

City of Lake Oswego Housing Needs Analysis

Revised Draft
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This document updates and builds upon the work the Draft Housing Needs Assessment created by Winterbrook Planning and ECONorthwest in 2009-2010.

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EXECUTIVE SUMMARY

This report provides an evaluation of Lake Oswego's 20-year housing needs to inform the update of the City's Comprehensive Plan. Specifically, it provides the technical background to assist the City and community in developing policies that will implement the community's vision for 2035 while complying with state housing goals and requirements. This report was originally drafted during winter-spring 2011 and was updated in June 2012 primarily to reflect most recent Census information and 2012 median family income levels. The analysis will be adopted by reference when the Comprehensive Plan is adopted by ordinance in 2013, and serve as a factual basis for goals and policies.

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.

The State Goal for Housing states that:

Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.

Demographic and Housing Forecast

To meet both local and state goals, this document looks at population projections and demographic trends, along with Lake Oswego's housing trends. It then evaluates the current inventory of buildable land, which includes land that is vacant, partially-vacant (could be divided), and likely to redevelop (more intensely developed) over the 20-year planning period. Next the report allocates the total number of needed dwelling units to price ranges, dwelling types, and zoning categories to meet the needs of area households. Finally the report reconciles the housing need with land supply, and describes possible strategies to meet future needs along with implementing the community's vision and state requirements. The population projection used in this June 2012 draft report is expected to be consistent with the Metro forecast that is currently under review and anticipated for completion by Fall 2012.

Units	2010 Estimate	2035 Projection	2010 - 2035 Change	Average Annual Change	AAGR*
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 45.8 years of age in 2010. This is more than nine 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.

Housing Land Supply

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 (65%). Median home prices reached their peak in 2005 and have since fallen an average of nearly 33%, to \$338,100.

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 (referred to in this document as "mixed use" zones). This analysis examines 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.

Housing Need

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." This 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:

	Owner-Occupied Dwelling Units	Renter-Occupied Dwelling Units	All Dwelling Units
Housing Tenure Distribution:	60.0%	40.0%	100%
Housing Unit/Type Distribution			
Detached Large Lot SF (> 5,000 sq.ft. lot size)	34%	4%	22.0%
Detached Small Lot SF "cottages" (<+ 5,000 sq.ft. lot size)	18%	5%	12.8%
Attached SF (Rowhouses, Secondary Dus, Zero Lot Line DUs)	30%	8%	21.2%
Duplex/Triplex	10%	11%	10.4%
Multifamily (Apartments, Condos)	8%	72%	33.6%
Total	100%	100%	100%

Conclusion

The results of the housing analysis (see Table 20, p. 29) indicate that the Lake Oswego Urban Services Boundary has an adequate amount of vacant and part-vacant, and redevelopable land area to meet the 2035 forecasts for its projected housing needs. 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, re-zoning and redevelopment of the area identified in the Foothills District Plan provides an additional opportunity to create high-density housing units and may lower the needed capacity for high-density housing units through redevelopment in mixed-use and high-density residential areas.

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 affordable housing for residents earning less than 80 percent of the median family income, which represents 45 percent of Clackamas County households and 30 percent of Lake Oswego households.

To meet the State's Metropolitan Housing Rule, Lake Oswego will be updating its development code 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.

Finally, the Housing Rule requires cities within the Metro Urban Growth Boundary to provide minimum zoned density levels. Lake Oswego must provide for an average density of ten 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.

The information in this report, along with a preferred land use scenario and updated population forecast, will form the starting place of the community's Comprehensive Plan policy discussion for Complete Neighborhoods and Housing, meeting Lake Oswego's housing needs for the next 20 years by providing *"high quality, attractive and compatible housing that serves a range of ages, incomes and households."*

INTRODUCTION: BACKGROUND AND CONTEXT

The City of Lake Oswego is conducting a Housing Needs Analysis (HNA) as required by its State of Oregon Comprehensive Plan Periodic Review Work Program to update its long-range Comprehensive Plan (Plan) by June, 2013. The City received grant funds from the Department of Land Conservation and Development (DLCD) for technical consultant assistance to help update Goal 10 of the Plan. The City also elected to take advantage of periodic review to create a comprehensive vision for the City to guide policies, investments and associated implementing actions.

This HNA presents current and projected demographic and housing data within the statewide land use planning regulatory context. The assessment of housing needs and development potential frames preliminary implementation actions for the City to consider in order to provide housing opportunities consistent with legal requirements and community aspirations.

Requirements

As part of its Comprehensive Plan update, the City must address its Plan chapter associated with statewide land use planning Goal 10 (OAR 660-015-0000), its implementing/guiding measure, the Metropolitan Housing Rule (OAR 660-007), 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 to ensure 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 needs¹.

State laws in this area 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.²

Statewide Metropolitan Housing Rule

In the Portland Metro region, Goal 10 is also implemented through the Metropolitan Housing Rule (MHR), OAR Chapter 660, Division 007. 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 MHR for Lake Oswego is to zone land to provide the opportunity for new residential construction to consist of at least 50% attached housing, and to provide an overall density of 10 or more dwelling units per net buildable acre³.

¹ See ORS 197.295 through 197.314, also known as “the needed housing statutes.”

² See ORS 197.307(6): “Any approval standards, special conditions and the procedures for approval adopted by a local government shall be clear and objective and may not have the effect, either in themselves or cumulatively, of discouraging needed housing through unreasonable cost or delay.” See also OAR 660-007-0015: “Clear and Objective Approval Standards Required Local approval standards, special conditions and procedures regulating the development of needed housing must be clear and objective, and must not have the effect, either of themselves or cumulatively, of discouraging needed housing through unreasonable cost or delay.”

³ OAR 660-007-(3) Multnomah County and the cities of Portland, Gresham, Beaverton, Hillsboro, Lake Oswego and Tigard must provide for an overall density of ten or more dwelling units per net buildable acre. These are larger urbanized jurisdictions with regionally coordinated population projections of 50,000 or more for their active planning areas, which encompass or are near major employment centers, and which are situated along regional transportation corridors.

Metro's Urban Growth Management Functional Plan Title 1

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. This 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. In 1999, the 2040 Growth Concept design types were incorporated into the Lake Oswego Comprehensive Plan by Ordinance 2204.

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.

Vision and Goals (Local Aspirations)

The City of Lake Oswego has prepared a draft 2035 vision statement which includes seven specific action areas. Goal 10 is addressed by the Complete Neighborhoods and Housing action area, which 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.

While Lake Oswego's vision for Complete Neighborhoods and Housing includes an aspiration to accommodate a range of ages, incomes and households, demographic trends indicate an aging population. The largest population cohort in Lake Oswego is the 45 to 64 year age group, compared to Clackamas County and the Portland-Vancouver Metropolitan Statistical Area (MSA), where the 20 to 44 year old cohort is the largest. This suggests that people are remaining in or moving to Lake Oswego to retire. This trend indicates a need to plan for housing oriented toward older age groups that typically desire well-located, safe, smaller units with lower property maintenance requirements. For more information on the needs of this age group, see *A Community Vision for Aging in Lake Oswego, Report on the City of Lake Oswego 50+ Community Dialogues*.

Lake Oswego also has relatively few younger, working-age families when compared with Clackamas County and the region. Discussions with the Comprehensive Plan Citizen Advisory Committee and the community as a whole have indicated a specific desire to attract more young families with children, which are vital to the city and schools in particular.

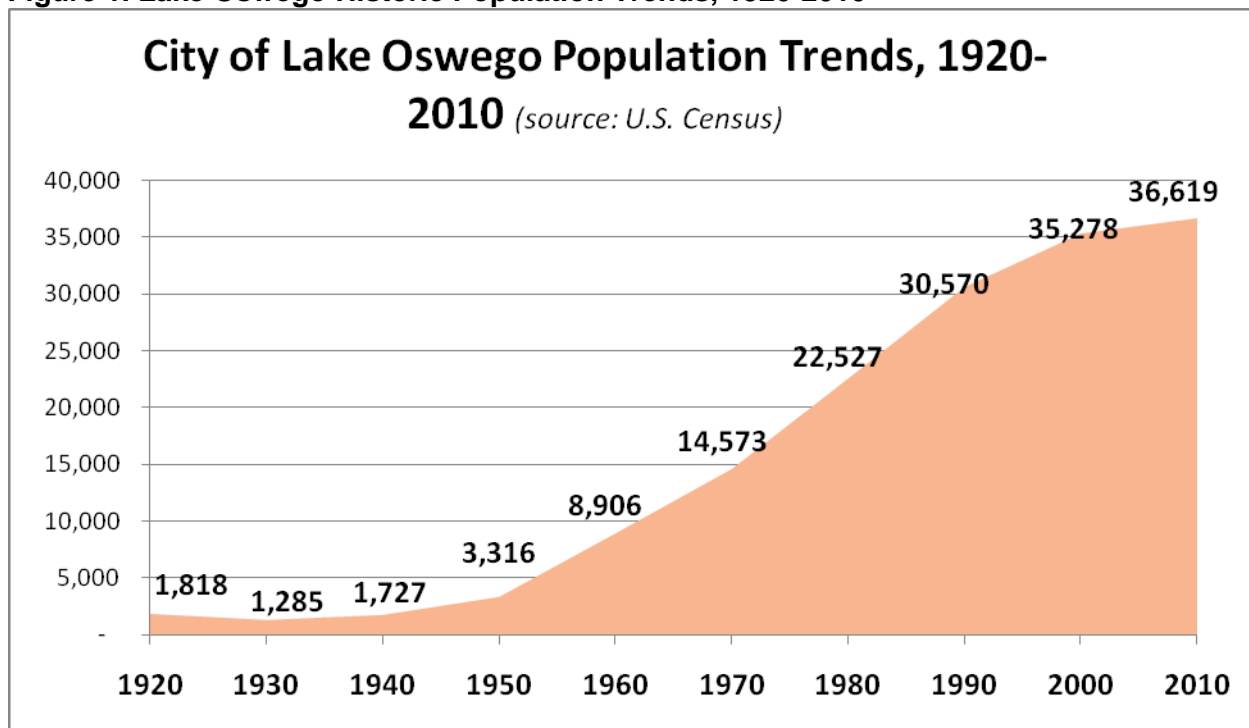
DEMOGRAPHIC AND POPULATION OVERVIEW

Demographic Trends and Forecasts

Lake Oswego is located in the 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. Downtown Lake Oswego’s ongoing renaissance and the city’s excellent parks, schools and community facilities continue to serve as attributes that make it a desirable place to live, work and visit.

As Figure 1 indicates, the U.S. Census Bureau’s 2010 census count estimated there to be approximately 36,619 people in the City of Lake Oswego⁴, which is an increase of 1,341 people since the 2000 U.S. Census.⁵ This figure also demonstrates the rate of growth by decade over the last century, which slowed considerably in the last ten years. For comparison purposes, Figure 2 shows the more recent twenty-year growth trend and population estimates prepared by Portland State University, which indicate a population of 36,845 within the Lake Oswego city limits as of July 1, 2010.

Figure 1. Lake Oswego Historic Population Trends, 1920-2010

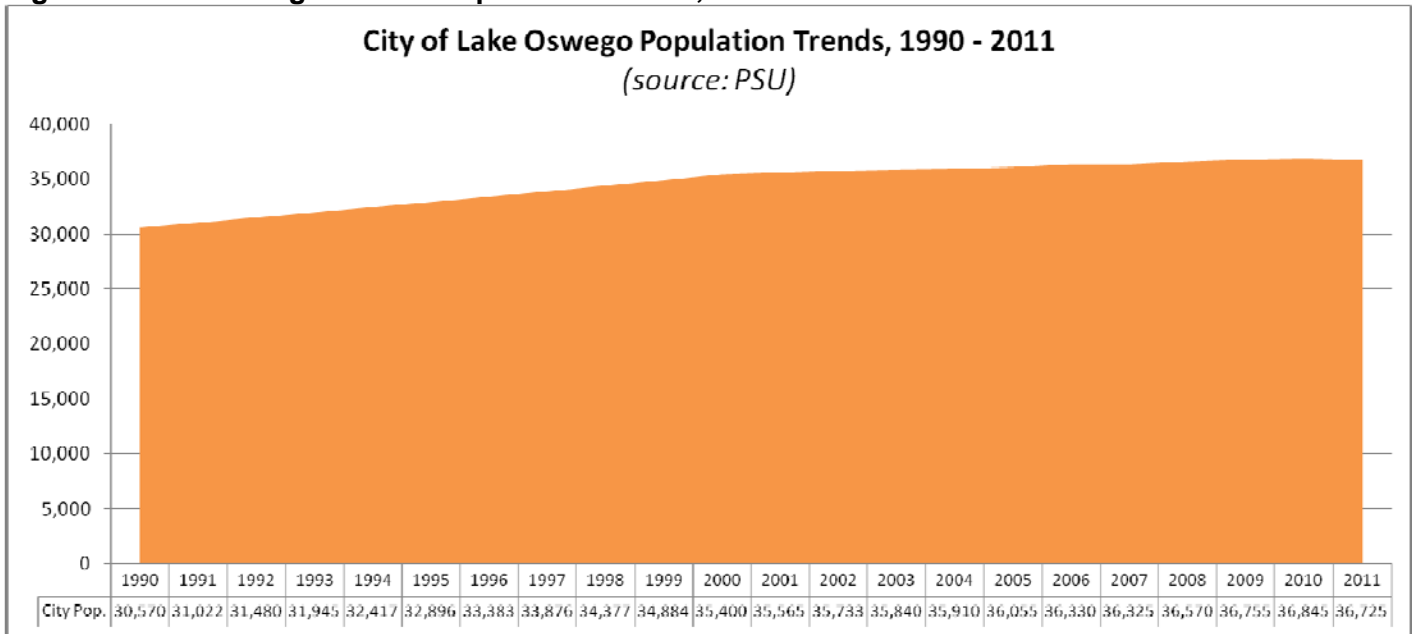


Source: U.S. Census; compiled by FCS Group.

⁴ The Census area is slightly larger than the city limits, but smaller than the urban services boundary (USB).

⁵ Limited Census 2010 information was available at the conclusion of the grant period. Where information was available, it was included.

Figure 2. Lake Oswego Recent Population Trends, 1990-2011



Source: Portland State University, Population Research Center; compiled by FCS Group.

Lake Oswego experienced a net gain of approximately 1,097 households since year 2000, with an increase of 414 family households and 710 nonfamily households, which represents an increase in the share of nonfamily households when compared to the 2006-08 Census data. Another notable shift as indicated in Table 1 on the following page, is the decrease in average household size from 2000-2010, which indicates a recent trend when compared to the increase in household size that occurred between 2000 and 2006-8.

More recent 2010 estimates by City of Lake Oswego Long Range Planning staff for the Lake Oswego USB indicate a relatively lower ratio of population to total dwelling units. Using GIS data, City staff estimates that there were 43,09 people and 19,166 dwelling units in the Lake Oswego Urban Service Boundary (USB) in 2010; with a ratio of people per dwelling unit of 2.25. The fact that this ratio is lower than the average household size estimate reported by the U.S. Census is to be expected, since the U.S. Census tallies only occupied dwelling units and population that resides in households (not group quarters) population.

Table 1. Lake Oswego Demographic and Socio-economic Trends

	Census 2000	Census 2010	Change
Population	35,237	36,619	1,382
Group Quarters Population	163	222	59
Households	14,796	15,893	1,097
Family Households	9,665	10,079	414
Nonfamily Households	5,104	5,814	710
Average Household Size	2.38	2.29	(0.09)
Average Family Size	2.95	2.88	(0.07)
Median Age	41.2	45.8	4.6
	Census 2000	ACS 2008-10	Change
Median Household Income (unadjusted)	\$71,597	\$81,097	\$9,500
Median Family Income (unadjusted)	\$94,587	\$105,722	\$11,135
Per Capita Income (unadjusted)	\$42,166	\$47,704	\$5,538
Median Household Income (inflation adjusted)*	\$98,883	\$86,977	(\$11,906)
Median Family Income (inflation adjusted)*	\$130,634	\$113,387	(\$17,247)
Per Capita Income (inflation adjusted)*	\$58,235	\$51,163	(\$7,073)

* Income data were adjusted to current June 2012 dollars by FCS Group based on the U.S. Bureau of Labor Statistics, inflation calculator.

Source: U.S. Census, 2000 and 2010 and 2008-2010 American Community Survey, data compiled by FCS Group

According to U.S. Census estimates, the median age of Lake Oswego residents also increased from 41.2 years in 2000 to 45.8 years of age in 2010. This is more than nine years older than the median age of residents within the Portland Vancouver MSA region (36.7). 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.

Table 2 indicates that Lake Oswego continues to retain and attract upper-income households. The portion of all households with annual income levels of more than \$100,000 increased slightly from 35% to 38% from 2000 to 2008-10. While the portion of households earning below \$75,000 fell slightly, this income level (just above the 2012 Median Family Income for Clackamas County) still represents 47% of all Lake Oswego Households.

Table 2. Households by Income Level, Lake Oswego

Income Cohort	Census 2000		ACS 2008-2010		Change	
	Number	Dist. %	Number	Dist. %	Number	Percent
less than \$14,999	861	5.8%	770	4.9%	(91)	-0.9%
\$15,000 to \$34,999	2,338	15.8%	1,951	12.5%	(387)	-3.3%
\$35,000 to \$74,999	4,472	30.2%	4,615	29.5%	143	-0.7%
\$75,000 to \$99,999	1,931	13.0%	2,359	15.1%	428	2.1%
\$100,000 to \$149,999	2,550	17.2%	2,361	15.1%	(189)	-2.1%
\$150,000 to \$199,999	1,090	7.4%	1,602	10.2%	512	2.8%
\$200,000 or more	1,582	10.7%	1,989	12.7%	407	2.0%
Total	14,824	100%	15,647	100%	823	-0.1%

Source: 2000 U.S. Census data income levels expressed in 1999 dollars, and 2008-2010 U.S. Census American Community Survey, income levels expressed in 2009 dollars.

According to the U.S. Census 2008-2010 American Community Survey, Lake Oswego’s average per capita income was \$47,704, median household income was \$86,977, and median family income was \$113,387 in 2012 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 housing, transportation, food, energy and health care.

Poverty levels in Lake Oswego are relatively low in the region, however according to the U.S. Census 2006-2008 American Community Survey, Lake Oswego still has an estimated 2,602 people in poverty.

A closer look at population age cohort patterns for Lake Oswego reflects the aging “Baby Boom” population, defined as those born between 1946 and 1965. As indicated in Figure 3 and Table 4, population cohorts that experienced the most significant increase are Baby Boomers within the 55-64 and 65-74 age ranges. These Baby Boomers age 55-74 recorded a combined gain of 4,315 people since 2000.

As summarized in Figure 3 and Table 4 below, since 2000 there have been significant increases in the 55-64 and 65-74 age cohorts, with increases of 70% and 113% respectively. The only other increase occurred among the 15-19 age cohort with a minor 15 person gain. The 20-54 age cohorts experienced the most significant population decline, followed by the birth-age 14 cohort.

Figure 3. Population Age Cohort Trends, Lake Oswego, 2000 and circa 2010

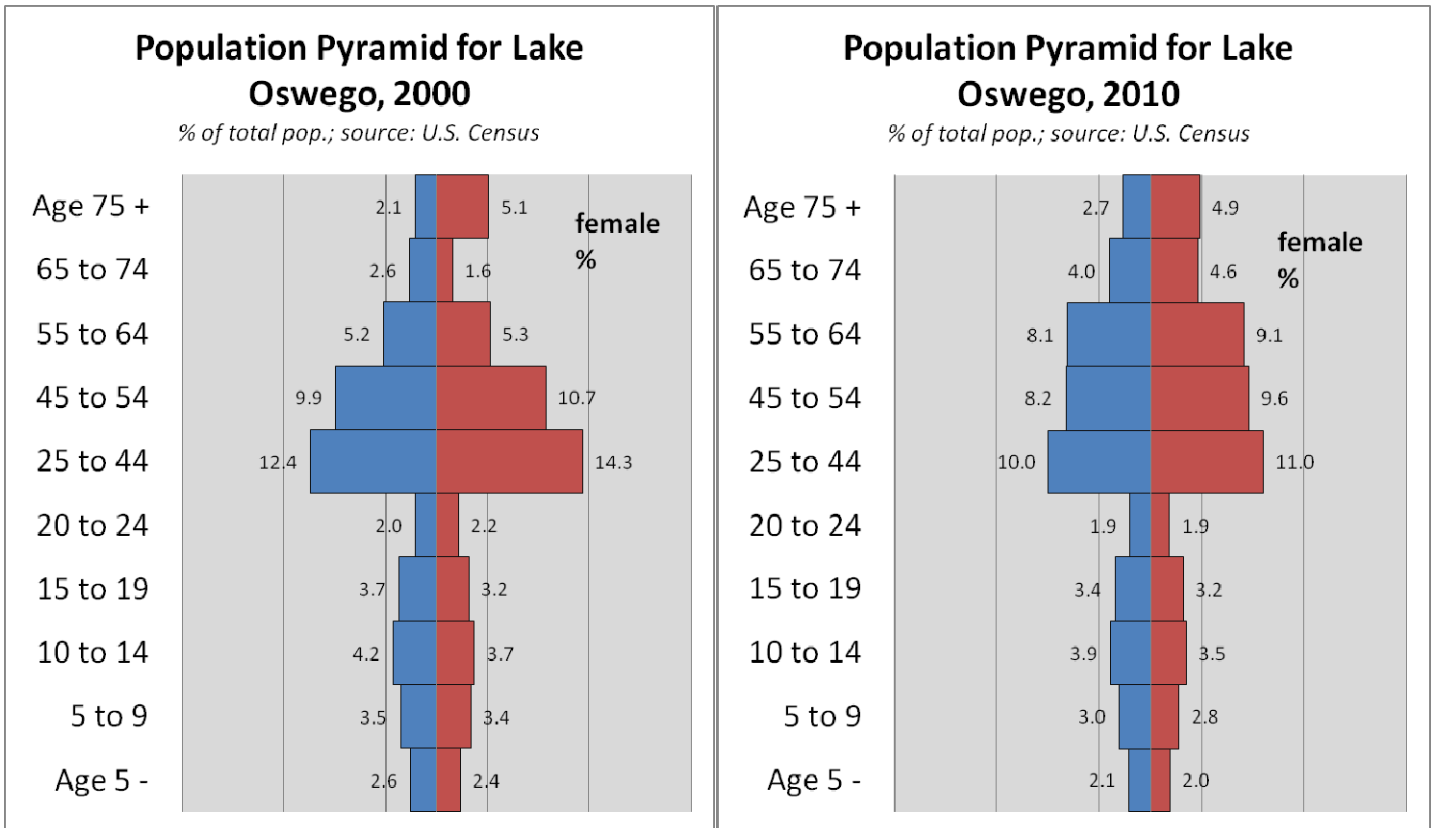
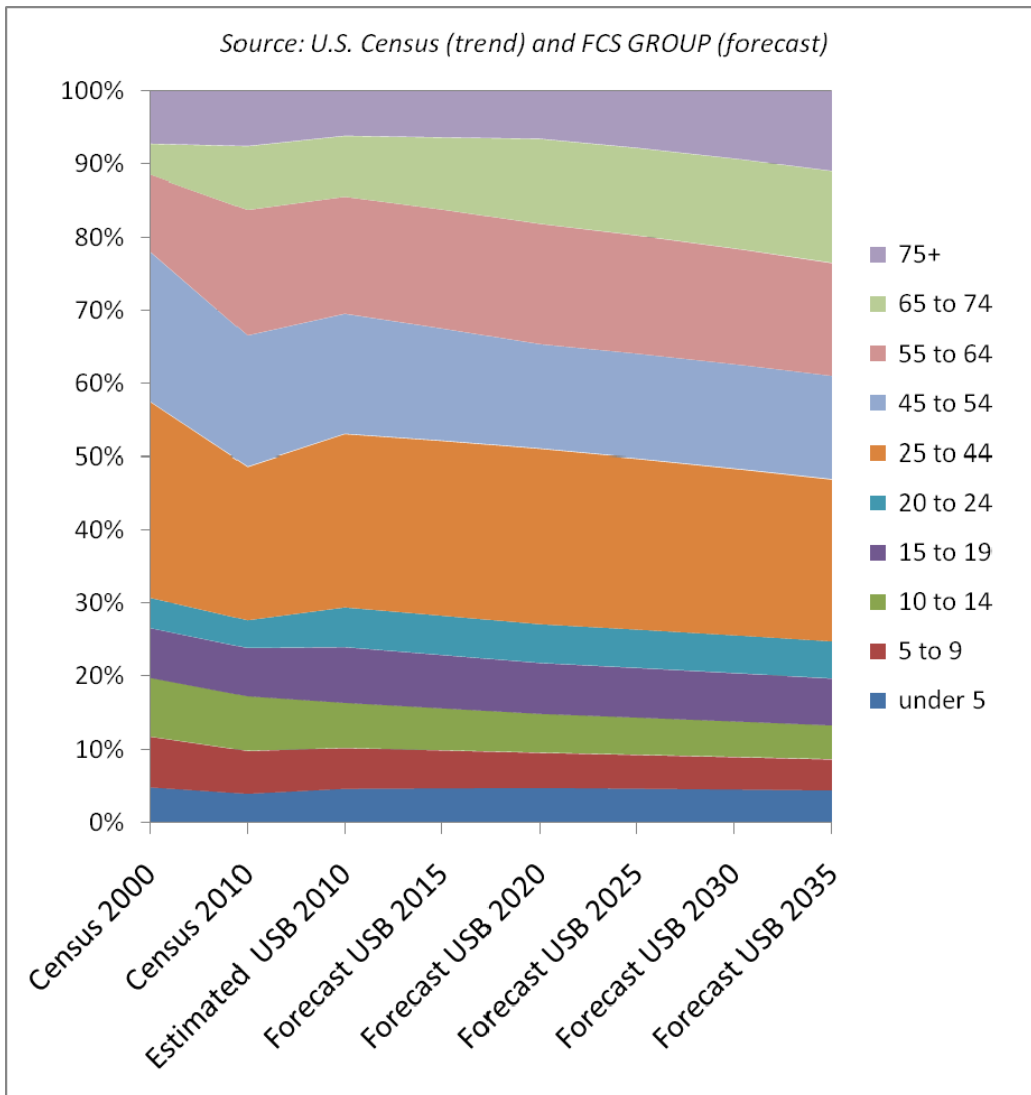


Table 4. Lake Oswego Area Population Age Cohort Trends

Age Cohort (years)	Census 2000	Census 2010	Change	Percent Change
under 5	1,746	1,489	(257)	-15%
5 to 9	2,426	2,129	(297)	-12%
10 to 14	2,810	2,694	(116)	-4%
15 to 19	2,424	2,439	15	1%
20 to 24	1,470	1,403	(67)	-5%
25 to 44	9,441	7,697	(1,744)	-18%
45 to 54	7,267	6,548	(719)	-10%
55 to 64	3,676	6,302	2,626	71%
65 to 74	1,477	3,166	1,689	114%
75+	2,541	2,752	211	8%
Total	35,278	36,619	1,341	4%

Source: U.S. Census, 2000 and 2010. Lake Oswego area is slightly larger than city limits but smaller than the Urban Service Boundary.

Figure 4. Lake Oswego Population Trends and Forecasts



Source: FCS Group.

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.

Table 5. Lake Oswego Area Annual Historic Population Growth Rates

	10-Year Trend 2000 to 2010		Long-Term Trend 1990 to 2010	
	Number	AAGR%	Number	AAGR%
Total Population	134	0.4%	302	0.9%
Male	33	0.2%	133	0.8%
Female	101	0.5%	169	1.0%
Age Cohort (years)				
under 5	(26)	-1.6%	(14)	-0.9%
5 to 9	(30)	-1.3%	5	0.2%
10 to 14	(12)	-0.4%	26	1.1%
15 to 19	2	0.1%	26	1.2%
20 to 24	(7)	-0.5%	2	0.2%
25 to 44	(174)	-2.0%	(159)	-1.7%
45 to 54	(72)	-1.0%	101	1.9%
55 to 64	263	5.5%	188	4.7%
65 to 74	169	7.9%	58	2.3%
75+	21	0.8%	69	3.6%

Source: US Census. AAGR = average annual growth rate.

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 declined 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 range from no growth (best case) to a loss of 342 students (most likely scenario) to a loss of 632 students (worst case). The School District intends to have an updated forecast in December 2012.

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 6A, U.S. Census estimates show the fastest growing segment of household formations in Lake Oswego since 2000 has occurred among senior households, while the household segment with members less than age 18 declined by 429 since 2000.

An analysis of marital status in Table 6A 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.” As evidenced by the data shown in Table 6A, the city is still attractive to single-parent households, but the number of married households with kids is declining.

Table 6A. Lake Oswego Area Household Formation Trends

Household Type	Census 2000	Census 2010	Change
HHs with 1 or more <18 yrs	4,862	4,433	(429)
HHs with 1 or more 18 to 65 yrs	7,049	6,996	(53)
HHs with 1 or more >65 yrs	2,858	4,310	1,452
Total	14,769	15,739	970
Household Type	Census 2000	Census 2010	Change
Married, w/Kids under 18 yrs	3,918	3,522	(396)
Married, no Kids	4,377	4,915	538
Single, under age 65	2,958	3,939	981
Single, over age 65	1,163	1,875	712
Other *	2,353	1,488	(865)
Total	14,769	15,739	970

*Includes non-related people living together.

Source: U.S. Census, 2000 and 2010, compiled by FCS Group.

Table 6B below also shows that renter households have a significant share of the total households with children under age 18. This is an important consideration in the city’s planning for future housing types and desire to attract more families with school-age children.

Table 6B. Lake Oswego Households Tenure by Age of Related Children, 2010

Household Type	Owner	Renter	Total
With Children Under 18	3,473	1,085	4,558
With Children under 6	497	284	781
With Children between 6-17	449	622	1,071
With no Children under 18	7,477	3,858	11,335
Total	10,950	4,943	15,893

Source: U.S. Census, 2000 and 2010 and 2008-2010 American Community Survey, data compiled by FCS Group

Housing Sales and In-Migration Trends

The recent 2008-2009 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 33% since hitting a peak of \$502,000 in February 2008. Median sales prices in Lake Oswego were \$338,100 as of April 2012 according to Zillow.com. As indicated in Table 7, average home prices in Lake Oswego recorded a significant 13.5% decline from one year ago, with the median sales price now lower than West Linn.

Table 7. Median Home Sales Price Trends in Selected Markets

Market Location	Year -Over Year Median Sales Price Change, April 2011 to April 2012	Median Sales Price
Lake Oswego	-13.5%	\$338,100
West Linn	16.5%	\$353,800
Tualatin	19.6%	\$337,900
Beaverton	-3.0%	\$209,000
Portland	1.7%	\$252,800

Source: Zillow.com

In 2010, 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. Average price/sq ft levels were higher in Lake Oswego relative to other jurisdictions with the exception of Portland homes priced between \$350,000 and \$500,000 as shown in tables Table 8 and Figure 5. Recent home sales in the Portland market in the \$350,000 to \$499,000 price category were dominated by relatively new condominium units with relatively small floor plans, hence the cost per square foot tends to exceed Lake Oswego in this price category.

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 housing structure and level of amenities also play a role in the sales price per square foot. 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.

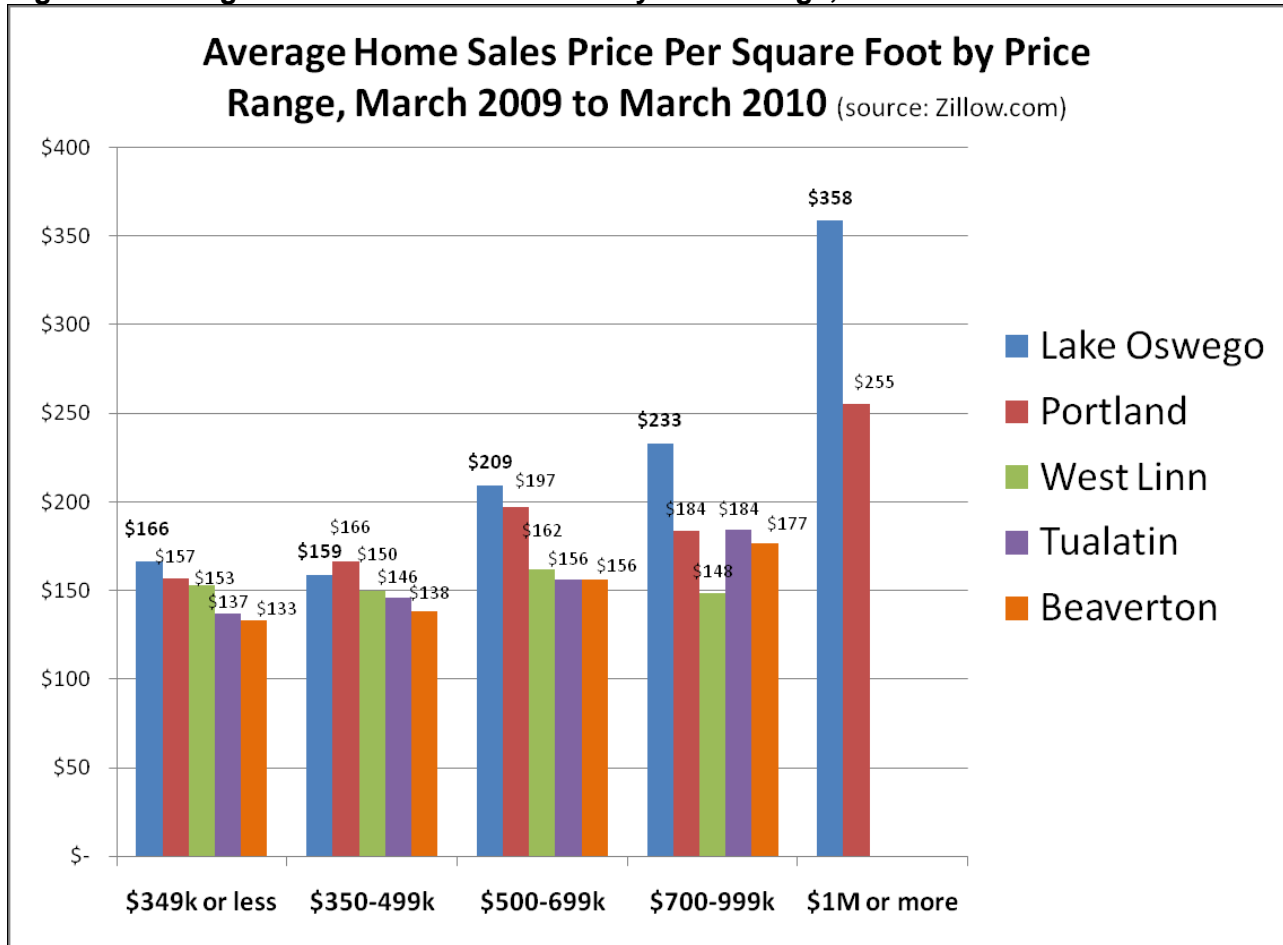
Table 8. Average Home Sales Price Per SF of Floor Area in Selected Market Areas

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 5. Average Home Sales Price Per SF by Price Range, March 2009 to March 2010

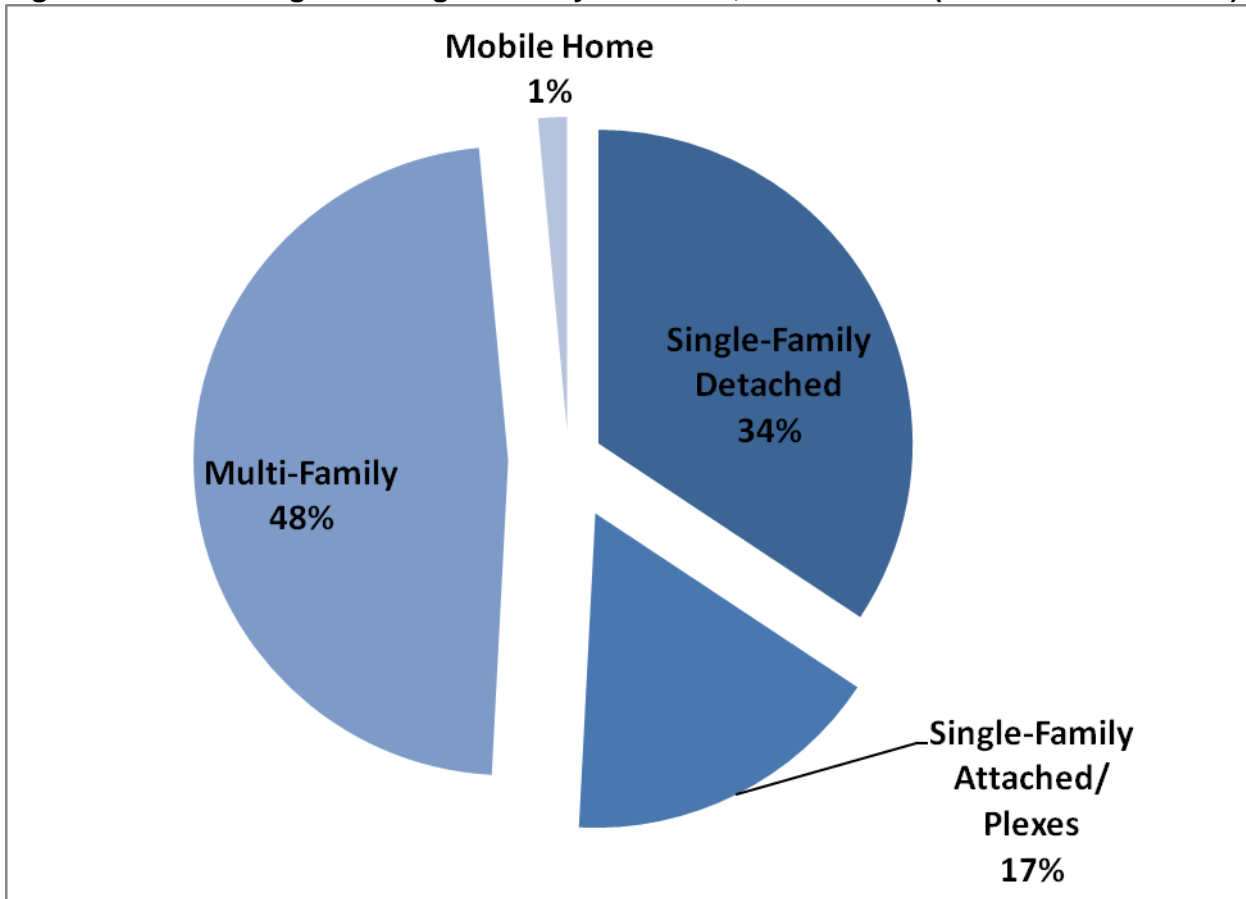


Source: FCS Group.

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, while less than 17% of the inventory in Portland 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.

Lake Oswego housing is predominantly owner-occupied, with 64% of the total housing inventory occupied by owners and 29% occupied by renters. However, the share of multifamily dwellings as a percentage of the total housing inventory is increasing. As indicated in Figure 6 and Table 9, 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 65% of the total housing inventory additions since 2000, according to U.S. Census estimates.

Figure 6. Lake Oswego Housing Inventory Additions, 2000 to 2010 (Source: U.S. Census)



*Estimates for circa 2007 reflect data from the U.S. Census American Community Survey 2006-2008.

Table 9. Lake Oswego Housing Characteristics

	Census 2000	Census 2010	Change
Dwelling Units			
Owner-Occupied	10,423	10,950	527
Renter-Occupied	4,346	4,943	597
Vacant*	972	1,102	130
Total Unit Count	15,741	16,995	1,254
Structure Type	Census 2000	ACS 2008-10	Change
Single-Family Detached	10,055	10,425	370
Single-Family Attached/Plexes	2,117	2,295	178
Multi-Family	3,470	3,984	514
Mobile Home	26	42	16
Total Unit Count	15,668	16,746	1,078
	Census 2000	ACS 2008-10	Change
Median Home Value	\$296,200	\$535,300	\$239,100
Median Gross Rent	\$839	\$1,111	\$272

* indicates that data was obtained from 2010 census

Source: U.S. Census, 2000 and 2010 and 2008-2010 American Community Survey, data compiled by FCS Group

In light of the increase in seniors over the age of 65 and increase in married and single households without kids, the desired mix of future housing demand will likely be strongest for relatively smaller two bedroom dwelling units, including single family “cottages”, multifamily apartments and low rise flats or condominiums.

This report estimates about 10% of the population over the age of 75 will opt to live in assisted living facilities. Given that assumption, the City will likely see a measured increase in the demand for senior care assisted living facilities, but the vast majority of Lake Oswego Baby Boomers will opt to remain in their current residence as long as possible to “age in place”. A significant share may also opt to relocate into smaller dwellings within Lake Oswego, if attainable housing alternatives exist.

Population Forecast

The population growth forecasts for the Lake Oswego USB considered for this HNA are summarized in Table 10. Base year (2010) housing counts reflect current Lake Oswego Planning Department staff estimates for housing units within the Lake Oswego USB. Population 2010 base year estimates for the Lake Oswego USB assume 2.25 people per occupied housing unit, based on Lake Oswego Planning Department estimates.

For regulatory compliance, Lake Oswego is required to eventually adopt a forecast “consistent” with that which Metro establishes for Lake Oswego. The most recent long-term jobs and households forecast for the Lake Oswego area was adopted by the Metro Council in 2005 (Metroscope Generation 2.3) and is currently being updated by Metro in coordination with staff from Lake Oswego and other Metro cities for anticipated release in Fall 2012. The May 2011 draft of this report used two growth forecasts to explore a range of options. Based on draft projections by Metro, the City expects their 2035 housing forecast to be most consistent with the “Medium Growth Forecast” presented in the May 2011 draft, as described below. This forecast is based on Lake Oswego’s capacity for future housing units on vacant, part-vacant and redevelopable land among other trends and market assumptions

Table 10. Summary of Growth Forecast

Units	2010 Estimate	2035 Projection	2010 - 2035 Change	Average Annual Change	AAGR*
Population	43,094	51,000	8,006	320	0.68%
Housing Units	19,166	22,726	3,560	142	0.68%

*AAGR = Average Annual Growth Rate

HOUSING LAND SUPPLY AND CAPACITY ANALYSIS

The housing demand and vacant buildable lands inventory (BLI) methodology in this section should be consistent with the state Metropolitan Housing Rule (MHR) requirements. The following steps were performed:

1. Calculated gross BLI of vacant and part-vacant residential-zoned land in Lake Oswego USB.
2. Removed environmental constraints and land for public facilities.
3. Determined minimum and maximum housing capacity allowed with current zoning on vacant buildable lands.
4. Determined 20-year housing needs based on the growth forecast.
5. Compared dwelling demand forecast to dwelling capacity on vacant, part vacant and redevelopment lands using current zoning.
6. Applied 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 for needed land.
 - Provide types and densities for present and future area residents of all incomes.

Buildable Land Inventory

The City of Lake Oswego Planning Department estimates that the City has approximately 600 acres of buildable lands in residentially designated zones, including approximately 77 acres of vacant land and over 500 acres of part-vacant residentially zoned land as shown in Table 11. Part vacant land may have a structure on it, but the footprint of that structure could easily allow for further residential unit(s) on the site under current zoning. This analysis considered lots partially vacant if they were at least 2.5 times the minimum lot size for the zone.

Table 11. Summary of Vacant and Part-Vacant Residential Buildable Land Inventory and Expected Dwelling Capacity Levels

Residentially Designated Land and Buildable Land Inventory, Lake Oswego USB					
Zone/Plan Designation	Total Acres within USB	Area as % of Total Land in USB	Vacant Acres	Part Vacant Acres	Total Vacant/ Part Vacant Acres
R-0	225.7	2.7%	0.0	5.6	5.6
R-2	10.1	0.1%	2.2	0	2.2
R-2.5	3.2	<0.1%	0.4	0	0.4
R-3	166.6	2.0%	0.5	12.5	13.0
R-5	503.7	6.0%	4.4	18.1	22.5
R-6	104.2	1.2%	0.6	0	0.6
R-7.5	2122.2	25.2%	33.0	242.7	275.7
R-10	1921.8	22.8%	18.5	179.5	198.0
R-15	822.8	9.8%	17.7	80.5	98.2
Total			77.3	538.9	616.2

Source: City of Lake Oswego, 2009.

Table 12 shows that the vacant land area is zoned to accommodate approximately 447 new dwelling units under current zoning.

Table 12. Summary of Vacant Residential Buildable Land Inventory and Expected Dwelling Capacity Levels

Zone/Plan Designation	Vacant Acres	Maximum Allowed Density (DU/Acre)	Maximum Allowed/ Permitted Dwellings
R-0	0.0	34.0	0
R-2	2.2	28.5	63
R-2.5	0.4	28.5	11
R-3	0.5	12.9	6
R-5	4.4	8.7	38
R-6	0.6	7.3	4
R-7.5	33.0	5.8	191
R-10	18.5	4.4	81
R-15	17.7	2.9	51
Total	77.3	5.8	447

Source: City of Lake Oswego, Winterbrook Planning.

As shown in Table 13, Lake Oswego’s current development opportunities on vacant and part-vacant land are primarily concentrated among lower-density land use zone/plan designations. The part-vacant land inventory is estimated to accommodate 1,708 net new dwellings under current land use zone/plan designations.

Table 13. Summary of Part-Vacant Residential Buildable Land Inventory and Expected Dwelling Capacity Levels

Zone/Plan Designation	Part Vacant Acres	Maximum Allowed Density (DUs/Acre)	Dwelling Unit Cap (Max)	Less Existing Dwelling Units	Maximum Net New Dwellings
R-0	5.6	34.0	191	44	147
R-2	0	28.5	0	0	0
R-2.5	0	28.5	0	0	0
R-3	12.5	12.9	162	33	129
R-5	18.1	8.7	158	43	115
R-6	0	7.3	0	0	0
R-7.5	242.7	5.8	1,409	631	778
R-10	179.5	4.4	782	332	450
R-15	80.5	2.9	234	145	89
Total	538.9	5.5	2,936	1,228	1,708

Source: City of Lake Oswego, January 2011.

Combining the number expected dwelling units on vacant land (447) and part-vacant land (1,708) results in a dwelling capacity of 2,155 units.

Redevelopment Analysis

In order to better understand how many new housing units may be constructed on land within the Lake Oswego USB, FCS Group and Lake Oswego Planning staff also estimated the potential number of net new units that could reasonably be expected to redevelop in medium and high-density residential and mixed-use zones.

The residential redevelopment analysis focuses on medium and higher density residential zones in the USB (R-0, R-2, R-2.5, R-3, R-5) where there is capacity for additional units to be added through redevelopment. The analysis includes lots with an assessed improvement value to land value ratio of 1.5 or less and tax lots over 0.20 acres (8,712 SF) in net buildable land area, which are considered likely to redevelop by 2035. Environmental constraints were removed, and the maximum capacity calculated based on net acreage by zone. Existing dwellings were estimated based on total developed residential floor area (assuming an average of 1,250 square feet per dwelling unit) then subtracted from the potential capacity to determine the net potential for additional units.

As shown in Table 14 below, the preliminary redevelopment analysis identifies the potential for up to 1,331 net new dwellings in medium and high-density residential zones.

Table 14. Summary of Redevelopment Potential in Medium and High-Density Residential Zones

Zoning	Buildable Redevelopment Acres	Max. Allowed DUs Per Acre	Less Estimated Existing DUs	Maximum Potential DUs at Existing Zoning	Net New DU Capacity
R-0	17.4	34.0	148	657	509
R-2	4.2	28.5	31	91	60
R-2.5	1.3	28.5	2	36	34
R-3	36.9	12.9	196	493	297
R-5	67.4	8.7	160	590	432
Total	127.1		537	1,867	1,331

Source: Analysis by FCS Group and City of Lake Oswego Long Range Planning staff, 2011.

A redevelopment analysis also was conducted for mixed use zones that allows both residential and commercial uses (GC/R-0, NC/R-0, OC/R-3, EC, GC, HC, EC/R-0). This analysis focused on the following key districts: Foothills, Downtown, Kruse Way and the Boones Ferry Corridor. The same methodology used to remove constraints and determine vacant and part-vacant buildable land was used in the redevelopment analysis. In addition, this analysis assumes a range of building floor areas allocated toward housing, as noted in Table 15, under "Estimated Residential FAR as % of Total FAR." The residential allocation assumptions reflected here differ by zone based on City staff and consultant observations in the city and region.

Table 15. Summary of Redevelopment Potential in Mixed-Use Zones

Zoning	Net Buildable Redevelopment Acres*	Estimated FAR Max Per Zoning	Estimated Max Building SF at Zoned Capacity	Estimated Residential FAR as % of Total FAR	Estimated Maximum New Dwellings at Zoned Capacity**	Less Existing DUs	Estimated Max Net New DUs
GC	21.3	0.30	278,218	50%	121	-	121
NC/R-0	2.3	0.25	25,047	50%	11	1	10
OC/R3	12.0	0.30	157,208	50%	68	2	66
EC	14.8	3.00	1,936,678	80%	1,347	9	1,338
HC	29.0	0.30	378,319	10%	33	-	33
CR&D	0	-	-	-	-	-	-
EC/R-0	0	-	-	-	-	-	-
OC	1.6	0.30	20,386	50%	9	-	9
Total	80.9		2,795,855		1,589	12	1,577

* includes tax lots with existing land improvement value to land value ratio of 1.5 or less.

** assumes 1,150 square feet average floor area per future dwelling unit.

FAR = Building Floor-to-Land Area ratio. DUs = dwelling units.

Source: Analysis by FCS GROUP based on City of Lake Oswego redevelopment assumptions.

The findings, as shown in Table 15, result in 80.9 acres of mixed-use zoned land area that is likely to redevelop over the next 20 years. This redevelopment acreage is zoned to accommodate nearly 2.8 million square feet of building floor area, though not all of this development will be housing. An analysis of potential housing units results in up to 1,589 dwellings that could potentially be provided in these mixed-use areas under current zoning. After accounting for the existing 12 dwellings on these properties, the net new residential development potential on mixed-use redevelopment lands in the Lake Oswego USB is expected to be 1,577 dwelling units. The remaining portion of these redeveloped lands could serve non-residential development and employment/job growth.

Based on the preceding analyses, the Lake Oswego USB has the potential of accommodating approximately 5,063 net new dwelling units under current zoning capacity. As indicated in Table 16, the vacant, part vacant and redevelopment lands have the potential of accommodating about 1,646 single family detached dwellings, 1,017 medium-density dwellings (townhomes, duplexes, etc.) and 2,400 multifamily dwellings (apartments and mid-rise flats) under current zoning.

Table 16. Summary of Net New Residential Dwelling Unit Capacity in Lake Oswego USB

Land Classification	Low Density Dwellings ⁵	Medium Density Dwellings ⁶	Higher Density Dwellings ⁷	Total Dwellings
Vacant Land in "R Zones" ¹	329	44	74	447
Part Vacant Land in "R Zones" ²	1,317	244	147	1,708
Redevelopment Land in Medium & High Density "R Zones" ³	-	729	602	1,331
Redevelopment Land in "Mixed-Use Zones" ⁴	-	-	1,577	1,577
Total	1,646	1,017	2,400	5,063

Notes:

¹ derived from Table 14.

² derived from Table 15.

³ derived from Table 16.

⁴ reflects land zoned R-6, R-7.5, R-10, and R-15.

⁵ reflects land zoned R-3, and R-5.

⁶ reflects land zoned R-0, R-2, and R-2.5; and the mixed-use zones (GC, NC/RO, OC/R-3, EC, HC, CR&D, EC/RO and OC).

Source: Analysis by FCS GROUP based on City of Lake Oswego redevelopment assumptions.

HOUSING NEEDS ANALYSIS

Housing Requirements

Housing Mix Requirement

According to state Metropolitan Housing Rule requirements (OAR 660-007-0000), Lake Oswego "must provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing or justify an alternative percentage based on changing circumstances." Lake Oswego meets this requirement by allowing zero lot line (attached single family) dwellings in all residential zones.

Population Forecast

Through the Periodic Review process, Lake Oswego must have a forecast that is coordinated with Metro. Based on the expected development capacity levels described earlier, Lake Oswego could potentially provide up to 5,063 dwelling units without changes to existing zone/plan standards. This capacity exceeds the total demand anticipated by the forecast.

Housing Density Requirements

The MHR also requires Lake Oswego to provide for needed housing at an overall residential density of 10 or more dwelling units per net buildable acre. Lake Oswego's approach to meeting this rule is discussed on page 31.

Housing Attainability Requirements

The MHR requires cities in the Metro region to meet the needs of the “area” or region (not city) residents at “all income levels”. For Lake Oswego, the area being considered is Clackamas County. Table 17 below summarizes regional income ranges by very low, low, lower middle, upper middle and high income ranges, according to the U.S. Department of Housing and Urban Development.

Table 17. Income Levels and Distribution in 2010

Income Cohort	Qualifying Income ¹		Region ²		Lake Oswego ³	
	Lower-end	Upper-end	Households	Percent Dist.	Households	Percent Dist.
High (120% or more of Median Income)	\$87,600	or more	303,230	35%	8,222	54%
Upper Middle (80% to 120% of Median Income)	\$58,400	\$87,600	170,460	20%	2,511	16%
Lower Middle (50% to 80% of Median Income)	\$36,500	\$58,400	124,204	14%	1,684	11%
Low (30% to 50% of Median Income)	\$21,900	\$36,500	167,890	20%	2,052	13%
Very Low (less than 30% of Median Income)	or less	\$21,900	91,654	11%	857	6%
			857,439	100%	15,326	100%

Notes:

1. Consistent with current regional HUD income limits for Urban Clackamas County, shown in Appendix A.
2. Region includes Clackamas, Multnomah and Washington counties, Oregon. Derived from American Community Survey, 2008-2010.
3. Reflects data for Lake Oswego city; derived from American Community Survey, 2006-2010.

The income levels and distribution in Table 17 have been translated into a range of housing prices, unit types and allocation for future dwellings. To reflect the demographic trend of an aging population and shrinking household size, along with the desire to attract more young households, the allocations in Table 18 have been adjusted slightly in favor of additional allocation toward the upper and lower middle income range.

Table 18. Home Types and Price Points to Meet Attainability Goals*

Owner-Occupied Housing				
Approximate Attainable Home Price*	Low Range	High Range	Attainable Housing Product**	Net New DU Allocation to Address Attainability
High (120% or more of Median Income)	\$434,000	or more	SFD or other high end type (ie., condos)	35%
Upper Middle (80% to 120% of Median Income)	\$289,000	\$434,000	SFD or other mid-value type (ie., townhomes)	20%
Lower Middle (50% to 80% of Median Income)	\$181,000	\$289,000	Small-lot "cottage" SFD, SFA, apt. & gov. assisted housing	14%
Low (30% to 50% of Median Income)	\$109,000	\$181,000	Duplex/Triplex/Quadplexes & gov. assisted housing	20%
Very Low (less than 30% of Median Income)	or less	\$109,000	Condos/Plexes & gov. assisted	11%
				100%

*Assumes 30% of income is used for mortgage payment, 20% downpayment, 6% interest, 30-year mortgage.

** consistent with regional HUD income limits shown in Appendix A.

Renter-Occupied Housing				
Approximate Attainable Monthly Rents*	Low Range	High Range	Attainable Housing Product	Net New DU Allocation to Address Attainability
High (120% or more of Median Income)	\$2,190	or more	Any housing type, higher price	35%
Upper Middle (80% to 120% of Median Income)	\$1,460	\$2,190	Any housing type, lower price	20%
Lower Middle (50% to 80% of Median Income)	\$913	\$1,460	Small-lot "cottage" SFD, SFA, apt. & gov. assisted housing	14%
Low (30% to 50% of Median Income)	\$548	\$913	Apartments, plexes & gov. assisted housing	20%
Very Low (less than 30% of Median Income)	or less	\$548	Apartments, plexes & gov. assisted housing	11%
				100%

*Assumes 30% of income is used for rental payments.

** consistent with regional HUD income limits shown in Appendix A.

In light of the most current findings regarding demographics, housing tenure, and recent housing additions, it appears that the market for housing in Lake Oswego is appropriate at a 60:40 owner/renter ratio of housing inventory, rather than a 64.5:35.5 ratio that was determined previously in the May 2011 draft report. We would also expect the planned mix of multifamily to rise to about 40% of all new dwellings (up from 22.9% assumed previously), and the planned increase in other housing types to fall.

Table 19. Projected Residential Housing Need Mix, Lake Oswego USB, 2010 to 2035

	Owner-Occupied Dwelling Units	Renter-Occupied Dwelling Units	All Dwelling Units
Housing Tenure Distribution:	60.0%	40.0%	100%
Housing Unit/Type Distribution			
Detached Large Lot SF (> 5,000 sq.ft. lot size)	34%	4%	22.0%
Detached Small Lot SF "cottages" (<+ 5,000 sq.ft. lot size)	18%	5%	12.8%
Attached SF (Rowhouses, Secondary Dus, Zero Lot Line DUs)	30%	8%	21.2%
Duplex/Triplex	10%	11%	10.4%
Multifamily (Apartments, Condos)	8%	72%	33.6%
Total	100%	100%	100%

COMPARISON OF RESIDENTIAL CAPACITY AND PROJECTED DEMAND

Future Needed Housing Types and Land

Based on the preceding analysis, the Lake Oswego USB can accommodate approximately 5,574 net new dwelling units under current zoning capacity assumptions. There may also be additional dwelling unit opportunities that could be provided through new secondary dwelling units (SDUs), which are currently allowed but conservatively excluded from these capacity forecasts. As indicated in Table 20, after applying the housing attainability assumptions (shown in Table 18) to the low and medium growth forecasts, it appears that the city can accommodate the low growth forecast for all housing and zone types, but would need to adopt some new policies to fully accommodate the expected medium housing density need associated with the medium growth forecast.

Specifically, the analysis indicates that under the medium forecast, there is an additional need to accommodate approximately 349 medium density (townhouse, duplex, SDU, etc.) dwelling units, which would require approximately 48 acres. This need could mainly be addressed by redevelopment in appropriate locations within the existing USB area. The City may also want to explore if some or all of the medium density need could technically be met through the high density supply, under the assumption that high-density housing can be provided at price levels at or below medium-density price levels. The projected housing deficit for medium density housing could be addressed through a combination of local land use policy measures discussed in the Implementation section.

Table 20. Residential Dwelling Capacity and Projected Housing Demand, Lake Oswego USB, 2010 to 2035

Land Use Classifications	Potential Net Buildable Land Area in Acres					Dwelling Unit Capacity and Demand Forecast			Potential Land Need in by Year 2035	
	Vacant (acres)	Part Vacant (acres)	Redevelopment: R Zones (acres)	Redevelopment: Mixed-Use Zones (acres)	Total Acres	Potential Dwelling Unit Capacity (dwellings)	New Dwellings Needed to Meet Pop. Forecast & Attainability Levels (dwellings)	Potential Dwelling Unit Surplus by 2035 (dwellings)	Likely Residential Land Need by 2035 (acres)	Potential Residential Land Surplus or (Deficit) by 2035 (acres)
Low Density (primarily large lot SFD in R-7.5, R-10, R-15 zones)	69.2	502.7	-	-	571.9	1,646	783	863	272.1	299.8
Medium Density (primarily small lot SFD in R-3, R-5 zones)	5.5	30.6	104.3	-	140.4	1,017	456	561	62.9	77.5
High Density (primarily MF in RO, R-2, R-2.5, GC, NC/RO, OC/R3, EC, HC, CR&D, EC/RO, OC zones)	2.6	5.6	22.8	80.9	111.9	2,400	2,321	79	108.2	3.7
Total	77.3	538.9	127.1	80.9	824.2	5,063	3,560	1,503	443.3	380.9

SUMMARY AND POLICY OPTIONS

Considering the supply of vacant, part-vacant, and redevelopable land, Lake Oswego appears to have a surplus of buildable low-density and high-density land, but a deficit of medium density land to serve middle income levels and meet the State's housing attainability requirement. This need may be met in part or whole through the redevelopment capacity for high-density housing. The City will need to consider if this would provide the desired mix of housing options and meet the community vision.

Appendix C lists potential strategies and potential density levels associated with potential new development within the Lake Oswego USB for consideration during housing implementation discussions.

Although the City appears to meet its MHR requirements for attached/detached mix, needed housing types and locations, the City will need to review its code and make updates as needed to ensure that all needed housing types can be developed under clear and objective standards. In other words, policies and regulations should not prohibit or discourage the provision of affordable and needed housing.

In addition, the City may want to consider new policies and incentives specifically aimed at providing opportunities for senior residents to age in place, and for young people and families to find a home in Lake Oswego.

By the conclusion of Periodic Review in April 2013, the Lake Oswego City Council will need to adopt a single population projection and update these strategies if and as needed.

IMPLEMENTATION STRATEGIES

The following set of policy options have been developed in response to state requirements and local aspirations. These considerations and recommendations have been compiled from previous housing strategies as well as conversations with the Comprehensive Plan Citizen Advisory Committee, Goal 9 and 10 Work Group and Planning Commission. The policy options are intended to create a menu of options for the City and its advisory groups to consider as they work to update the Comprehensive Plan based on the findings that have been identified through this HNA process.

Demographic Trends

The demographic analysis suggests that people are remaining in or moving to Lake Oswego to retire and indicates a need to plan for housing oriented toward older age groups that typically demand smaller units with lower property maintenance requirements. The location of senior-oriented housing options in relation to senior needs and community amenities will also be an important part of this policy discussion.

Discussions with the Citizen Advisory Committee and the community as a whole have indicated a specific desire to attract more young families with children, which are vital to the city and schools. The demographic and housing trends and conditions suggest that higher housing costs in Lake Oswego compared with neighboring jurisdictions may be a barrier for young families. In order to provide a diversity of housing types and densities, the City may want to consider providing additional opportunities for housing types more affordable for these families.

Vacant Land Supply/Redevelopment

Lake Oswego has a relatively limited supply of vacant land area inside the USB, and now must rely on redevelopment and optimization of the remaining vacant land inventory to meet future needs and be consistent with MHR requirements.

Possible Strategy

Continue to emphasize policies that encourage or support redevelopment at designated areas (such as mixed-use and neighborhood centers); and policies and code that support new secondary dwelling units; single family attached housing; and multifamily housing, especially in designated centers.

Metropolitan Housing Rule

Housing Mix. Lake Oswego is required to meet the State's MHR requirements for housing mix (opportunity for 50/50 mix of attached and detached housing) and average density on buildable land (see page 7). Lake Oswego has a limited amount of vacant land and needs to develop strategies to meet future housing needs and MHR requirements in a way that fits within the city's unique character. Lake Oswego's residential zones allow for attached "zero lot line" housing and meets this requirement.

Clear and Objective Standards. The MHR also requires the City to provide an opportunity for all needed housing to be developed under clear and objective development standards. "Needed housing" includes all single family, multifamily, attached and detached housing; this requirement is not exclusive to the "buildable" portion of the city. Multifamily and single family housing with three or more attached units in Lake Oswego currently goes through a design review process with the Design Review Commission and is reviewed against a set of building design standards. The City received a Periodic Review grant from DLCD to update its development code to ensure the opportunity for these housing types to be developed under clear and objectives standards. The City plans to adopt revised standards within the timeframe of Periodic Review to comply with this provision of the Metropolitan Housing Rule.

Minimum Density. To help maintain the Metro Urban Growth Boundary and efficient land use patterns, the MHR requires cities within the Metro UBG to provide minimum average zoned density levels. Lake Oswego must provide for an overall density of ten or more dwelling units per net buildable acre. The city was assigned this density category because it is one of the "larger urbanized jurisdictions with regionally coordinated population projections of 50,000 or more for their active planning areas, which encompass or are near major employment centers, and which are situated along regional transportation corridors."

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. The City may demonstrate compliance with this rule using one of two buildable land inventory approaches as outlined in OAR 660-007-0045 (2). 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." Lake Oswego's preliminary analysis shows that zone/plan changes since acknowledgement have not had the effect of decreasing zoned density below 10 dwelling units/net buildable acre.

Other Complete Neighborhood and Housing Strategies for Consideration

Other strategies for consideration:

- Strategically explore re-designation in select locations near centers with transportation options and other amenities to focus new development and redevelopment in the best areas for Lake Oswego while maintaining the integrity of single family neighborhoods.
- Amend development standards in appropriate areas targeted for mixed-use development to remove barriers to mixed-use housing and employment uses. Amendments could include adjustments to allowable heights and densities, reduction of parking requirements, allowances for meeting landscaping requirements, permitting greater floor lot coverage to make structured parking more feasible, and/or removing or limiting subjective buffering standards.
- Consider the following strategies to meet the need for lower income housing attainability:
 - Establish a minimum percentage of affordable units in all developments that receive assistance from the Lake Oswego Redevelopment Agency.
 - Work toward a goal of “no net loss” of existing affordable housing through incentives and other means.
 - Improve the permitting process to allow for needed housing types including secondary dwelling units while respecting neighborhoods.
 - Avoid “one size fits all” approaches for different geographic areas in Lake Oswego.

APPENDIX A. HOUSING ATTAINABILITY ANALYSIS FOR LAKE OSWEGO USB

Urban Clackamas County Median Family Income Level (2012)*		\$73,000
Market Segment by Income Level		
High (120% or more of MFI)		120%
Upper Middle (80% to 120% of MFI)	80%	120%
Lower Middle (50% to 80% of MFI)	50%	80%
Low (30% to 50%)	30%	50%
Very Low (less than 30% of MFI)	30%	
Qualifying Income Level		
High (120% or more of MFI)	\$87,600	or more
Upper Middle (80% to 120% of MFI)	\$58,400	\$87,600
Lower Middle (50% to 80% of MFI)	\$36,500	\$58,400
Low (30% to 50%)	\$21,900	\$36,500
Very Low (less than 30% of MFI)	\$21,900	or less
Available Annual Housing Payment (@30% of income level)		
High (120% or more of MFI)	\$26,280	or more
Upper Middle (80% to 120% of MFI)	\$17,520	\$26,280
Lower Middle (50% to 80% of MFI)	\$10,950	\$17,520
Low (30% to 50%)	\$6,570	\$10,950
Very Low (less than 30% of MFI)	\$6,570	or less
Available Monthly Rent or Payment (@30% of income level)		
High (120% or more of MFI)	\$2,190	or more
Upper Middle (80% to 120% of MFI)	\$1,460	\$2,190
Lower Middle (50% to 80% of MFI)	\$913	\$1,460
Low (30% to 50%)	\$548	\$913
Very Low (less than 30% of MFI)	\$548	or less
Approximate Attainable Home Price**		
High (120% or more of MFI)	\$434,000	or more
Upper Middle (80% to 120% of MFI)	\$289,000	\$434,000
Lower Middle (50% to 80% of MFI)	\$181,000	\$289,000
Low (30% to 50%)	\$109,000	\$181,000
Very Low (less than 30% of MFI)	\$109,000	or less

Notes:

* based on Housing and Urban Development thresholds for Clackamas County in 2012.

Note, this analysis is generally consistent with 4-person household size characteristics.

** assumes 20% down payment on 30-year fixed mortgage at 6.0% interest.

Source: analysis by FCS Group using Housing and Urban Development, and US Census data.

APPENDIX B. FEDERAL POVERTY THRESHOLDS BY FAMILY SIZE, URBAN CLACKAMAS COUNTY, CURRENT YEAR DOLLAR AMOUNTS (NOT INFLATION ADJUSTED)



2012 – Income Limits for LIHTC & Tax-Exempt Bonds Clackamas County, Oregon



For more detailed MTSP income limit information, please visit HUD's website:
<http://www.huduser.org/portal/datasets/mtsp.html>

Actual 2012 Median	\$73,000	
Ntl Non-Metro 2012 Median	\$52,400	(applies to 9% credits only in non-metro areas)
2012 HERA Special Median	\$73,400	(applies to projects in existence before January 1, 2009)

Median Incomes calculated based on a 4-person household

What Income Limit Should You Use?

Is the location considered RURAL by USDA? (if yes, it is eligible to use the Ntl Non-Metro Median for 9% projects)¹

Not All Clackamas County is considered urban within its major cities, to verify your address and accuracy, please visit:
<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=sfo&NavKey=property@12>

--The following income limits indicate the highest income limit allowable--

Did the project exist ² in 2008?	If NO, did it exist ² :	If NO, did it exist ² :
-- If it's a 4% Tax Credit Project Use: HERA Special 2012	Between Jan 1, 2009 - Nov 30th, 2011 -- If it's a 4% Tax Credit Project Use: Actual Incomes 2012	After Dec 1st 2011 -- If it's a 4% Tax Credit Project Use: Actual Incomes 2012
-- If it's a 9% Tax Credit Project Use: HERA Special 2012	-- If it's a 9% Tax Credit Project Use: Actual Incomes 2012	-- If it's a 9% Tax Credit Project Use: Actual Incomes 2012

Actual Income Limits 2012								
% MFI	1 Pers	2 Pers	3 Pers	4 Pers	5 Pers	6 Pers	7 Pers	8 Pers
30%	\$15,330	\$17,520	\$19,710	\$21,900	\$23,670	\$25,410	\$27,180	\$28,920
35%	\$17,885	\$20,440	\$22,995	\$25,550	\$27,615	\$29,645	\$31,710	\$33,740
40%	\$20,440	\$23,360	\$26,280	\$29,200	\$31,560	\$33,880	\$36,240	\$38,560
45%	\$22,995	\$26,280	\$29,565	\$32,850	\$35,505	\$38,115	\$40,770	\$43,380
50%	\$25,550	\$29,200	\$32,850	\$36,500	\$39,450	\$42,350	\$45,300	\$48,200
55%	\$28,105	\$32,120	\$36,135	\$40,150	\$43,395	\$46,585	\$49,830	\$53,020
60%	\$30,660	\$35,040	\$39,420	\$43,800	\$47,340	\$50,820	\$54,360	\$57,840
80%	\$40,880	\$46,720	\$52,560	\$58,400	\$63,120	\$67,760	\$72,480	\$77,120

HERA Special Income Limits 2012								
% MFI	1 Pers	2 Pers	3 Pers	4 Pers	5 Pers	6 Pers	7 Pers	8 Pers
30%	\$15,420	\$17,640	\$19,830	\$22,020	\$23,790	\$25,560	\$27,330	\$29,070
35%	\$17,990	\$20,580	\$23,135	\$25,690	\$27,755	\$29,820	\$31,885	\$33,915
40%	\$20,560	\$23,520	\$26,440	\$29,360	\$31,720	\$34,080	\$36,440	\$38,760
45%	\$23,130	\$26,460	\$29,745	\$33,030	\$35,685	\$38,340	\$40,995	\$43,605
50%	\$25,700	\$29,400	\$33,050	\$36,700	\$39,650	\$42,600	\$45,550	\$48,450
55%	\$28,270	\$32,340	\$36,355	\$40,370	\$43,615	\$46,860	\$50,105	\$53,295
60%	\$30,840	\$35,280	\$39,660	\$44,040	\$47,580	\$51,120	\$54,660	\$58,140
80%	\$41,120	\$47,040	\$52,880	\$58,720	\$63,440	\$68,160	\$72,880	\$77,520

Ntl Non-Metro Income Limits 2012								
% MFI	1 Pers	2 Pers	3 Pers	4 Pers	5 Pers	6 Pers	7 Pers	8 Pers
30%	\$11,010	\$12,570	\$14,160	\$15,720	\$16,980	\$18,240	\$19,500	\$20,760
35%	\$12,845	\$14,665	\$16,520	\$18,340	\$19,810	\$21,280	\$22,750	\$24,220
40%	\$14,680	\$16,760	\$18,880	\$20,960	\$22,640	\$24,320	\$26,000	\$27,680
45%	\$16,515	\$18,855	\$21,240	\$23,680	\$25,470	\$27,360	\$29,250	\$31,140
50%	\$18,350	\$20,950	\$23,600	\$26,200	\$28,300	\$30,400	\$32,500	\$34,600
55%	\$20,185	\$23,045	\$25,960	\$28,820	\$31,130	\$33,440	\$35,750	\$38,060
60%	\$22,020	\$25,140	\$28,320	\$31,440	\$33,960	\$36,480	\$39,000	\$41,520
80%	\$29,360	\$33,520	\$37,760	\$41,920	\$45,280	\$48,640	\$52,000	\$55,360

Notes:

1: Projects with previous 'Rural' designations that are no longer considered to be located in rural areas (by the USDA) are permitted to use the previous year's National Non-Metro income limits should they be higher than the current year's income limits. The National Non-Metro income limits are online here: http://www.ohcs.oregon.gov/OHCS/HPM_income_limits.shtml

2: Exist - defined by OHCS as the project's placed-in-service (PIS) date. Projects consisting of multiple buildings, where each building is being treated as part of a multiple building project (see line 8b on IRS Form 8609), will be considered as being "in existence" provided at least one building was PIS during the affected year.

The income limits listed above are based on the Multifamily Tax Subsidy Program (MTSP) income limits published by HUD on December 1, 2011. Per Revenue Ruling 94-57, owners will have until January 15, 2012 to implement these new MTSP income limits (45 days from their effective date). Please note that all definitions and explanations herein may be subject to change upon later IRS and/or HUD clarification.

APPENDIX C. OPTIONS FOR PROVIDING NEW DWELLINGS WITHIN LAKE OSWEGO USB

	Estimated Acres in USB (net buildable)	Dwelling Potential (net new)	Potential Avg. Density (DU/acre)
1. Vacant and Part Vacant Land Inventory			
a. Low Density	571.9	1,640	2.9
b. Medium Density	36.1	292	8.1
c. Higher Density	8.2	221	30.0
2. Redevelopment: Net New Dwellings on Medium & High Density R-Zones (R-0, R-2, R-2.5, R-3, R-5)	127	1,331	10.5
3. Redevelopment: Net New Dwellings on Mixed-Use Zones (GC/R-0, NC/R-0, OC/R-3, EC, GC, HC, EC/R-0)	80.9	1,577	19.5
4. Redevelopment: Increase housing in Boones Ferry Corridor (various strategies may be used)	n/a	n/a	n/a
5 Specific Plan and Zone Change for Foothills Industrial Area	n/a	1,735	n/a
6. New Goals and Standards for SDUs	n/a	n/a	n/a

Source: Compiled by City of Lake Oswego Long Range Planning Department, and FCS Group, April 29, 2011.