake Oswego-2 Town Centers/3 Urban Renewal Districts:
Existing/Planned Housing Units: **3,257**
Existing/Planned Family Income Restricted Affordable Rental Units:
Zero
Sources: Metro 2011 [Centers Report](#); April 2012 Foothills Concept Plan Alternatives.

7. The 1,309 unit expansion of senior and apartment rentals in Concept B of the April 19, 2012 Foothills District Concept Plan Alternatives **document would increase the total Lake Oswego 2010 rental housing stock (5,283 units) by 25%**. The share of all new Foothills residential development from senior housing and apartments in Concept B increases to 82% from the 70% share in the former plan.
8. Lake Oswego’s draft May 26, 2011 housing needs analysis indicated that **35% of rental housing need was for households below 60% of median family income**. [The draft HNA analysis has a number of flaws that have yet to be corrected; my February 2012 identification of those problems can be found [HERE](#)].
9. Applying that needs percentage to the planned 1,309 planned increase in apartments and senior rentals in Foothills Concept B means that **458 of the 1,309 new units should be focused on renters below 60%** of median family income. [Table 1 found on page 3 provides a detailed breakout of affordable apartment and senior rental housing targets at different price ranges for the three development concepts found in the April 19, 2012 Foothills District Concept Plan Alternatives document in the City Council package for April 24, 2012].
10. In a post [HERE](#) I estimate that nearly **1 in 6** of ALL Lake Oswego owner occupied homeowners with a mortgage received a *government assisted* home loan in CY 2010; this was a **\$395 million** commitment in just one year.
11. The [ECONorthwest financial feasibility projection](#) (p.4) of \$3.8 million [Option B] to \$9.4 million [Option A] from Federal/State/Regional funding sources is highly unlikely with no affordable housing commitment.
12. The current Oregon **statewide law banning inclusionary zoning clearly does NOT apply** when a City is providing discretionary incentives and entering into voluntary agreements and contracts with developers that make provisions for affordable housing. This *exemption* from the inclusionary zoning prohibition applies, but is not limited to, the incentives that Urban Renewal districts can provide and that are contemplated in the April 19, 2012 Concept Plan Alternatives document. The specific exception to [ORS197.309](#) is found at ORS197.309 2 (a) and allows inclusionary zoning IF it is a:

"condition of approval creating or implementing an incentive, contract commitment, density bonus or other voluntary regulation provision or condition designed to increase the supply of moderate or lower cost housing units;" [emphasis added].

Conclusion: The significant expansion of Lake Oswego rental housing found in the Foothills Redevelopment Plan gives Lake Oswego a unique opportunity to make long delayed progress in providing affordable housing to meet local and metro Portland housing needs. If that commitment is not made in the Foothills Plan and related development agreements, it would be fair to ask:

**If not Now, When?
If not in Foothills, Where?**

I encourage you to insure that any revised Foothills Plan and development agreements have specific affordable housing commitments that are commensurate with the documented need for affordable rental housing, **at specific income targets**, in Lake Oswego and throughout the metro area.

TABLE 1: April 2012, Lake Oswego Foothills Redevelopment Preferred Concept B: Would Expand Total Lake Oswego Housing Stock by 1,309 Units/25% 35% of Those Units, 458 Units, Are Needed at Rents Affordable to Incomes Below 60% of Median Family Income Courtesy, Oregon Housing Blog					
A. Development Yield Projections (From Page 11, Section 2.2.2)					
Line Item	Concept		Apartments	Senior Housing	Total Rentals
1	Concept A		830	342	1,172
2	Concept B		988	321	1,309
3	Concept C		545	112	657
B. Increase in Lake Oswego Rental Units					
4	Total 2010 Lake Oswego Rental Housing Units	5,283	Apartments	Senior Housing	Total Rentals
5	Expansion of Existing Supply, Concept A		16%	6%	22%
6	Expansion of Existing Supply, Concept B		19%	6%	25%
7	Expansion of Existing Supply, Concept C		10%	2%	12%
C. Affordable Rental Units Need Projections For Different Concepts and Yield Projections					
8	TOTAL Need: Rentals Affordable 0-60% MFI	35%	Apartments	Senior Housing	Total Rentals
9	Max Income Level	\$ 43,800			
10	Maximum Rent	\$985			
11	Units, Concept A		291	120	410
12	Units, Concept B		346	112	458
13	Units, Concept C		191	39	230
14	Needed Rentals Affordable @ 0-30% MFI	11%			
15	Max Income Level	\$ 21,900			
16	Maximum Rent	\$492			
17	Units, Concept A		91	38	129
18	Units, Concept B		109	35	144
19	Units, Concept C		60	12	72
20	Needed Rentals Affordable @ 31-50% MFI	19%			
21	Max Income Level	\$ 36,500			
22	Maximum Rent	\$821			
23	Units, Concept A		158	65	223
24	Units, Concept B		188	61	249
25	Units, Concept C		104	21	125
26	Needed Rentals Affordable 51-60% MFI	5%			
27	Max Income Level	\$ 43,800			
28	Maximum Rent	\$985			
29	Units, Concept A		42	17	59
30	Units, Concept B		49	16	65
31	Units, Concept C		27	6	33

1. Need %'s were derived/ revised from Table 18 in a May 26, 2011 Draft Lake Oswego Housing Needs Analysis. Revisions updated income levels and changed share of income for rent from 35% to 30%. My detailed ID of problems with the draft HNA is HERE:

[http://www.housepdx.com/pdfs/housing/LO May 2011 Draft Housing Needs Analysis Corrections and Updates Needed.pdf](http://www.housepdx.com/pdfs/housing/LO%20May%202011%20Draft%20Housing%20Needs%20Analysis%20Corrections%20and%20Updates%20Needed.pdf)

2. 2012 Income and rent levels are from Oregon Housing and Community Services HERE:

http://www.oregon.gov/OHCS/HPM_income_rent_limits_2012.shtml