



CITY OF OREGON CITY

CITY COMMISSION REGULAR MEETING - REVISED AGENDA

**Commission Chambers, Libke Public Safety Facility, 1234 Linn Ave, Oregon City
Wednesday, November 17, 2021 at 7:00 PM**

REGULAR MEETING OF THE CITY COMMISSION

Ways to participate in this public meeting:

- *Attend in person, location listed above*
- *Register to provide electronic testimony (email recorderteam@orc.city.org or call 503-496-1509 by 3:00 PM on the day of the meeting to register)*
- *Email recorderteam@orc.city.org (deadline to submit written testimony via email is 3:00 PM on the day of the meeting)*
- *Mail to City of Oregon City, Attn: City Recorder, P.O. Box 3040, Oregon City, OR 97045*

1. CONVENE MEETING AND ROLL CALL

2. FLAG SALUTE

3. CEREMONIES AND PROCLAMATIONS

3a. Proclamation Declaring the Month of November as "Shop Oregon City" and Saturday, November 27, 2021 as Oregon City Buy Local, Small Business Saturday

4. CITIZEN COMMENTS

Citizens are allowed up to 3 minutes to present information relevant to the City but not listed as an item on the agenda. Prior to speaking, citizens shall complete a comment form and deliver it to the City Recorder. The City Commission does not generally engage in dialog with those making comments but may refer the issue to the City Manager. Complaints shall first be addressed at the department level prior to addressing the City Commission.

5. PRESENTATIONS

5a. Newell Creek Canyon Park Grand Opening Presentation

5b. Main Street America Presentation

6. ADOPTION OF THE AGENDA

7. CONSENT AGENDA

This section allows the City Commission to consider routine items that require no discussion and can be approved in one comprehensive motion. An item may only be discussed if it is pulled from the consent agenda.

[7a.](#) Minutes of the September 28, 2021 Joint Work Session with the City of West Linn

[7b.](#) Minutes of the September 30, 2021 Joint Work Session with the City of West Linn

8. PUBLIC HEARINGS

[8a.](#) Resolution No. 21-53, Budget Adjustment and Supplemental Budget for the 2021-23 Biennium

[8b.](#) First Reading of Ordinance 21-1014 - An Ordinance Approving GLUA 21-00057 and LEG 21-00004, Adopting the Housing Needs Analysis

9. GENERAL BUSINESS

[9a.](#) Resolution No. 21-54, Declaring an Emergency and Exempting a Temporary Warming Shelter at The Father's Heart Street Ministry from Planning Code Requirements (November 17, 2021 until March 31, 2022)

[9b.](#) The Downtown Oregon City Association Memorandum of Understanding

10. COMMUNICATIONS

City Manager

Commissioners

Mayor

11. ADJOURNMENT

PUBLIC COMMENT GUIDELINES

Complete a Comment Card prior to the meeting and submit it to the City Recorder. When the Mayor/Chair calls your name, proceed to the speaker table, and state your name and city of residence into the microphone. Each speaker is given three (3) minutes to speak. To assist in tracking your speaking time, refer to the timer on the table.

As a general practice, the City Commission does not engage in discussion with those making comments.

Electronic presentations are permitted but shall be delivered to the City Recorder 48 hours in advance of the meeting.

ADA NOTICE

The location is ADA accessible. Hearing devices may be requested from the City Recorder prior to the meeting. Individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-657-0891.

Agenda Posted at City Hall, Pioneer Community Center, Library, City Website.

Video Streaming & Broadcasts: The meeting is streamed live on the Oregon City's website at www.orcity.org and available on demand following the meeting. The meeting can be viewed on Willamette Falls Television channel 28 for Oregon City area residents as a rebroadcast. Please contact WFMC at 503-650-0275 for a programming schedule.

PROCLAMATION

WHEREAS, Oregon City seeks to bring the local community together to support economic vitality and the quality of life in Oregon City and wishes to celebrate the independence of the citizens of Oregon City and the entrepreneurial spirit represented by our core of local independent businesses; and

WHEREAS, the individual decisions every community member makes today affect the future of Oregon City; and

WHEREAS, Oregon City's local independent businesses help preserve the uniqueness of the community and give us a sense of place; and

WHEREAS, Oregon City's core of independently-owned businesses give back to this community in goods, services, talent and creating employment opportunities for locals; and

WHEREAS, the small business owners of our community work hard in the marketplace to provide quality goods and services, and this, in turn evokes the confidence of the consumers who respond in a fashion which keeps the economy healthy and vital; and

WHEREAS, Oregon City's independent business owners and employees enrich community members' shopping experiences with their knowledge and passion;

NOW, THEREFORE, I, Rachel Lyles Smith, Mayor of the City of Oregon City, do hereby proclaim:

The Month of November 2021 as "Shop Oregon City"

AND

Saturday, November 27 as "Oregon City Buy Local, Small Business Saturday"

AND salute our community members and locally owned independent businesses who are integral to the unique flavor of Oregon City and honor their efforts to make Oregon City the place we want to live, work and shop. Also urging the residents of our community, and communities across the country, to support small businesses and merchants on Small Business Saturday and throughout the year.

IN WITNESS WHEREOF, I hereunto set my hand this 17th day of November 2021.

RACHEL LYLES SMITH, Mayor

LET'S GO SHOP SMALL THIS SEASON

Item 3a.

WHAT IS SMALL BUSINESS SATURDAY®?

Since its inception in 2010, Small Business Saturday, proudly backed by American Express®, has illuminated the significance of supporting small, independently owned businesses across the country. Falling between Black Friday and Cyber Monday, it's a day dedicated to supporting the diverse range of local businesses that help create jobs, boost the economy, and keep communities thriving across the country.

WHY SUPPORT SMALL BUSINESS SATURDAY?

- Demonstrates a conscious commitment to the communities in which we live.
- Creates goodwill within the communities.
- When we support small businesses, we help create jobs and local communities preserve their unique culture.

2020 SMALL BUSINESS SATURDAY FACTS:

- In 2020, U.S. consumers reported spending a record high total of an estimated \$19.8 billion at independent retailers and restaurants on Small Business Saturday.¹
- On average for every dollar spent at local small businesses 67 cents stays in the local community.²
- Elected officials in all 50 states, Washington, D.C., Puerto Rico, and other U.S. territories championed Small Business Saturday.

¹ The American Express 2020 Small Business Saturday Consumer Insights Survey was conducted by Teneo on behalf of American Express and the National Federation of Independent Business (NFIB). The study is a nationally representative sample of 2,572 U.S. adults 18 years of age or older. The sample was collected using an email invitation and an online survey. The study gathered self-reported data and does not reflect actual receipts or sales. It was conducted anonymously on November 29, 2020. The survey has an overall margin of error of +/- 2.0%, at the 95% level of confidence. Projections are based on the current U.S. Census estimates of the U.S. adult population, age 18 years and over.

² The 2018 Small Business Economic Impact Study was conducted by Econsult Solutions, Inc. (ESI) on behalf of American Express. ESI calculated the share of national Gross Domestic Product (GDP), employment and employee compensation that small businesses with under 100 employees provide to the economy based on an analysis used by the U.S. Small Business Administration. ESI also estimated how much of each dollar spent at the average small business remains in their local community and used input-output analysis across 100 representative U.S. counties to calculate the additional impact that is generated locally as the result of the spending of employees and the spending of the small business with local suppliers and service providers.

LET'S GO SHOP SMALL THIS SEASON

Item 3a.

- 723 local governments issued proclamations in support of Small Business Saturday covering all 50 states and Washington, D.C.
- American Express enlisted the support of nearly 100 large companies, known as Corporate Supporters, to help drive excitement for and promote Small Business Saturday.
- The Small Business Saturday Coalition, comprised of national, state and local associations that help coordinate activities for Small Business Saturday with small business owners and consumers, had over 300 organizations help spread the Shop Small® message.
- According to the 2020 Small Business Saturday Consumer Insights Survey, 97% of shoppers recognized the positive impact they can make by shopping small, and 85% of them reported they also encouraged friends and family to do so, too.³

JOIN THE COALITION:

Building on the success of previous years, the Coalition of supporters are more committed than ever. This includes support from advocacy organizations that join the initiative to motivate constituents through incentives and offers to not only Shop Small on November 27, 2021, but Shop Small all year long.

The coalition is led by Women Impacting Public Policy, a business advocacy organization representing small businesses. [Join Us!](#)

Contact Info:

Small Business Saturday Program

Women Impacting Public Policy

Phone: (415) 434-4314 |Email: sbscoalition@wipp.org

³The American Express 2020 Small Business Saturday Consumer Insights Survey was conducted by Teneo on behalf of American Express. The study is a nationally representative sample of 2,572 U.S. adults 18 years of age or older. The sample was collected using an email invitation and an online survey. The study gathered self-reported data and does not reflect actual receipts or sales. It was conducted anonymously on November 29, 2020. The survey has an overall margin of error of +/- 2.0%, at the 95% level of confidence. Projections are based on the current U.S. Census estimates of the U.S. adult population, age 18 years and over.



CITY OF OREGON CITY CITY COMMISSION JOINT WORK SESSION WITH THE CITY OF WEST LINN DRAFT MINUTES

Virtual Meeting
Tuesday, September 28, 2021 at 6:00 PM

JOINT WORK SESSION WITH THE CITY OF WEST LINN

CONVENE WORK SESSION AND ROLL CALL

Mayor Lyles Smith convened the meeting at 6:04 PM.

Oregon City

PRESENT: 5 - Mayor Rachel Lyles Smith, Commissioner Adam Marl, Commissioner Denyse McGriff, Commissioner Frank O'Donnell, and Commissioner Rocky Smith, Jr.

STAFFERS: 6 - City Manager Tony Konkol, Public Works Director John Lewis, Community Development Director Laura Terway, Assistant City Recorder Jakob Wiley, City Engineer Dayna Webb, Economic Development Director James Graham

West Linn

PRESENT: 5 - Councilor Todd Jones, Councilor Mary Baumgardner, Councilor Rory Bialostosky, Council President Bill Relyea, Mayor Jules Walters

STAFFERS: 4 - City Manager Jerry Gabrielatos, Deputy City Manager John Williams, City Attorney Tim Ramos, Assistant City Engineer Erich Lais

CITIZEN COMMENTS

No public comments were received.

INTRODUCTORY ITEMS

1. Council & Commission Introductions

Mayor Walters thanked all those that participated in the joint meeting.

Mayor Lyles Smith also thanked everyone and mentioned the reason for the joint meeting was the abundance of transportation related projects that affect both cities and that it was deemed appropriate to share information.

2. Staff and Consultant Introductions

Oregon City Manager Konkol and Public Works Director Lewis introduced staff and consultant Marc Butorac with Kittelson & Associates and West Linn Manager Gabrielatos introduced their staff.

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3. Work Session Overview

Mr. Butorac provided a brief overview of the meeting agenda and objectives for both sessions which consist of ongoing/planned transportation updates.

DISCUSSION ITEMS

4. City of West Linn Updates

City of West Linn staff provided updates on ongoing and planned transportation projects and topics of interest along their waterfront, including:

1. Willamette Falls Drive Concept Plan Adoption

Mr. Lais provided information on pedestrian and bike improvements to Willamette Falls Drive. This project is not currently funded.

2. Waterfront Project/City Hall Historic District

Mr. Williams provided background on the visioning efforts of the district and some of the challenges West Linn has experienced. The plan for the former City Hall is to develop the building into a cultural center.

3. Willamette Falls Locks

Mr. Williams reviewed Oregon House Bill 2564, which established the public corporation of the Willamette Falls Lock Authority, with Governor appointments to be made by December 2021. The next steps are to secure start-up and capital funding.

Mayor Lyles Smith asked what the timeline was for the Willamette Falls Drive Concept Plan and Mr. Lais indicated there is not, as there is not current funding for the Plan. Thirty percent of the design has been completed. Mayor Lyles Smith also provided comments on potential considerations for bike pathways from a ridership perspective.

Commissioner McGriff asked for clarification on the alignment on Willamette Falls Drive and Mr. Butorac and Councilor Jones provided information and clarification on pathway placement.

5. City of Oregon City Updates

City of Oregon City staff will provide updates on ongoing and planned transportation projects and topics of interest along the waterfront, including:

1. Willamette Falls Legacy Project

Ms. Terway provided background on the Blue Heron site and the new ownership by the Grand Ronde Tribe and their visioning to create a cultural center in partnership with the four public agencies.

2. OR 99E Shared Use Path Project

Ms. Webb provided background on the project that addresses gaps in pedestrian and bicycle access along 99E and complete street design along McLoughlin Blvd. between 10th and the 99E tunnel. A regional flexible fund allocation grant was received for development of the final phase.

3. Economic Development and Tourism

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Mr. Graham outlined the Strategy Plan which includes a new workforce development strategy called Talent Ready and the business retention and expansion program. Also outlined is the new Urban Renewal Development Plan.

4. Transportation Demand Management

Ms. Terway provided the background which included the goal of accommodating more activity downtown, increasing pedestrian and bike access downtown, supporting transportation options and managing parking resources. Ms. Terway reviewed the projects currently under development.

5. Downtown Oregon City Railroad Quiet Zone

Ms. Webb provided information on the safety improvements necessary to establishment of the quiet zone.

Mayor Walters commented that West Linn would like to partner with Oregon City on the Arch Bridge Anniversary celebration.

Councilor Bialostosky commented that he would like to see a joint effort to resolve traffic issues that affect both cities, especially when I-205 tolling begins.

Councilor Jones asked about the riverwalk as part of the Willamette Falls Legacy Project and Ms. Terway clarified that the four public partners are focused on only the riverwalk project.

Commissioner McGriff asked about reducing the speed on McLoughlin Blvd/99E as well as enhancing the three pedestrian crossings and Ms. Webb indicated there are potential design elements that could be investigated that may help both items. Rian Windsheimer with Oregon Department of Transportation (ODOT) commented they will work with Oregon City to look at the potential of reducing the speed in that area.

There was additional discussion regarding the basalt wall formation on Willamette Drive and the implications of removing portions to expand access.

6. Oregon Department of Transportation Updates

Oregon Department of Transportation staff will provide updates on ongoing and planned transportation projects and topics of interest in the area, including:

1. I-205 Improvement Project Update

Mandy Putney, ODOT, provided an overview of the project that has the goals of earthquake-ready bridges, reducing crashes and reducing congestion and travel times. Discussed was the interim and long-term financing for Phase 1A construction.

2. I-205 Phase 1A Construction

Allen Hendy, ODOT, presented on the Phase 1A construction which includes widening of the Abernethy Bridge portion of the freeway and interchange/pedestrian improvements with Highway 43 and 99E. Mr. Hendy reviewed the noise variance and sound wall installations, property impacted by nightwork, and lane closures.

Commissioner Smith asked about sidewalk connections by Main Street by the sound wall installations. Mr. Lewis and Mr. Hendy provided information on the timeline and other construction details.

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Mayor Lyles Smith asked if noise levels are tested during construction and Mr. Hendy indicated testing can be done if requested. Also discussed were email distribution lists to the neighborhood associations for construction updates.

Councilor Relyea asked about the potential of installing video surveillance measures to reduce speeding and crashes during the construction. Mr. Hendy indicated that ODOT will be working with the Oregon State Police and both cities' police forces to enforce the speed limits during the four years of the construction. Mr. Windsheimer indicated that ODOT does not have the authority to conduct video surveillance, but they can do the photo ticket process for speed violators.

Councilor Baumgardner asked what fish species will be monitored during the construction and Mr. Hendy indicated that all the primary species including salmon, will be protected as well migratory birds.

3. I-205 Tolling & Regional Mobility Pricing Policy

Lucinda Broussard presented on the tolling process which includes automated vehicle tolling by window tags and also video capture of license plates and billing by mail. Toll amounts are unknown presently but will be established before the process begins and will include rates by peak hours and off-peak hours. Tolling revenue will pay for the construction and transit and multimodal transportation options.

Mayor Walters asked about the tolling station locations and Ms. Broussard indicated the locations have not been determined. Mayor Walters asked about mitigating traffic diversion onto surface streets and Ms. Broussard indicated there was information forthcoming on the diversion strategy.

Councilor Bialostosky asked at what point tolling would be discontinued and if the revenue collected will stay in the local area. Ms. Broussard indicated the Transportation Commission will make determinations on both topics.

Ms. Broussard indicated tolling would likely not begin until 2025 or 2026 and also provided information on how citizens can get involved. Also discussed was impact scenarios of not doing the project versus doing the project and next steps linking the toll project to the I-205 improvements project. The tolling project is currently in the environmental assessment phase.

Councilor Baumgardner asked if there is any possibility the tolling process will not happen, due to the lack of alternative street routes. Ms. Broussard indicated tolling will be occurring on all metro area freeways beyond the project areas, so there won't be alternate street routes.

Commissioner McGriff commented that Oregon City had joined other local cities in sending a letter to ODOT earlier in the year expressing concerns and questions on tolling and Ms. Broussard indicated the letter had helped ODOT refocus the tolling program to cover most of the metro area freeways and not the construction areas alone.

Commissioner O'Donnell expressed concern on a variable rate tolling program, based on examples of variable tolling in other jurisdictions. Ms. Broussard provided explanation that dynamic pricing as done elsewhere, will be done with tolling here.

Commissioner Marl expressed concerns about documentation that states tolling is "indefinite" and other terminology that doesn't feel truthful to citizens. Commissioner Marl discussed funding and inflation costs.

Mayor Lyles Smith asked when tolling of other stretches of metro freeways will be subject to tolling and Ms. Broussard indicated approximately 2025.

4. OR 43 Improvement Project

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Paul Scarlett provided background including design completion is anticipated in late-2022 with construction in late-2023. Pedestrian and bicycle and signal improvement will be done in two primary portions with Highway 43.

Councilor Baumgardner asked about how the I-205 construction helps the environment and Ms. Broussard responded that it reduces stop-and-go traffic which contributes more air pollution.

5. 100-year Anniversary of the Historic Arch Bridge

Paul Scarlett indicated ODOT is working with both cities to develop a celebration scheduled for late-2022.

Commissioner Smith commented that he had purchased an original 1922 invitation to the Arch Bridge opening.

ADJOURNMENT

Mayor Lyles Smith adjourned the meeting at 8:52 PM.

Respectfully submitted,

Jakob Wiley, Assistant City Recorder



CITY OF OREGON CITY CITY COMMISSION JOINT WORK SESSION WITH THE CITY OF WEST LINN DRAFT MINUTES

Virtual Meeting
Thursday, September 30, 2021 at 6:00 PM

JOINT WORK SESSION WITH THE CITY OF WEST LINN

CONVENE WORK SESSION AND ROLL CALL

Mayor Walters convened the meeting at 6:04 PM.

West Linn

PRESENT: 5 - Councilor Todd Jones, Councilor Mary Baumgardner, Councilor Rory Bialostosky, Council President Bill Relyea, Mayor Jules Walters

STAFFERS: 4 - City Manager Jerry Gabrielatos, Deputy City Manager John Williams, City Attorney Tim Ramos, Assistant City Engineer Erich Lais

Oregon City

PRESENT: 5 - Mayor Rachel Lyles Smith, Commissioner Adam Marl, Commissioner Denyse McGriff, Commissioner Frank O'Donnell, and Commissioner Rocky Smith, Jr.

STAFFERS: 6 - City Manager Tony Konkol, Public Works Director John Lewis, Community Development Director Laura Terway, Assistant City Recorder Jakob Wiley, City Engineer Dayna Webb, Economic Development Director James Graham

CITIZEN COMMENTS

The attendees took note of two written comments provided by Andwele Castleberry and Ray Atkinson prior to the meeting.

INTRODUCTORY ITEMS

1. Council & Commission Introductions

Mayor Walters provided opening comments.

2. Staff and Consultant Introductions

Mr. Lewis introduced consultant Mr. Butorac with Kittelson & Associates

3. Work Session Overview

Mr. Butorac provided the overview of the work session agenda.

DISCUSSION ITEMS

4. Oregon City – West Linn Pedestrian & Bicycle Bridge Concept Plan

Nick Gross provided an outline of the Concept Plan that was developed and refined by the project advisory committee, project leadership team, project management team and the general public. Tribal consultations were conducted and two themes were evident, that Willamette Falls and the vicinity are historically and contemporarily significant and protection of cultural resources are important. Extensive public outreach and survey was conducted with 80% of the participants approving a pedestrian/bike crossing. The alignments where a crossing could be placed was reviewed and the two downstream and upstream corridors were outlined, with benefits and burdens for both. Of concern is the environmental and traffic impacts of the bridge placement.

Mr. Butorac outlined why two corridors for bridge placement were recommended and reviewed the steps to actual construction of the bridge. Mr. Butorac reviewed the potential outcomes of adopting the concept plan into the transportation system plan. Mr. Butorac reviewed funding sources, including federal grants.

Councilor Baumgardner commented that public feedback that she has received have been positive.

Commissioner McGriff deferred comment for later in the meeting.

Councilor Bialostosky asked if any homeowners were concerned their property could be seized as part of a condemnation process if the bridge were on the downstream corridor and Councilor Baumgardner indicated there was one homeowner that expressed concern when spoken to.

There was discussion regarding the homeowners that could be affected and how they could build the bridge with existing homes in the pathway using aerial rights and easements, if needed.

Mayor Walters asked who is responsible for constructing the access points. Mr. Butorac provided information on how the connection points would be done and that the determination as to responsibility would be done after adoption and funding.

Mayor Lyles Smith commented that this process is a starting point and is only a concept plan and that she does support development of this bridge. Mr. Butorac indicated that initial funding may be for the environmental study and later work on funding for the actual build, as costs could be very different dependent on the bridge design that is finally determined. Federal grants might be possible at some point.

Commissioner Marl asked about the methodology of the public survey that was done. Mr. Gross indicated there was outreach through newspaper and media outlets. 40% of respondents were from West Linn and 45% from Oregon City. Commissioner Marl felt the survey results were somewhat one sided, as participants were asked to reach out to the entity, rather than the entity reaching to members of the public that might not otherwise be accessible.

Commissioner Smith agreed with Commissioner Marl's comments and supports the general concept plan but felt there are other priority waterfront and transportation projects that Oregon City should consider before moving forward with this bridge.

Councilor Jones asked about how the bridge concept started and Mr. Butorac responded that the public partners determined the need as pedestrian/bike access across the I-205 was not workable. Also asked was the individual that came up with the concept, but that information was not known.

Commissioner O'Donnell commented that he felt the bridge would be a nice addition at a future date but felt like Commissioner Smith that there are more immediate needs and projects that are priority and that the survey information was not reflective of the Oregon City population.

Councilor Jones asked how the work to date has been funded and Mr. Butorac indicated that ODOT has funded the work. Councilor Jones also asked if there were other questions asked in the survey that were

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not presented and Mr. Butorac indicated there were other questions, but it was focused on the need for ped/bike access and did not compare the bridge plan against other priority projects.

Mr. Lewis indicated this current effort was largely because bike/ped options had not been incorporated in the I-205 project because of height issues.

Councilor Bialostosky commented he agreed with Commissioner Smith's earlier comments and had concerns regarding funding but did feel the bridge will be a good tourism addition at a future time.

Councilor Relyea felt there needs to be more public outreach and information gathering and had concerns regarding the two corridors and felt the bridge is premature.

Councilor Baumgardner asked what the Confederated Tribes of the Grand Ronde's input was on the project and Mr. Butorac indicated they had a mixed reaction and appreciated the project had not been narrowed to one corridor and would like to see more information as it comes forward.

Commissioner McGriff commented that the project is future-looking and that there is much more investigation and research to be done in order to make the bridge a reality.

Mr. Butorac reviewed next steps and potential adoption of the concept plan and addition to the cities' transportation systems plans.

Both City Managers agreed that the bridge topic should be discussed within each city and determine the interest to move forward.

Commissioner McGriff commented that she would like to see further collaboration meetings between both cities.

Councilor Bialostosky agreed with comments regarding future collaboration meetings between the cities.

ADJOURNMENT

Mayor Walters adjourned the meeting at 7:37 PM.

Respectfully submitted,

Jakob Wiley, Assistant City Recorder



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: City Commission
From: Finance Director Matt Zook

Agenda Date: 11/17/2021

SUBJECT:

Resolution No. 21-53, Budget Adjustment and Supplemental Budget for the 2021-23 Biennium

STAFF RECOMMENDATION:

Move to approve Resolution No. 21-53, A Resolution to Adopt a Budget Adjustment and a Supplemental Budget for the 2021-23 Biennium

EXECUTIVE SUMMARY:

The City requests a budget adjustment to recognize, in the current biennium, \$1,738,940 of unspent budgeted funds from the prior biennium, for the Public Works Operations Complex.

BACKGROUND:

The City Commission approved the project budget for the Public Works Operations Complex in the amount of \$12,800,000 at a meeting on August 19, 2020. During the 2021-23 budget process the City recognized that the project would not be completed by the end of the 2019-21 biennium. The current budget includes an appropriation of \$3,103,733. The actual expense incurred on the project in the prior biennium was \$7,957,327 leaving \$1,738,940 of budgeted funds unspent. The City desires to move these unspent funds from the prior biennium to the current biennium so that they can be utilized to complete the project in the current biennium.

Oregon Budget Law allows the City Commission to make budget adjustments by resolution.

OPTIONS:

1. Approve Resolution as is
2. Deny Resolution
3. Provide edits to Resolution

BUDGET IMPACT:

Amount: \$1,738,940

FY(s): 2021-23 biennium

Funding Source(s): Beginning balance in the Community Facilities Fund

RESOLUTION NO. 21-53

A RESOLUTION TO ADOPT A BUDGET ADJUSTMENT AND A SUPPLEMENTAL BUDGET FOR THE 2021-23 BIENNIUM

WHEREAS, the City Commission adopted a budget for the 2021-23 Biennium and made appropriations by Resolution No. 21-29 on June 2, 2021; and

WHEREAS, ORS 294.338, ORS 294.463 and ORS 294.466 provide the legal basis for changes in appropriations, and ORS 294.471 and ORS 294.473 provide the legal basis for supplemental budgets, by Commission Resolution; and

WHEREAS, the need now exists to hold a public hearing to transfer and appropriate funds for the purposes and in the amounts shown in the attached Budget Adjustment Summary; and

WHEREAS, conditions not ascertained at the time the budget was prepared have occurred that require changes in financial planning, resulting in a supplemental budget.

NOW, THEREFORE, BE IT RESOLVED by the City Commission of Oregon City that the Budget Adjustment Summary as attached as Exhibit A be made a part hereof and authorized. This resolution shall take effect immediately upon adoption.

Approved and adopted at a regular meeting of the City Commission held on the 17th day of November 2021.

RACHEL LYLES SMITH, Mayor

Attested to this 17th day of November 2021:

Approved as to legal sufficiency:

Jakob Wiley, Assistant City Recorder

City Attorney

Oregon City
Budget Adjustment Summary
 2021 - 2023 Budget Adjustment 1

<u>Description</u>	<u>Account</u>	<u>Original Budget</u>	<u>Increase</u>	<u>Decrease</u>	<u>Revised Budget</u>
1) Public Works Operations Complex					
Community Facilities					
Beginning Fund Balance	R 310-525-4999	\$ 3,021,091	\$ 1,738,940	\$ -	\$ 4,760,031
Capital Infrastructure	E 310-525-7032	\$ 3,003,733	\$ 1,738,940	\$ -	\$ 4,742,673

Descriptions:

1) Recognize carryforward of unspent funds in the previous biennium as additional beginning fund balance and appropriate unspent funds to complete the construction of the Public Works Operation Complex. It does not increase the overall total project budget of \$12,800,000.



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: City Commission **Agenda Date:** 11/17/2021
From: Community Development Director Laura Terway

SUBJECT:

First Reading of Ordinance 21-1014 - An Ordinance Approving GLUA 21-00057 and LEG 21-00004, Adopting the Housing Needs Analysis

STAFF RECOMMENDATION:

Approval of the first reading of Ordinance 21-1014, GLUA 21-00057, and LEG 21-00004.

EXECUTIVE SUMMARY:

The City is working on a Housing Needs Analysis (HNA) which includes maps, housing data, and forecasts on demographic and socioeconomic trends to understand how much housing will be need in the future and if we have enough available land to accommodate the community's needs. The study estimates the number and needs of new households as well as the amount of new housing units that could be potentially constructed. This technical analysis will help the community understand whether Oregon City has enough land to accommodate growth over the next 20 years and if any housing policy changes are needed.

The draft study found that Oregon City should plan for the growth of 7,435 new dwelling units over the next 20 years. Much of the growth in housing will be driven by growth in households. The City will meet Metro's requirements for net density and housing mix but has a slight shortage of land for high-density housing and an unmet need for affordable housing. The City may address the unmet needs through policies though should continue to monitor housing over time.

The Planning Commission recommended the City Commission unanimously recommended the City Commission approve the proposal on October 25, 2021. The City Commission heard a presentation and discussed the matter at their November 3, 2021 meeting before continuing the matter.

BACKGROUND:

The City is working on a Housing Needs Analysis (HNA) which includes maps, housing data, and forecasts on demographic and socioeconomic trends to understand how much housing will be need in the future and if we have enough available land to accommodate the community's needs. The study estimates the number and needs of new households as well as the amount of new housing units that could be potentially constructed. This technical analysis will help the community understand whether Oregon City has enough land to accommodate growth over the next 20 years and if any housing policy changes are needed.

The HNA includes a map identifying land with minimal constraints that could be developed with a residential use if the property owner chooses to do so. The map is not intended to show where development will occur or the specific type or density of development, but to inform a reasonably accurate estimate of the amount of future housing opportunities citywide.

The draft study found that Oregon City should plan for the growth of 7,435 new dwelling units over the next 20 years. Much of the growth in housing will be driven by growth in households. The City will meet Metro's requirements for net density and housing mix but has a slight shortage of land for high-density housing and an unmet need for affordable housing. The City may address the unmet needs through policies though should continue to monitor housing over time. The study will be used to inform housing policy and projects in the future.

The Housing Needs Analysis will be used to inform future housing policies, such as the Oregon City Comprehensive Plan (OC 2040). The Planning Commission recommended the City Commission unanimously recommended the City Commission approve the proposal on October 25, 2021. The City Commission heard a presentation and discussed the matter at their November 3, 2021 meeting before continuing the matter.

In 2020, the Land Conservation and Development Commission (LCDC) adopted Oregon Administrative Rules implementing a Housing Capacity Analysis Schedule. These Oregon Administrative Rules requires Oregon City update our Housing Needs Analysis every six years, effective 2022. If the proposed HNA is not adopted prior to December 31, 2021, the City will be required to revise the HNA in compliance with HB 2003 prior to December 31, 2022 and complete a Housing Production Strategy by December 31, 2023. If the City adopts the proposed HNA prior to the end of 2021, the next HNA update is not required for 6 years.

The City Commission recognized a need to support housing options in the City. The Commission identified the following goals within the 2021-2023 biennium goals related to housing:

- Prepare a plan to identify and implement housing strategies, tools and opportunities that work best for Oregon City
- Update our code to provide additional housing opportunities in Oregon City

OPTIONS:

1. Approve the first reading of Ordinance 21-1014 and GLUA 21-00057 and LEG 21-00004.
2. Continue Ordinance 21-1014 and GLUA 21-00057 and LEG 21-00004 to the December 1, 2021 City Commission hearing with instructions for additional information or changes.

ORDINANCE NO. 21-1014

AN ORDINANCE OF THE CITY OF OREGON CITY AMENDING THE OREGON CITY COMPREHENSIVE PLAN BY REPEALING A 2002 HOUSING STUDY AND REPLACING IT WITH A 2021 HOUSING NEEDS ANALYSIS AS AN ANCILLARY DOCUMENT

WHEREAS, Oregon Revised Statutes (ORS) 197.175 requires cities to prepare, adopt, and implement comprehensive plans consistent with statewide planning goals adopted by the Land Conservation and Development Commission (LCDC); and

WHEREAS, Oregon Statewide Planning Goal 10 "Housing" is to provide for the housing needs of citizens of the state; and

WHEREAS, ORS 197.295-314 & 197.475-490 and Oregon Administrative Rules (OAR) division 660-008 implement Goal 10, and the administrative rule requires that cities have housing needs analyses to ensure opportunity for the provision of adequate numbers of needed housing units, the efficient use of buildable land within urban growth boundaries (UGBs), and to provide greater certainty in the development process so as to reduce housing costs.; and

WHEREAS, ORS 197.296 requires cities to establish a buildable lands inventory (BLI) as part of a housing needs analysis (HNA); and

WHEREAS, the the City's currently effective Comprehensive Plan includes an HNA that was completed in 2002 and adopted in 2004;

WHEREAS, the proposed HNA was subject to extensive public review, including being presented or noticed to a number of public advisory groups including the OC 2040 Project Advisory Team, an OC 2040 Summit, the OC 2040 website, a project website, a public notice, the Development Stakeholders Committee, Neighborhood Associations, the Citizen Involvement Committee, and a joint work session between the City Commission and the Planning Commission; and

WHEREAS, the Planning Commission held a public hearing on October 25, 2021 and recommended adoption of the proposed HNA to the City Commission; and

WHEREAS, the City Commission held a public hearing on November 17, 2021 and found that the proposed HNA complies with the applicable criteria for Legislative approval as discussed in the Staff Report and Recommended Findings for File LEG-21-00001.

NOW, THEREFORE, OREGON CITY ORDAINS AS FOLLOWS:

Section 1. The City of Oregon City Comprehensive Plan is amended to repeal and replace the 2002 Housing Study (adopted in 2004), and adopt a new Housing Needs Analysis as provided in attached Exhibit A.

Section 2. The Commission adopts the Analysis and Findings for GLUA 21-00057 and LEG 21-00004 to explain how the HNA complies with applicable law and to justify the policy choices within the HNA.

Read for the first time at a regular meeting of the City Commission held on the 17th Day of November, 2021, and the City Commission finally enacted the foregoing ordinance this 1st day of December, 2021.

RACHEL LYLES SMITH, Mayor

Attested to this 1st day of December 2021,

Approved as to legal sufficiency:

Jakob S. Wiley, Assistant City Recorder

City Attorney

Exhibit A – Housing Needs Analysis

City of Oregon City

2021–2041 Housing Needs Analysis

August 2021

Prepared for: City of Oregon City

Final Report

ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
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Portland, OR 97201
503-222-6060

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Executive Summary

This report presents Oregon City's Housing Needs Analysis (HNA) for the 2021 to 2041 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing), OAR 660 Division 7, and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Oregon City is currently in the process of updating the city's Comprehensive Plan as part of the OC2040 Comprehensive Plan Update. Part of this process includes updating the Housing Element with recent information about Oregon City's housing market and forecasted housing needs, along with data on Oregon City's demographic and socioeconomic trends. In 2019, Oregon City participated in a preliminary housing needs analysis process through the development of the Clackamas County HNA. This report builds on the information presented for Oregon City in that project and provides updated data where necessary.

Oregon City grew from 14,968 people in 1990 to 35,570 people in 2019. This is an addition of 19,242 people or 131% growth. During the 2015 to 2020 period, median housing prices in Oregon City increased from about \$350,000 in 2015 to \$545,000 in 2021, a 55% increase consistent with sales price growth in Clackamas County. Rates of cost burden in Oregon City varied from 28% for homeowners and 50% for renters (35% of overall) in the 2012-2016 American Community Survey (ACS) 5-year estimate period.

This report provides Oregon City with a factual basis to update the City's Comprehensive Plan and zoning code, and to support future planning efforts related to housing as well as options for addressing unmet housing needs in Oregon City. This report provides information to inform future planning efforts, including development and redevelopment. This report provides the City with information about the housing market in Oregon City and describes the factors that will affect future housing demand in Oregon City, such as changing demographics. This analysis will help decision makers understand whether Oregon City has enough land to accommodate growth over the next 20 years.

What are the key housing needs in Oregon City?

- **Demographic and economic trends will drive demand for affordable and diverse housing in Oregon City.** Key demographic and economic trends affecting Oregon City's future housing needs are the aging of the baby boomers, the aging of the Millennials and Generation Z, the continued growth in the Latinx population, and access to a range of housing types for people of color.
- **Housing affordability is a growing challenge in Oregon City.** Housing affordability is a challenge in most of the Portland Metro region in general, and Oregon City is affected by these regional trends. Housing prices are increasing faster than incomes in Oregon City and Multnomah County, which is consistent with state and national challenges. Oregon City has a modest supply of multifamily housing with 5 or more units (about 13% of the city's housing stock), but half of renter households are cost burdened (50%). The households who are most likely to be cost burdened¹ are those with an income below 50% of Clackamas County's median family income (MFI) for a family of four (\$92,000).
 - Oregon City's key challenge over the next 20 years is providing opportunities for the development of relatively affordable housing (both for households with an income below 60% of MFI (\$55,200), who will need income-restricted housing, and for households with incomes of 60% to 120% of MFI (\$55,200 to \$110,000), who can afford some market-rate housing) of all types, such as lower-cost single-family housing, cottage, townhouses and duplexes, tri- and quadplexes, market-rate multifamily housing, and government-subsidized affordable multifamily housing.
- **Oregon City lacks enough housing that is affordable, both for renter and homeowners.** About 35% of Oregon City's households are cost burdened (paying 30% or more of their household income on housing costs). About 50% of Oregon City's **renters** are cost burdened and about 28% of Oregon City's **homeowners** are cost burdened. Oregon City's level of cost burden is similar to other communities in Clackamas County. Oregon City is one of the less affordable cities for homeownership in the Portland region, households at middle and high incomes (between \$74,000 to \$110,000) are less able to afford housing in Oregon City.
- **About 33% of Oregon City's households are renters, 58% of whom live in multifamily housing.** Median rents in Oregon City in 2021 are \$1,350 per month, compared to the \$1,426 median rent for Clackamas County as a whole.
 - A household earning 50% of Clackamas County's median family income (\$46,000) could afford about \$1,150 per month in rent, compared with the average effective rent of \$1,350. However, about 20% of Oregon City's housing stock is multifamily

¹ The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden."

(including duplexes, triplexes and quadplexes), compared to 32% of the housing in the Portland Region. The comparatively small share of multifamily units may constrain opportunities to rent in Oregon City.

- **Housing sales prices increased in Oregon City over the last five years at a slightly faster rate than entire County.** A household earning 100% of Clackamas County's median family income could afford a home valued between about \$322,000 to \$368,000, which is less than the median home sales price of about \$545,000 in Oregon City. A household can start to afford median home sale prices at about 148% of Oregon City's median household income.

How much household growth is Oregon City planning for?

Oregon City's number of households within its city limits and UGB area (i.e., Planning Area) is projected to grow by over 7,435 households between 2021 and 2041, at an annual growth rate of 372 units per year.

Exhibit 1. Forecast of Household Growth, Oregon City Planning Area, 2021 to 2041

Source: Metro's 2050 Household Distributed Forecast, 2021.



How much housing will Oregon City need?

The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, cottage clusters, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Duplexes, Triplexes, and Quadplexes** are a subset of multifamily attached structures that contain two, three or four living units generally on the same lot.
- **Multifamily** is all other attached structures with five or more units, other than single-family detached units, manufactured units, duplexes, triplexes, quadplexes, or single-family attached units.

To accommodate the city's forecasted household growth, Oregon City needs to plan for 7,435 new dwelling units between 2021 and 2041. About 3,717 units of new housing will be single-family detached (50%) 1,487 units of new housing will be single-family attached (20%); 744 units of new housing will be duplexes, triplexes, or quadplexes (10%); and about 1,487 units will be multifamily housing with five or more units per structure (30%)

How much land will be required for housing?

In total, Oregon City is forecast to grow by 7,435 dwelling units and has capacity for 7,266 dwelling units. Exhibit 2 shows a comparison of Oregon City's land capacity within the planning area with demand for new units by plan designation. It shows that Oregon City has no surplus or deficit of capacity in the low and medium density residential and mixed-use plan designations, and a deficit of 169 dwelling units (or 8 acres) of high density residential land.

Exhibit 2. Comparison of Capacity of Existing Residential and Selected Commercial Land with Demand for New Dwelling Units and Land Surplus or Deficit, Oregon City Planning Area, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Plan Designation	Capacity (Dwelling Units)	Demand (Dwelling Units)	Comparison (Capacity minus Demand)	Land Surplus or Deficit (Gross Acres)
Low Density Residential	2,116	2,116	0	0
Medium Density Residential	3,159	3,159	0	0
High Density Residential	1,108	1,277	(169)	(8)
Mixed Use	883	883	0	0
Total	7,266	7,435		

What are the key findings of the Housing Needs Analysis?

The key findings of the Oregon City Housing Needs Analysis are that:

- **Finding: Growth in housing will be driven by growth in households.** The number of households in Oregon City's Planning Area is forecast to grow from 14,778 households to 22,213 households, an increase of 7,435 households between 2021 and 2041.
- **Finding: Oregon City is planning for growth of 7,435 new dwelling units.** To accommodate the 7,435 dwelling units over the 20-year planning period, Oregon City will average 372 new dwelling units annually, and will plan for more single-family attached and multifamily dwelling units in the future to meet the city's housing needs. Historically, about 73% of Oregon City's housing was single-family detached. New housing in Oregon City is forecast to be 50% single-family detached, 20% single-family attached, 10% duplexes, triplexes, and quadplexes, and 20% multifamily. This housing mix both meets the requirements for housing mix for cities in Metro (OAC 660-007) and is supported by the changes in the housing market described below.

The factors driving the shift in types of housing needed in Oregon City include changes in demographics and decreases in housing affordability. The aging of senior populations and the household formation of young adults will drive demand for renter and owner-occupied housing, such as small single-family detached housing, townhouses, duplexes, and apartments/condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.

- **Recommendation:** Oregon City should monitor land available in all plan designations, as there is no surplus (or deficit) of land in the low and medium density residential plan designations. Additionally, the City may look for opportunities for redevelopment on underutilized land to address the deficit of high density residential land and limited capacity of mixed use land.
- **Oregon City is meeting Metro's requirements for net density and housing mix.** OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Oregon City's average density target is eight dwelling units per net buildable acre. Based on the findings in Chapter 6, Oregon City is exceeding this average density target at an average net density of 9.5 dwelling units per net acre.

OAR 660-007 also requires that cities within the Metro UGB "provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing." Chapter 5 shows that for the 2021-2041 planning period Oregon City is assuming that 20% of new dwelling units will be single-family attached, 10% of new units will be duplexes, triplexes, or quadplexes, and 20% of new units will be multifamily.

- **Recommendation:** Oregon City should continue to monitor future development to evaluate resulting densities and housing mix in comparison to the planned units described in this report.

- **Finding: Oregon City has unmet need for affordable housing.** About 34% of Oregon City's households are cost burdened, with 50% of renters cost burdened and 28% of owners cost burdened. Oregon City's level of cost burden is similar to other communities in Clackamas County. Oregon City's unmet housing needs include:

Renter housing. The average asking rent for multifamily housing in Oregon City in 2021 was about \$1,350, which is affordable to households earning about 60% of the median family income (about \$55,200). About one-third of Oregon City's households have incomes below this level and cannot afford the average rent. As shown in the rates of cost burden, many of these renter households are cost burdened. Oregon City will continue to have unmet renter housing needs, both for existing households and for new households.

Owner-occupied housing. The median home sales price in April 2021 was about \$545,000, which is affordable to households earning about 148% of the median family income (about \$136,300). Oregon City is one of the less affordable cities for homeownership in the Portland region, households at middle and high incomes (between \$74,000 to \$110,000) are less able to afford housing in Oregon City. One way to increase the supply of affordable owner-occupied housing is to increase opportunities for development of the middle-income housing described above.

- **Recommendation:** Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions, 1,545 of the forecasted new households will have incomes of \$46,000 (in 2020 dollars) or less (50% of MFI income or less). These households cannot afford market-rate housing without government subsidy. Another 1,228 new households will have incomes between \$46,000 and \$74,000 (50% to 80% of MFI).

Oregon City will need to provide opportunities for affordable housing development for both rental and ownership over the 20-year period, and the City should look for opportunities for affordable housing development for all housing types.

- **Finding: Oregon City will need to meet the requirements of House Bill 2001.** The legislature passed House Bill 2001 in the 2019 Legislative Session. The bill requires cities within the Metro UGB to allow "middle" housing types in low-density residential zones. The bill defines middle housing types as duplexes, triplexes, quadplexes, cottage clusters, and townhouses.
- **Recommendation:** The City should continue the process of developing and adopting zoning code to comply with these requirements.
- **Finding: Oregon City is currently in the process of a Comprehensive Plan Update.** This 2021 HNA report presents updated information related to Oregon City's Housing

Element of the Comprehensive Plan. Additionally, changes in Oregon City's demographics have presented a need for a greater variety of housing types. In 2019, Oregon City participated in a preliminary housing needs analysis process through the development of the Clackamas County Housing Needs Analysis. This report builds on the information presented for Oregon City in that project and provides updated data where necessary.

- **Recommendation:** Oregon City should adopt this HNA report as an appendix to the Comprehensive Plan. HB 2003 requires that Oregon City update its HNA every six years to analyze what housing is needed for current and future residents for a 20-year period.

Oregon City has identified a project to start within a year to look at non-zoning strategies to support the development of housing (including affordable housing). This initial study will allow the consideration of additional tools and partnerships in advance of a Housing Production Strategy (HPS) according to the guidance in HB 2003. An HPS includes consideration of additional information about the housing needs of underserved communities and engagement with underserved communities about potential approaches to meeting their needs.

1. Introduction

This report presents Oregon City's Housing Needs Analysis (HNA) for the 2021 to 2041 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing), OAR 660 Division 7, and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Oregon City is currently in the process of updating the city's Comprehensive Plan as part of the OC2040 Comprehensive Plan Update. Part of this process includes updating the Housing Element with recent information about Oregon City's housing market and forecasted housing needs, along with data on Oregon City's demographic and socioeconomic trends. In 2019, Oregon City participated in a preliminary housing needs analysis process through the development of the Clackamas County HNA. This report builds on the information presented for Oregon City in that project and provides updated data where necessary.

This report provides Oregon City with a factual basis to update the Housing Element of the City's Comprehensive Plan and Development Code and support future planning efforts related to housing and options for addressing unmet housing needs in Oregon City. This report provides information that informs future planning efforts, including development and redevelopment. It provides the City with information about the housing market in Oregon City and describes the factors that will affect future housing demand in Oregon City, such as changing demographics. This analysis will help decision makers understand whether Oregon City has enough land to accommodate growth over the next 20 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay, including shelter, proximity to other attractions (job, shopping, parks and recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to a range of services (i.e., public, medical, transportation). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make trade-offs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors like income, age of head of household, number of people and children in the household, number of workers and job locations, number of transportation vehicles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing markets in Clackamas County and Oregon City are the result of the individual decisions of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in Oregon City between 2021 and 2041. These housing types include single-family detached, single-family attached, and multifamily (including duplexes, triplexes, and quadplexes, in addition to buildings with more

than five units). This report discusses these housing types in detail, as well as the range of affordability issues that will affect Oregon City households in the 202 to 2041 period.

The complex nature of the housing market, demonstrated by the unprecedented boom-and-bust during the past decade, does not eliminate the need for some type of forecast of future housing demand and need. This includes resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need. Thus, we start our housing analysis with a framework for thinking about housing and residential markets and how public policy affects those markets.

Statewide Planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).² Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households. Jurisdictions located in the Metro Urban Growth Boundary (UGB) are also required to comply with Metropolitan Housing in OAR 660-007 and Title 7 of Metro's Urban Growth Management Functional Plan in the Metro Code (3.07 Title 7).

Goal 10, through ORS 197.303, defines needed housing types as "all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the city with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes." ORS 197.303 defines needed housing types:

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy.
- (b) Government-assisted housing.³
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.

² ORS 197.296 only applies to cities with populations over 25,000.

³ Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.
- (e) Housing for farmworkers.

Oregon City must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

The Metropolitan Housing Rule

OAR 660-007 (the Metropolitan Housing rule) is designed to “assure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land within the Metropolitan Portland (Metro) urban growth boundary.” OAR 660-0070-005 provides a Metro-specific definition of needed housing:

"Needed Housing" defined. Until the beginning of the first periodic review of a local government's acknowledged comprehensive plan, "needed housing" means housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.

The Metropolitan Housing Rule also requires cities to develop residential plan designations:

(1) Plan designations that allow or require residential uses shall be assigned to all buildable land. Such designations may allow nonresidential uses as well as residential uses. Such designations may be considered to be "residential plan designations" for the purposes of this division. The plan designations assigned to buildable land shall be specific so as to accommodate the varying housing types and densities identified in OAR 660-007-0030 through 660-007-0037.

OAR 660-007 also specifies the mix and density of new residential construction for cities within the Metro UGB:

“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” (OAR 660-007-0030 (1)).

OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Oregon City’s average density target is eight dwelling units per net buildable acre.⁴

⁴ OAR 660-024-0010 defines net buildable acres as “43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.”

Metro Urban Growth Management Functional Plan

The Metro Urban Growth Management Functional Plan describes the policies that guide development for cities within the Metro UGB to implement the goals in the Metro 2040 Plan.

Title 1: Housing Capacity

Title 1 of Metro's Urban Growth Management Functional Plan is intended to promote efficient land use within the Metro UGB by increasing the capacity to accommodate housing capacity. Each city is required to determine its housing capacity based on the minimum number of dwelling units allowed in each zoning district that allows residential development and maintain this capacity.

Title 1 requires that a city adopt minimum residential development density standards by March 2011. If the jurisdiction did not adopt a minimum density by March 2011, the jurisdiction must adopt a minimum density that is at least 80% of the maximum density.

Title 1 provides measures to decrease development capacity in selected areas by transferring the capacity to other areas of the community. This may be approved as long as the community's overall capacity is not reduced.

Metro's 2017 *Compliance Report* concludes that Oregon City is in compliance for the City's Title 1 responsibilities.

Title 7: Housing Choice

Title 7 of Metro's Urban Growth Management Functional Plan is designed to ensure the production of affordable housing in the Metro UGB. Each city and county within the Metro region is encouraged to voluntarily adopt an affordable housing production goal.

Each jurisdiction within the Metro region is required to ensure that their comprehensive plans and implementing ordinances include strategies to:

- Ensure the production of a diverse range of housing types;
- Maintain the existing supply of affordable housing, increase opportunities for new affordable housing dispersed throughout their boundaries; and
- Increase opportunities for households of all income levels to live in affordable housing (3.07.730).

Metro's 2017 *Compliance Report* concludes that Oregon City is in compliance for the City's Title 7 responsibilities.

Title 11: Planning for New Urban Areas

Title 11 of Metro's Urban Growth Management Functional Plan provides guidance on the conversion of land from rural to urban uses. Land brought into the Metro UGB is subject to the

provisions of section 3.07.1130 of the Metro Code, which requires lands to be maintained at rural densities until the completion of a concept plan and annexation into the municipal boundary.

The concept plan requirements directly related to residential development are to prepare a plan that includes:

- (1) A mix and intensity of uses that make efficient use of public systems and facilities;
- (2) A range of housing for different types, tenure, and prices that addresses the housing needs of the governing city; and
- (3) Identify goals and strategies to meet the housing needs for the governing city in the expansion area.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Oregon City's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Oregon City's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Oregon City** presents factors that affect housing need in Oregon City, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Oregon City relative to the larger region.
- **Chapter 5. Housing Need in Oregon City** presents the forecast for housing growth in Oregon City, describing housing need by density ranges and income levels.
- **Chapter 6. Oregon City's Residential Land Sufficiency** estimates Oregon City's residential land sufficiency needed to accommodate expected growth over the planning period.

2. Buildable Lands Inventory

This chapter provides a summary of the residential buildable lands inventory (BLI) for Oregon City. This buildable lands inventory analysis complies with statewide planning Goal 10 policies that govern planning for residential uses. The detailed methodology used to complete the buildable lands inventory is presented in Appendix A.

Oregon Administrative Rules provide guidance on conducting residential BLIs:

OAR 660-008-0005(

“Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered “suitable and available” unless it:

- (a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
- (b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;*
- (c) Has slopes of 25 percent or greater;*
- (d) Is within the 100-year flood plain; or*
- (e) Cannot be provided with public facilities.*

First, the analysis established the residential land base (parcels or portion of parcels with appropriate zoning), then it classified parcels by buildable status, identified/deducted environmental constraints, and lastly summarized total buildable area by plan designation. The results of the BLI presented in this chapter reflect updates since the 2019 analysis completed for Oregon City as part of the Clackamas County Regional Housing Need Analysis.

Definitions

ECONorthwest completed the BLI for Oregon City and relied on the following key definitions. Detailed descriptions of these definitions are included in the methodology for each study area but are based on the general definitions below.

- **Vacant land.** Tax lots that have no structures or have buildings with very little improvement value are considered vacant. The status of vacant lots was verified in aerial imagery and City and County staff review.
- **Partially vacant land.** Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land, after removing constraints and developed land from the total acreage. This was refined through visual inspection of recent aerial photos.

- **Public land.** Lands in public ownership are considered unavailable for residential development.⁵ This includes lands in federal, state, county, or city ownership. These lands are identified using Metro's definitions and categories.
- **Developed land.** Lands not classified as vacant, partially vacant, or public are considered developed. Developed land includes lots with redevelopment capacity, which are also included in BLI. The unit capacity of redevelopable lots is based on Metro's estimates.
- **Buildable land.** As described in the statute definition above, buildable residential land is the portions of vacant or partially vacant lots that have development capacity, less development constraints.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted the following constraints from the buildable lands inventory and classified those portions of tax lots that fall within the following areas as constrained, unbuildable land:

- *Lands within floodplains and floodways.* Flood Insurance Rate Maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways and 100-year floodplains, as well as lands identified in Metro's Title 3 Stream and Floodplain Protection Plan.
- *Land within natural resource protection areas.* The combined regional and national wetlands shapefile, available from Metro RLIS, was used to identify areas within wetlands. Riparian corridors and other natural resource areas identified in Oregon City's Natural Resource Overlay District were considered undevelopable for the purposes of this inventory.
- *Land with slopes over 25%.* Lands with slopes over 25% were considered unsuitable for residential development.
- *Land in geologic hazard areas.* Lands in areas designated within Oregon City's Geologic Hazards Overlay were considered undevelopable for the purposes of this inventory.

⁵ Other exempt lands owned by semi-public entities, such as churches, private schools, and other non-profit organizations, were not included in the Public land classification. These lands were classified using the same method as other residential lands and were classified as vacant, partially vacant, developed, or unbuildable. Lands with a cemetery use and owned by a semi-public entity (e.g., church) were classified as developed.

Buildable Lands Inventory Results

Land Base

The land base for the Oregon City residential BLI includes all tax lots in the city limits and the city's UGB areas in residential plan designations. Per Goal 10, this includes all lots (or portions of lots) with residential and other nonemployment plan designations where residential uses are planned for and allowed by the implementing zones. This BLI includes lands in the following generalized plan designations:

- Residential – Low Density
- Residential – Medium Density
- Residential – High Density
- Mixed Use – Corridor
- Mixed Use – Downtown
- General Commercial

Exhibit 3 shows the land base by generalized plan designation in city limits and UGB areas. There are 12,350 tax lots in the land base, accounting for 5,206 acres.

Exhibit 3. Residential Tax Lots and Acres by Plan Designation, Oregon City, City Limits and UGB Areas, 2020

Source: Metro BLI; ECONorthwest analysis.

Generalized Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent
Residential				
Residential - Low Density	9,528	77%	3,206	62%
Residential - Medium Density	1,379	11%	1,006	19%
Residential - High Density	606	5%	294	6%
Mixed Use/Commercial				
Mixed Use - Corridor	501	4%	267	5%
Mixed Use - Downtown	265	2%	300	6%
General Commercial	71	1%	133	3%
Total	12,350	100%	5,206	100%

Development Status

This analysis relied on Metro BLI's classifications (defined in the methods and definitions above) to define an initial development status. ECONorthwest then used a rapid visual assessment method to confirm this development status using aerial imagery. After city staff reviewed the classifications, ECONorthwest applied the development constraints to calculate unconstrained buildable land. Exhibit 4 shows development status with constraints applied and resulting in buildable acres. Of the 5,206 total acres in the land base, 2,710 are committed acres, 1,563 are constrained acres, and 933 are buildable acres.

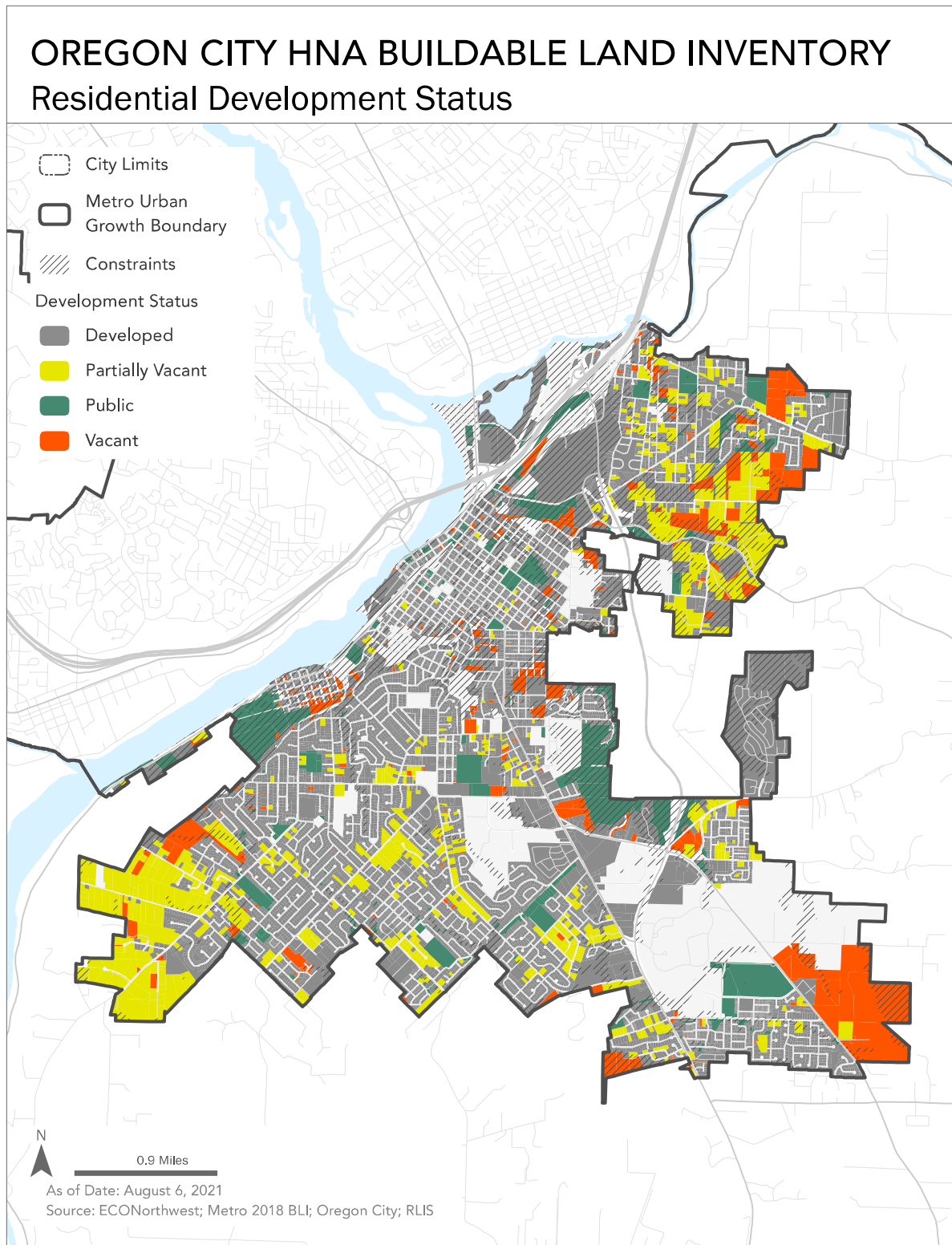
Exhibit 4. Development Status with Constraints by Plan Designation, Oregon City, City Limits and UGB Areas, 2020

Source: Metro BLI; ECONorthwest analysis.

Generalized Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Residential				
Residential - Low Density	3,206	1,876	877	453
Residential - Medium Density	1,006	388	276	42
Residential - High Density	294	151	81	62
Mixed Use				
Mixed Use - Corridor	267	137	55	75
Mixed Use - Downtown	300	37	262	1
General Commercial	133	121	12	-
Total	5,206	2,710	1,563	933

Exhibit 5 shows residential land by development status with constraints overlaid.

Exhibit 5. Residential Land by Development Status, Oregon City, City Limits and UGB Areas, 2020



Vacant Buildable Land

Exhibit 6 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant and partially vacant land by plan designation. Of Oregon City's 933 unconstrained buildable residential acres, about 36% are in tax lots classified as vacant and 64% are in tax lots classified as partially vacant.

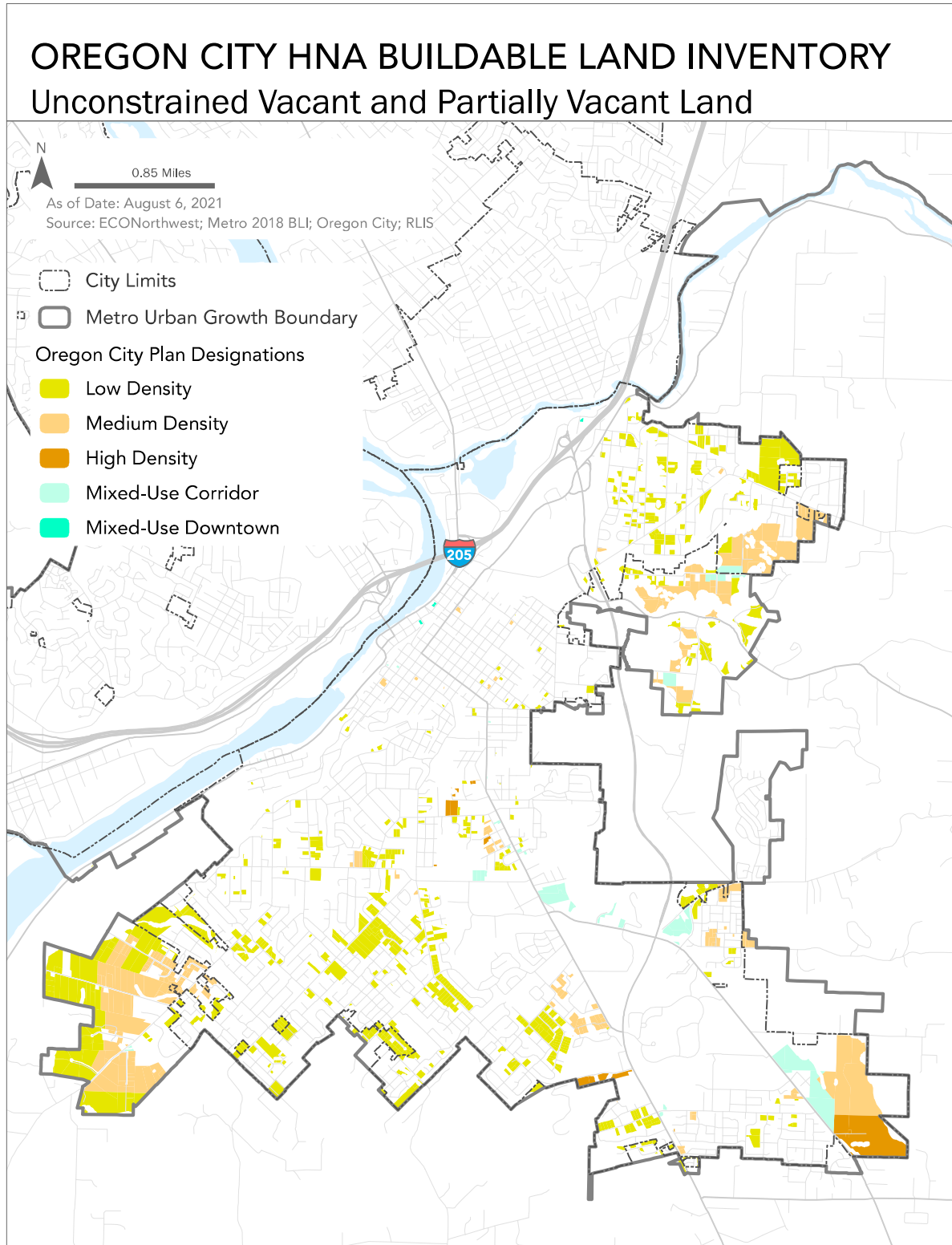
Exhibit 6. Buildable Acres in Vacant and Partially Vacant Tax Lots by Plan Designation, Oregon City, City Limits and UGB Areas, 2020

Source: Metro; ECONorthwest analysis.

Generalized Plan Designation	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots	Total Buildable Acres
Residential			
Residential - Low Density	97	356	453
Residential - Medium Density	120	222	342
Residential - High Density	52	10	2
Mixed Use			
Mixed Use - Corridor	63	12	75
Mixed Use - Downtown	1	-	1
Total	333	600	33

Exhibit 7 shows Oregon City's buildable vacant and partially vacant residential land.

Exhibit 7. Unconstrained Vacant and Partially Vacant Residential Land, Oregon City, City Limits and UGB Areas, 2020



Redevelopment Potential

Over the 20-year study period a share of developed lots is likely to redevelop within new buildings. To account for the development capacity on these developed lots, Metro identifies a subset of developed lots as “redevelopable.” Metro has created two “filters” to identify lots with the potential to redevelop—a threshold method and historic probability method. For the Oregon City BLI, ECONorthwest used the estimate of redevelopable units on developed lots, as identified based on the threshold method,⁶ which is based on discussion with Metro staff.⁷

The result of this analysis for Oregon City is presented in Exhibit 8.

Exhibit 8. Estimate of housing units on potentially redevelopable lots by plan designation, Oregon City, City Limits and UGB Areas, 2019

Source: Metro BLI, using 2016 data to calculate redevelopment potential.

Plan Designation	Estimated Redevelopment Units
Residential	
Low Density Residential	660
Medium Density Residential	233
High Density Residential	733
Commercial	
Central Commercial	1,496
General Commercial	2,604
Total	5,726

⁶ Threshold Method. This method identifies lots where redevelopment would result in a net increase of 50% more than the current number of units on the site. The method uses property value thresholds where it is economically viable to for a lot to redevelop at this intensity. For suburban areas in the regional UGB the threshold is \$10 per square foot of property value for multifamily structures and \$12 per square foot for mixed use structures. If a lot's current property value is below these thresholds, it is assumed to have the potential to redevelop.

⁷ The capacity of partially vacant lots (where the lot could be further developed under current development standards without demolishing existing structures) is accounted for in the unconstrained buildable acres.

3. Historical and Recent Development Trends

Analysis of historical development trends in Oregon City provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the *DLCD Planning for Residential Growth: A Workbook for Oregon's Urban Areas* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

This Housing Needs Analysis examines changes in Oregon City's housing market from 2000 to 2017, as well as residential development from 2000 to 2018. We selected this time period because (1) the period provides information about Oregon City's housing market before and after the national housing market bubble's growth and deflation, as well as the more recent increase in housing costs and (2) data about Oregon City's housing market during this period was readily available from sources such as the Census and RLIS.

The Housing Needs Analysis presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, apartments, etc.).
2. Tenure (e.g., distinguishing unit type by owner or renter units).
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels).
4. Some combination of these categories.

For the purposes of this study, we grouped housing types based on (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Multifamily** is separated into two subgroups of attached structures other than single-family detached units, manufactured units, or single-family attached units. The two

subgroups are defined as: (1) duplexes, triplexes, and quadplexes and (2) multifamily buildings with five or more units.

In Oregon City, government-assisted housing (ORS 197.303[b] and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above, as these housing types are regulated in the Oregon City Development Code in the same manner as any other housing type.

Data Used in This Analysis

Throughout this report, we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from two Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. From 2012 to 2016, the ACS sampled an average of 3.5 million households per year, or about 3% of the households in the nation. The ACS collects detailed information about households, such as: demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.
- Metro's **RLIS** database, which provides tax lot data for jurisdictions within the three-county Metro Area (including Clackamas County). We use RLIS data tax lot data for as a proxy for building permit data for Oregon City.
- Metro's **2050 Distributed Forecast** for household and population growth was updated in March 2021 for Oregon City. We used this information to report projected population growth and as the basis for the household forecast in Chapter 5.
- **Property Radar and Redfin** databases, which are online platforms providing real estate and property owner data. We use these sources to collect housing sale price data in aggregate and by property.

In general, this report uses data from the 2012-2016 and 2014-2018 ACS 5-year estimates.⁸ Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points, this report includes population, income, and housing price data from the Oregon Office of Economic Analysis, the Oregon Bureau of Labor and Industries, the United States Department of Housing and Urban Development, RLIS, Costar, Redfin, and Property Radar. It also uses the Oregon Department of Housing and Community Services affordable housing inventory and Oregon's Manufactured Dwelling Park inventory.

It is worth commenting on the methods used for the American Community Survey.⁹ The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

⁸ For safe harbor assumptions, such as housing mix in Chapter 5, we use the most recent ACS 5-year estimates (2015-2019).

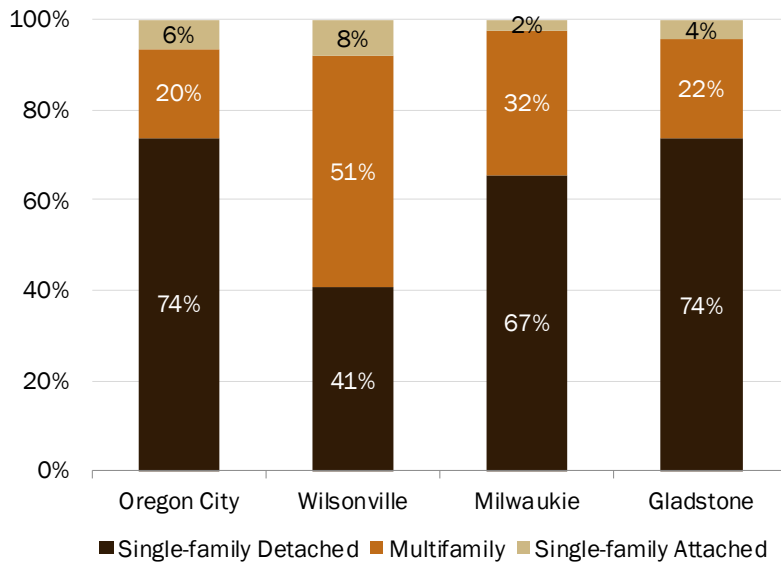
⁹ A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." <https://www.census.gov/library/publications/2009/acs/state-and-local.html>

Trends in Housing Mix

About 74% of Oregon City's housing stock was single-family detached.

Exhibit 9. Housing Mix, Oregon City, Wilsonville, Milwaukie, Gladstone 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B25024.



Seventy-five percent of Clackamas County's housing stock was single-family detached.

Clackamas County had a smaller share of multifamily housing than the Portland Region and Oregon, but a similar share of multifamily housing compared to Oregon City.

Exhibit 10. Housing Mix, Clackamas County, Portland Region, Oregon, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B25024.

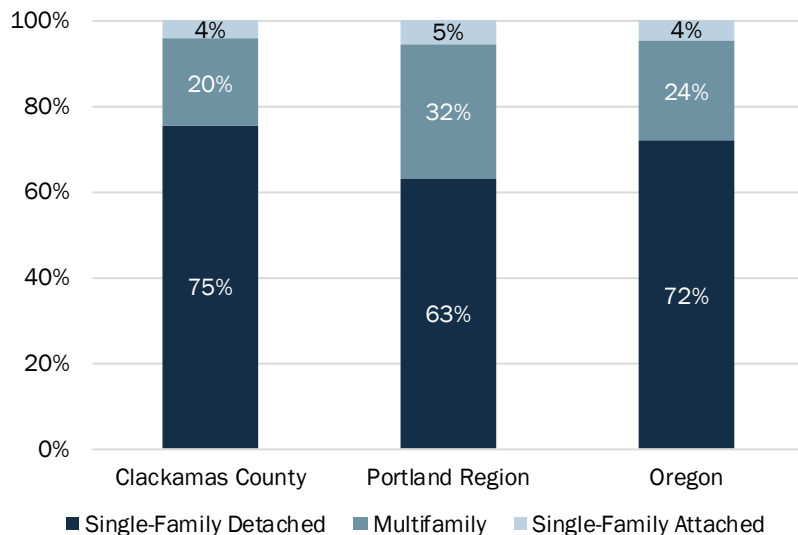
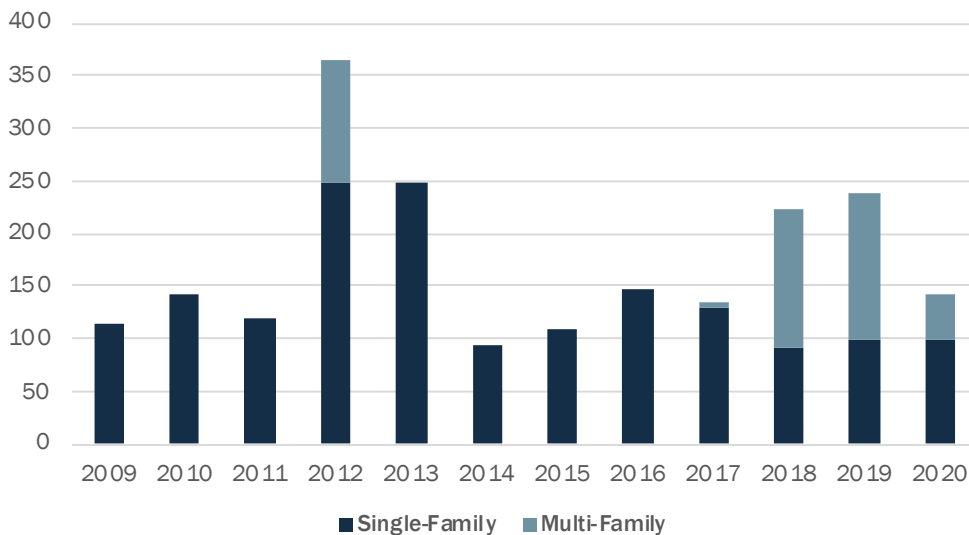


Exhibit 11 shows that over the 2009 to 2020 period, Oregon City had construction of 2,073 dwelling units, with an average of 173 units built per year. Of these units, about 79% were for single-family dwelling units.

Exhibit 11. New Residential Dwelling Units Built by Housing Type, Oregon City, 2009 through 2020
Source: Oregon City.



Trends in Housing Density

This section shows historic densities for new residential construction by housing type and by Plan Designation. To conduct the analysis, we used the RLIS database (a proxy for building permit data). Exhibit 12 shows that Oregon City's average housing density, of units built between 2000 to 2020, was 6.6 dwelling units per net acre. In this period, the average density for multifamily housing was 17.4 units per net acre with an average lot size of 0.77 acres; the average density for single family housing was 6.3 units per net acre with an average lot size of 0.16 acres.

Exhibit 12. Average Density of New Residential Construction Permitted by Type of Unit and Plan Designation, Oregon City, 2000 through 2020
Source: RLIS. Note: DU is dwelling unit.

Plan Designations	Single Family Dwelling Units			Multifamily Dwelling Units			Total, Combined		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Residential	3,540	565	6.3	230	14	16.9	3,770	578	6.5
Low Density	2,628	495	5.3	14	7	2.1	2,642	502	5.3
Medium Density	500	47	10.6	20	2	12.5	520	49	10.7
High Density	412	23	18.2	196	5	.0	608	28	21.8
Commercial	23	1	21.1	64	3	19.3	87	4	19.8
Commercial	-	-	-	15	1	19.5	15	1	19.5
Mixed Use Corridor	23	1	21.1	49	3	19.3	72	4	19.8
Total	3,563	566	6.3	294	17	17.4	3,857	583	6.6

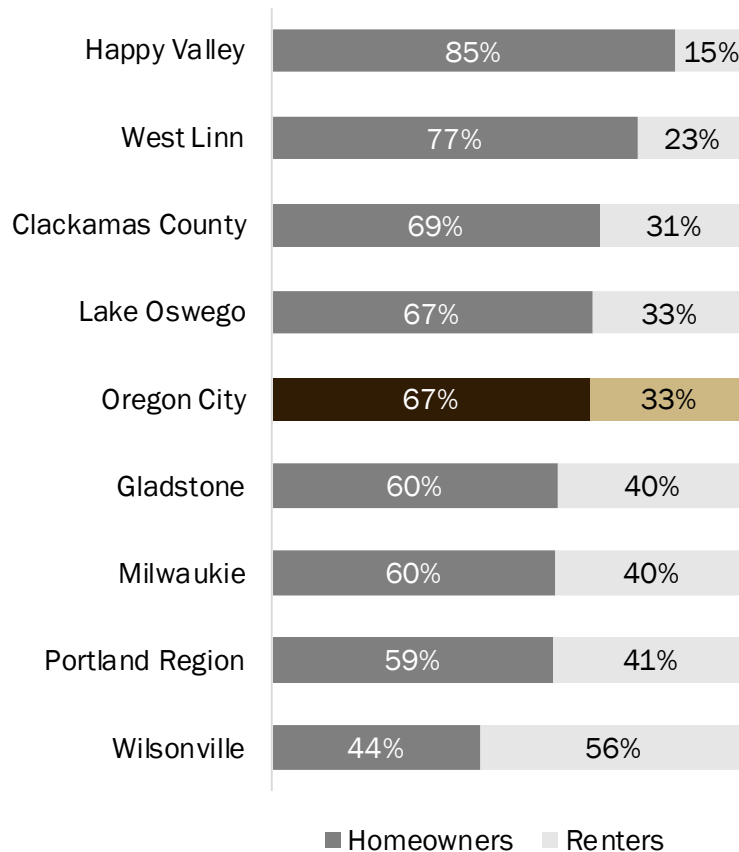
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied.

In the 2012-2016 period, Oregon City had a homeownership rate of 67%, which was slightly below Clackamas County's homeownership rate of 69%.

Exhibit 13. Housing Tenure, Oregon City and Comparison Areas, 2012-2016

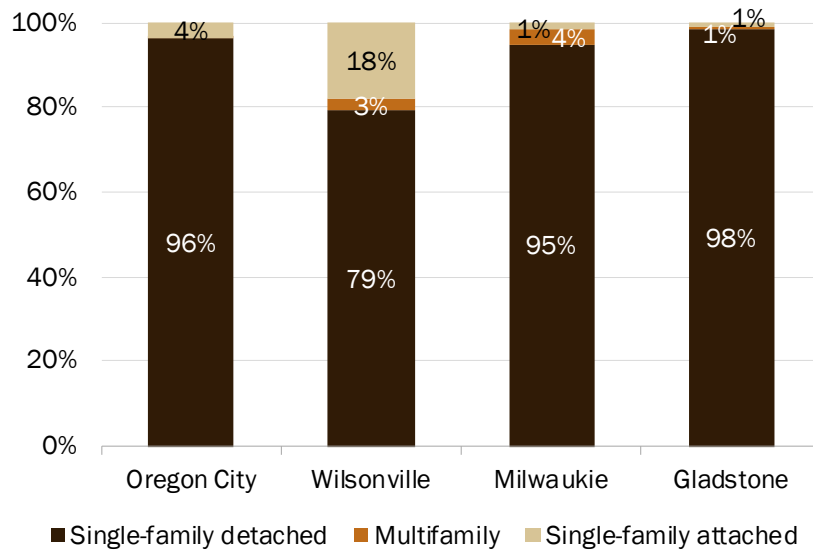
Source: U.S. Census Bureau, 2012-2016 ACS Table B25032.



Nearly all homeowners in Oregon City (96%) lived in single-family detached housing.

Exhibit 14. Types of units occupied by Homeowners, Oregon City, Wilsonville, Milwaukie, Gladstone, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25032.

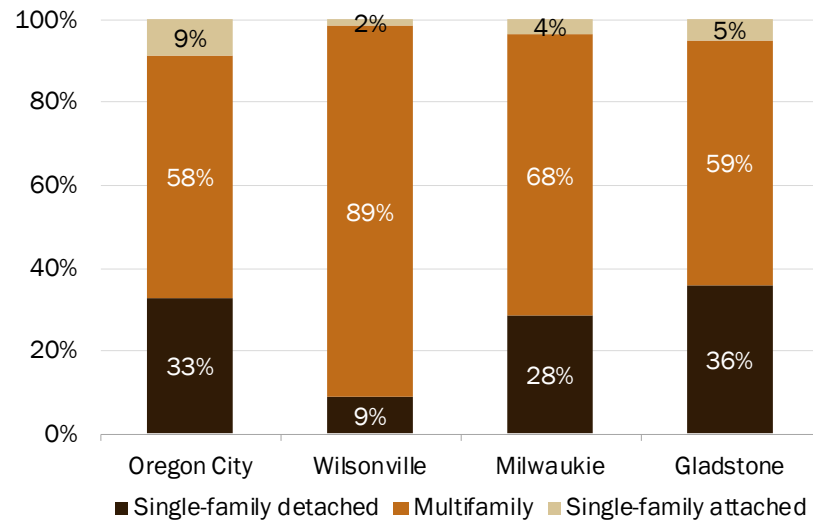


Nearly 60% of renters in Oregon City lived in multifamily housing.

In Oregon City, a third of renters lived in single-family detached housing.

Exhibit 15. Types of Units Occupied by Renters, Oregon City, Wilsonville, Milwaukie, Gladstone, 2012-2016

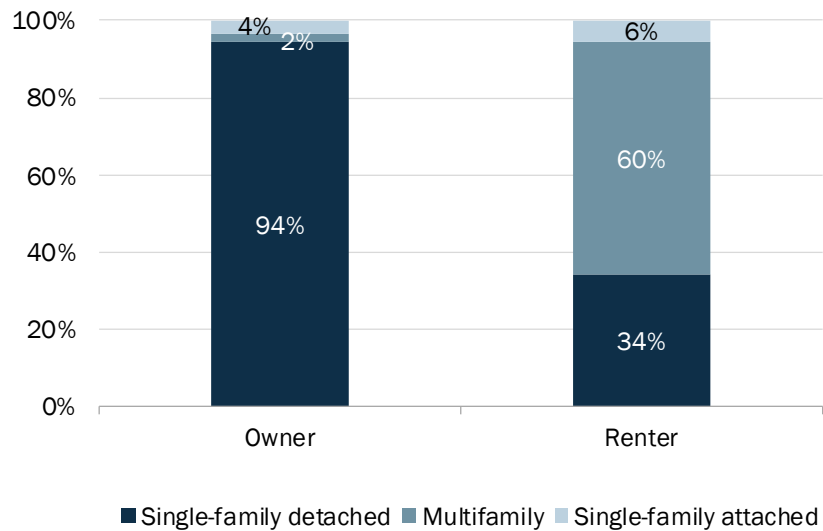
Source: U.S. Census Bureau, 2012-2016 ACS Table B25032.



Like Oregon City, most of Clackamas County's homeowners (94%) lived in single-family detached housing.

Exhibit 16. Types of Units Occupied by Homeowners and Renters, Clackamas County, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25032.



Vacancy Rates

The Census defines vacancy as: "Unoccupied housing units... determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. Enumerators are obtained using information from property owners and managers, neighbors, rental agents, and others.

According to the 2013-2017 Census, vacancy rates by jurisdiction were:¹⁰

- Oregon: 9.3%
- Portland Region 5.5%
- Clackamas County: 6.0%
- **Oregon City: 3.6%**

¹⁰ Source: U.S. Census Bureau, 2013-2017 ACS, Table B25032.

Publicly Supported Housing

Oregon City had 634 publicly supported, affordable units. Most of these units were available for families.

Exhibit 17. Publicly Supported Housing, Oregon City, June 2020
Source: Oregon Housing and Community Services.

Development Name	Total Units	Restricted Units	Population Served
Birchwood Dr	6	6	Family
Hughes St	1	1	Family
Forest Ridge Ln	1	1	Family
Salmonberry Dr	1	1	Family
6th St	4	4	Family
Clairmont Way	1	1	Family
Molalla Ave	6	6	Family
S Redland Rd	1	1	Family
Lafayette Ave	2	2	Family
Whitney Ln	1	1	Family
Latourette St	1	1	Family
Hilda St	1	1	Family
Buchanan St	2	2	Family
Prospect St	1	1	Family
Clackamas Heights	100	99	Family
Fisher Ridge	19	18	Family
Kingsberry Heights	260	260	Family
Meadowlark	15	15	Family
Oregon City Terrace	47	47	Family
Oregon City View Manor	100	100	Family
Our Apartment	4	4	Family
Pleasant Avenue Veteran Housing	24	24	Veterans
Rosewood Terrace	38	38	Family
Totals	636	634	-

Manufactured Homes

Manufactured homes provide a source of affordable housing. They also provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492

Generally, manufactured homes in parks (communities) are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home community for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in communities are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Homeowners living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

OAR 197.480(4) requires cities to inventory mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. In 2006, Oregon City adopted regulations related to manufactured home park closures.¹¹ This section presents the inventory of mobile and manufactured home communities for Oregon City as of May 2020.

Oregon City had four manufactured home communities within its UGB.

Within these parks, there were a total of 885 spaces, 9 of which were vacant as of May 2020.

Exhibit 18. Inventory of Mobile/Manufactured Home Communities, Oregon City, May 2020

Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone
Char-Diaz Estates	13678 Char-Diaz r	55+	22	0	R 3.5
Cherry Lane	20248 Highway 213	55+	66	0	R 3.5
Clairmont Mtg Housing Park	13531 Clairmont Way	Family	189	0	R .5
Mount Pleasant Mobile Home Park	18780 Central Point Rd	Family	68	2	R 3.5
Country Village Estates	14630 South Village Court	Family	499	7	County
Forest Park Mobile Village	18830 S Hwy 9 E	Family	41	0	County
Totals			885	9	

¹¹ OCMC 15.52.

4. Demographic and Other Factors Affecting Residential Development in Oregon City

Demographic trends are important for a thorough understanding of the dynamics of the Oregon City housing market. Oregon City exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Oregon City at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare Oregon City to Clackamas County, the Portland region (defined as Clackamas, Multnomah, and Washington Counties), and Oregon. We also compare Oregon City to nearby cities where appropriate. Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the guidebook, the specific steps in the Housing Needs Analysis are:

1. Project the number of new housing units needed in the next 20 years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4 in this list. Chapter 5 presents data to address steps 1, 5, and 6 in this list.

Demographic and Socioeconomic Factors Affecting Housing Choice¹²

Analysts typically describe housing demand as the *preferences* for different types of housing (e.g., single-family detached or apartment) and *the ability to pay* for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of Baby Boomers, people born from about 1946 to 1964, Millennials, people born from about 1980 to 2000, and Generation Z, people born between 1997 and 2012¹³ (Generation X, the generation between Baby Boomers and Millennials, is a smaller age group and does not generally drive housing demand.)
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Household income** is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached, duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

¹² The research in this chapter is based on numerous articles and sources of information about housing, including:

Davis, Hibbits & Midghal Research, “Metro Residential Preference Survey,” May 2014.

D. Myers and S. Ryu, *Aging Baby Boomers and the Generational Housing Bubble*, Journal of the American Planning Association, Winter 2008.

George Galster. *People Versus Place, People and Place, or More?* New Directions for Housing Policy, Housing Policy Debate, 2017.

Herbert, Christopher and Hrabchak Molinsky. “Meeting the Housing Needs of an Aging Population,” 2015.

J. McIlwain, *Housing in America: The New Decade*, Urban Land Institute, 2010.

L. Lachman and D. Brett, *Generation Y: America’s New Housing Wave*, Urban Land Institute, 2010.

Schuetz, Jenny. *Who is the new face of American homeownership?* Brookings, 2017.

The American Planning Association, “Investing in Place; Two generations’ view on the future of communities,” 2014.

Transportation for America, “Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows,” 2014.

¹³ The range of years that define generations vary across sources. We have referenced the general age range for Millennials and Generation Z, and some years may overlap depending on the definition.

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Oregon City over the next 20 years.

National Trends¹⁴

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports and conclusions from *The State of the Nation's Housing* report from the Joint Center for Housing Studies of Harvard University. The Harvard report (2020) summarizes the national housing outlook as follows:

Given the profound impact of the pandemic on how US households live and work, there is plenty of reason to believe that it could bring meaningful changes to housing markets. With millions of people forced to work remotely, employers and employees alike may find this an attractive option even after the pandemic ends. If so, demand would likely increase for homes large enough to provide office space, as well as easy access to outdoor spaces to exercise and socialize. And if long commutes are no longer everyday requirements, many households may move to lower-density areas where housing is less expensive. However, a major shift in residential development patterns is far from certain. What is certain is that the need for more housing of all types, locations, and price points will persist. In the near term, the outlook for housing markets is bright, fueled by very low interest rates as well as unabated demand from more affluent households. If the pandemic persists, however, it will remain a serious drag on the labor market and wage growth, and ultimately on household formations. Still, the pandemic's negative impact on markets should be relatively muted given historically tight conditions on the supply side.

However, challenges to a strong domestic housing market remain. Rising mortgage rates, the tight credit market, and limited inventory of entry-level homes make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. *The State of the Nation's Housing* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the housing market are summarized below:

- **Bounce back in residential construction led by single-family starts.** New construction made a sharp comeback in summer 2020 led by single-family construction. Single-family starts in 2020 began at about a 900,000-unit annual rate (the fastest pace since the Great Recession), before dipping to a below 700,000-unit annual rate in April due to the COVID-19 pandemic. Then, single-family starts hit a 1.1-million-unit annual rate in September 2020—marking it as the strongest month for single-family homebuilding in

¹⁴ These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2020," (2) Urban Land Institute, "2021 Emerging Trends in Real Estate," and (3) the U.S. Census.

over 13 years. Multifamily unit starts also continued to climb, increasing by 7.5% from about 374,000 units in 2018 to about 402,000 units in 2019. Notably, 2019 marked the first year since 1988 that multifamily starts topped 400,000. In 2019, home sales averaged 3.9 months which is below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. *The State of the Nation's Housing* report cited lack of skilled labor, rising construction costs, land use regulations (particularly density restrictions), and development fees as constraints on new construction.

- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 64.6% in 2019. Trends suggest the recent homeownership increases are among householders of all age groups; however, new growth in homeownership since the post-Great Recession low of 2013 resulted from households with higher incomes. About 88% of net new growth (2013 to 2019) was among households with incomes of \$150,000 or more.
- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing in 2019 which is 5.6 million more households than in 2001. Renter households experienced cost-burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges continued to move up the income ladder, with the share of cost-burdened middle-income households increasing slightly from 2018 to 2019 even as the share of low-income households experiencing cost-burden declined slightly over the same period. Households under the age of 25 and over the age of 85 had the highest rates of housing cost-burden.
- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 12 million units between 2018 and 2028¹⁵. Much of the demand will come from Baby Boomers, Millennials,¹⁶ and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.
- **Growth in rehabilitation market.**¹⁷ Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (and 40% at least 50 years old), Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As

¹⁵ The Joint Center for Housing Studies of Harvard University. *The State of the Nation's Housing* 2019.

¹⁶ According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 to 2012 (inclusive). Read more about generations and their definitions here: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

¹⁷ These findings are copied from: Joint Center for Housing Studies. (2019). *Improving America's Housing*, Harvard University. Retrieved from: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended — generating 2.2% of national economic activity (in 2017).

Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Declining residential mobility.**¹⁸ Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While reasons for decline in residential mobility are uncertain, contributing factors include demographic, housing affordability, and labor-related changes. For instance, as Baby Boomers and Millennials age, mobility rates are expected to fall as people typically move less as they age. Harvard University's Research Brief (2020) also suggests that increasing housing costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include: the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.
- **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably: the aging of Baby Boomers, housing demand from Millennials and Generation Z, and growth of immigrants.
 - *Baby Boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the Baby Boomer generation may affect the housing market. In particular, Baby Boomers' may influence housing preference and homeownership trends. Preferences (and needs) may vary for Boomers' moving through their 60s, 70s, and 80s (and beyond). They will require a range of housing opportunities. For example, "aging baby boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities."¹⁹ Many seniors are also moving to planned retirement destinations earlier than expected as they experience the benefits of work-from-home trends (accelerated by COVID-19). Additionally, the supply of caregivers is decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinct housing choices. For

¹⁸ Frost, R. (2020). "Are Americans stuck in place? Declining residential mobility in the US." Joint Center for Housing Studies of Harvard University's Research Brief.

¹⁹ Urban Land Institute. Emerging Trends in Real Estate, United States and Canada. 2019.

instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.²⁰ A broader definition exists which defines aging in place as “remaining in the current community and living in the residence of one’s choice.”²¹ Some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multifamily housing or age-restricted housing developments, before they move into to a dependent living facility or into a familial home. Moreover, “the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses.”²²

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.²³ However, as Millennials move into their early- to mid-thirties, postponement of family formation is ending and millennials are likely to prefer a wide range of housing types in urban or suburban areas, including detached, single family homes and multifamily housing types in walkable neighborhoods.

At the beginning of the 2007–2009 recession, Millennials only began to form their own households. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. As this generation continues to progress into their homebuying years, they may seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level, single-family homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, they only represented 24% of single-family units.

Millennials’ average wealth may remain far below Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2020, Millennials comprised 38% of home buyers, while Gen Xers

²⁰ Vanleerberghe, Patricia, et al. (2017). The quality of life of older people aging in place: a literature review.

²¹ *Ibid.*

²² American Planning Association. Making Space for Tiny Houses, Quick Notes.

²³ According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household, and by 2008, 20% did (18% change).

comprised 23% and Boomers 33%.²⁴ “By the year 2061, it is estimated that \$59 trillion will be passed down from boomers to their beneficiaries,” presenting new opportunities for Millennials (as well as Gen X and Gen Z).²⁵

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early 20s and the youngest in their early childhood years. By 2040, Generation Z will be between 25 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues they look very much like Millennials. Generation Z was set to inherit a strong economy and record-low unemployment.²⁶ However, because the long-term economic impacts of COVID 19 are unknown, Generation Z may now be looking at an uncertain future.

While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations. A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close proximity). However, this cohort is smaller than Millennials (67 million vs. 72 million) which may lead to slowing real estate demand, including in city centers.

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, live in multigenerational housing for a variety of reasons. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunch by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite a decline in immigration rates in 2019. The Census Bureau’s estimates of net immigration in 2019 indicate that 595,000 immigrants moved to the United States from abroad, down from 1.2 million immigrants in 2017–2018. However, as noted in *The State of the Nation’s Housing* (2020) report, “because the majority of immigrants do not immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time.”
- *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a

²⁴ National Association of Realtors. (2020). 2020 Home Buyers and Sellers Generational Trends Report, March 2020. Retrieved from: <https://www.nar.realtor/research-and-statistics/research-reports/home-buyer-and-seller-generational-trends>

²⁵ PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer. Retrieved from: <https://www.pnc.com/en/about-pnc/topics/pnc-pov/economy/wealth-transfer.html>

²⁶ Parker, K. & Igielnik, R. (2020). On the cusp if adulthood and facing an uncertain future: what we know about gen Z so far. Pew Research Center. Retrieved from: <https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/>

larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between White and Black households as well as the larger share of minority households that are cost burdened warrant consideration. White households had a 73% homeownership rate in 2019 compared to a 43% rate for Black households. This 30 percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Latinx households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to White households, leads to higher rates of cost burden for minorities —43% for Black, 40% for Latinx, 32% for Asian and 25% for White in 2019. As noted in *The State of the Nation's Housing* (2020) report, “the impacts of the pandemic have shed light on the growing racial and income disparities in the nation between the nation’s haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy.”

- **Changes in housing characteristics.** The U.S. Census Bureau’s Characteristics of New Housing Report (2019) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:²⁷
 - *Larger single-family units on smaller lots.* Between 1999 and 2019, the median size of new single-family dwellings increased by 13% nationally, from 2,028 sq. ft. to 2,301 sq. ft., and 14% in the western region from 2,001 sq. ft. in 1999 to 2,279 sq. ft. in 2019. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by more than half, from 16% in 1999 to 7% in 2019. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 25% of new one-family homes completed in 2019. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2009 and 2019, the percentage of lots less than 7,000 sq. ft. increased from 25% to 33%.
 - *Larger multifamily units.* Between 1999 and 2019, the median size of new multifamily dwelling units increased by 3.4% nationally. In the western region, the median size decreased by 1.9%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 35% in 2019 and increased from 25% to 27% in the western region.
 - *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 96% in 2019. The share of new multifamily units with two or more bathrooms decreased from 55% of new multifamily units to

²⁷ U.S. Census Bureau, Highlights of Annual 2019 Characteristics of New Housing. Retrieved from: <https://www.census.gov/construction/chars/highlights.html>

45%. As of 2019, 92% of new single-family houses in the United States had garages for one or more vehicles (from 89% in 2000). Additionally, if work from home dynamics become a more permanent option, then there may be rising demand for different housing amenities such as more space for home offices or larger yards for recreation.

- *Shared amenities.* Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs and/or maintenance costs. Single-room occupancies (SROs), cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend.²⁸ Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.²⁹

State Trends

In August 2019, the State of Oregon passed statewide legislation -- Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required many Oregon communities to accommodate middle housing within single-family neighborhoods. “Medium Cities” — those with 10,000 to 25,000 residents outside the Portland metro area — are required to allow duplexes on each lot or parcel where a single-family home is allowed. “Large Cities” — those with over 25,000 residents and nearly all jurisdictions in the Portland metro urban growth boundary (UGB) — must meet the same duplex requirement as well as allow triplexes, fourplexes, townhomes, and cottage clusters in all areas that are zoned for residential use and allow single-family homes. Oregon City has recently made a variety of amendments to the development code to allow more housing types and is currently working through the process of making adjustment to comply with HB 2001 which will be implemented by July 2022.

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. It provides a range of housing choices at different price points within a community.

House Bill 2003 (HB2003) envisions Oregon’s housing planning system is reformed from a singular focus (on ensuring adequate available land) to a more comprehensive approach that also achieves these critical goals: (1) support and enable the construction of sufficient units to accommodate current populations and projected household growth and (2) reduce geographic

²⁸ Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: U.S. Department of Housing and Urban Development. (2001). *Understanding SRO*. Retrieved from: <https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf>

²⁹ Urbsworks. (n.d.). Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon. Retrieved from: <https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet-DIGITAL.pdf>

Saiz, Albert and Salazar, Arianna. (n.d.). Real Trends: The Future of Real Estate in the United States. Center for Real Estate, Urban Economics Lab.

disparities in access to housing (especially affordable and publicly supported housing). In that, HB 2003 required the development of a methodology for projecting *regional* housing need and allocate that need to local jurisdictions. It also expanded local government responsibilities for planning to meet housing need by requiring cities to develop and adopt Housing Production Strategies.³⁰

Prior to the passage of these bills, Oregon developed its *2016–2020 Consolidated Plan* which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that “a growing gap between the number of Oregonians who need affordable housing, and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon.” It identified the following issues that describe housing need statewide:³¹

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, one in two Oregon households pays more than one-third of their income toward rent, and one in three pays more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon’s economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinx, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of 20, many of whom have earned a college degree, or some level of higher education.

³⁰ This Housing Needs Analysis is not required to comply with HB 2003 because it will be adopted prior to January, 2022. The City is expected to comply with HB 2003 at the next HNA which is anticipated in six years.

³¹ These conclusions are copied directly from the report: Oregon’s 2016–2020 Consolidated Plan. Retrieved from: <http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf>.

- In 2019, minimum wage in Oregon³² was \$11.2 compared to \$12.50 in the Portland Metro, and \$11.00 for nonurban counties.

Oregon developed its *Statewide Housing Plan* in 2018. The Plan identified six housing priorities to address in communities across the State over the 2019 to 2023 period (summarized below). In August 2020, Oregon Housing and Community Services (OHCS) released a summary of their progress.³³ The following section includes summaries and excerpts from their status report:

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*

OHCS built internal organizational capacity through staff trainings on Equity and Racial Justice (ERJ) and hired an Equity, Diversity and Inclusion Manager. OHCS established a workgroup to support equity in their data system and approved an internal organizational structure to advance and support ERJ within all areas of OHCS. Now, OHCS is developing funding mechanisms to encourage culturally specific organizations to increase services to underserved communities and to increase the number and dollar amounts of contracts awarded to minority, women, and emerging small businesses (MWESBs).

- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*

The Homeless Services Section (HSS) made progress in building a foundation for planning and engagement across intersecting economic, social, and health systems. The OHCS Veteran Leadership team established recurring information-sharing sessions with federal, state, and local partners. HSS convened Oregon Homeless Management Information System (HMIS) stakeholders to build recommendations and co-construct a path toward a new HMIS implementation and data warehouse. HSS established successful workflows to analyze demographic data of people entering/exiting the homeless service system.

- **Permanent Supportive Housing.** *Invest in permanent supportive housing (PSH), a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*

OHCS funded 405 of their 1,000 PSH-unit targets. Almost half of these units were the result of the NOFA tied to the first PSH Institute cohort.

³² The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. Retrieved from: <https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx>

³³ This section uses many direct excerpts from the OHCS Statewide Housing Plan Year One Summary August 2020 Report to HSC. Oregon Statewide Housing Plan, Status Reports. <https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf>

- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*

OHCS implemented a new electronic application and widespread adoption of system work modules. They also established a capacity building team to assess and recommend opportunities for growth in their development priorities and began training and technical assistance to potential PSH and rural developers. OHCS increased their units by 8,408 representing 22.8% of their 25,000 unit 5-year target.

- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*

OHCS pursued a strategy to align programs with the needs of communities of color, improved their Homeownership Center framework and Down Payment Assistance product, began developing their TBA program and focused on low-cost homeownership through manufactured housing. Additionally, they began developing the Restore Health and Safety program and re-opening the Oregon Homeownership Stabilization Initiative (OHSI) program. OHCS also supported the Joint Task Force on Racial Equity in Homeownership and advocating for additional funds to support communities of color. OHCS provided 678 mortgage lending products of their 6,500 5-year goal with 170 going to households of color.

- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a full-time capacity building analyst who has conducted outreach to key stakeholders across the state representing rural communities and developed a strategy to address those needs. OHCS has funded 532 units in rural communities, out of a total of 2,543 units in the 5-year goal (21% of target).

Regional and Local Demographic Trends that May Affect Housing Need in Oregon City

Demographic trends that might affect the key assumptions used in the analysis of housing need is (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Oregon City's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Oregon City.

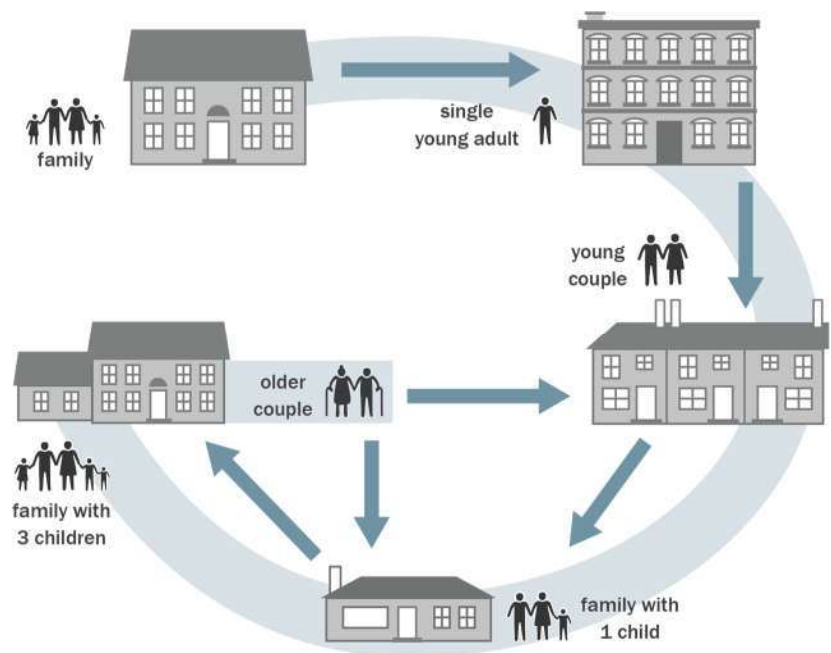
Housing needs and preferences may change over time, such as with changes in marital status and size of family. Changes in income, which may change over a person's life with age, strongly influence the types of housing selected.

Families of different sizes need different types of housing. Changes in income is also a key factor in housing demand.

This graphic illustrates an example of changes in housing needs across a person's life

Exhibit 19. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

Oregon City, like Wilsonville, has grown quickly over the last 30 years with its population more than doubling from 1990 to 2019.

Exhibit 20. Population, Oregon City, Gladstone, Wilsonville, Milwaukie, 1990-2019

Source: U.S. Decennial Census 1990, and Portland State University, Population Research Center.

	1990	2019	Change 1990 to 2019		
			Number	Percent	AAGR
Oregon City	14,698	35,570	19,242	131%	3.4%
Gladstone	10,152	11,905	1,353	13%	0.5%
Wilsonville	7,106	25,635	15,764	222%	4.8%
Milwaukie	18,692	20,535	1,813	10%	0.4%

Oregon City's population within the urban growth boundary is projected to grow by 6,410 people between 2019 and 2039, at an average annual growth rate of 0.8%.

Exhibit 21. Forecast of Population Growth, Oregon City, 2021–2041

Source: 2020-2050 Distributed Forecast (March 2021) Oregon Metro Research Center.

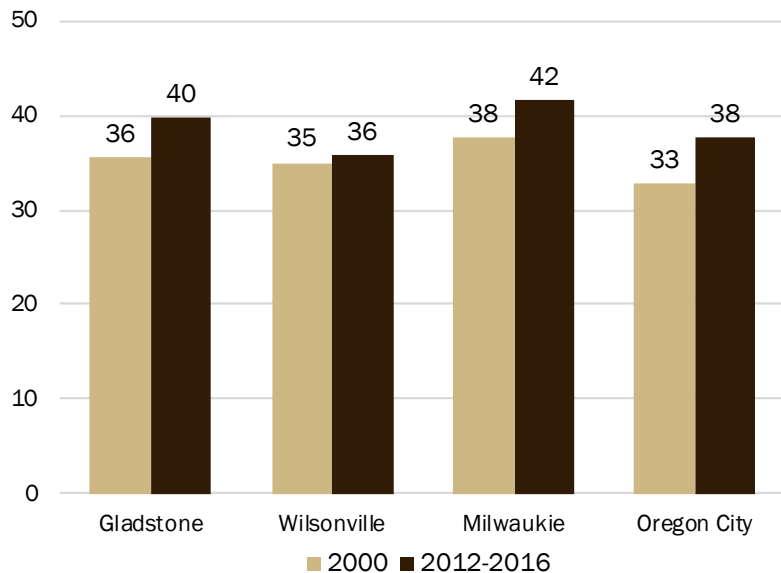
36,891	46,743	9,852	27%
Residents in 2021	Residents in 2041	New residents 2021-2041	increase
			1.19% AAGR

Aging Population

From 2000 to 2012-2016, Oregon City's median age increased by five years from 33 to 38.

Exhibit 22. Median Age, Years, Oregon City, Gladstone, Wilsonville, Milwaukie, 2000 to 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2012-2016 ACS, Table B01002.

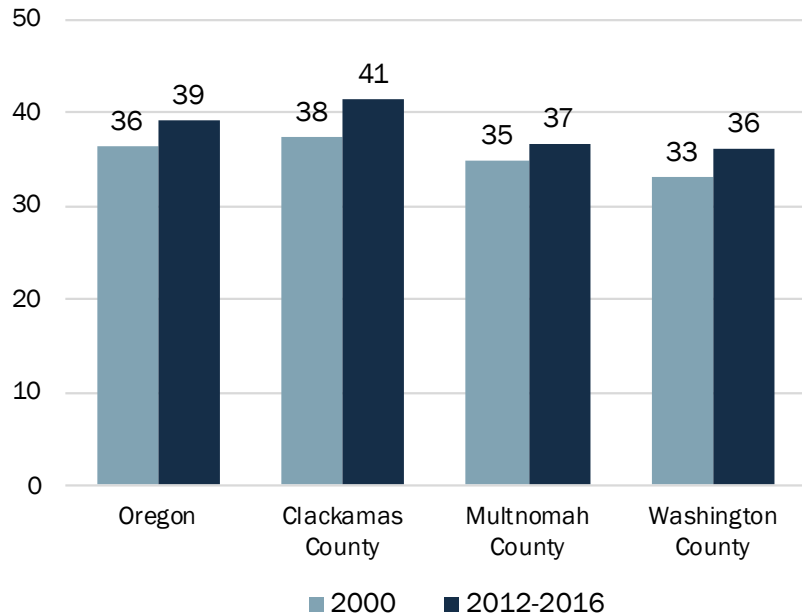


From 2000 to 2012-2016, Clackamas County's median age increased by three years.

The median age of Clackamas County residents is slightly higher than the media age of nearby regions (Clackamas and Washington County).

Exhibit 23. Median Age, Years, Oregon, Clackamas County, Multnomah County, Washington County, 2000 to 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2012-2016 ACS, Table B01002.

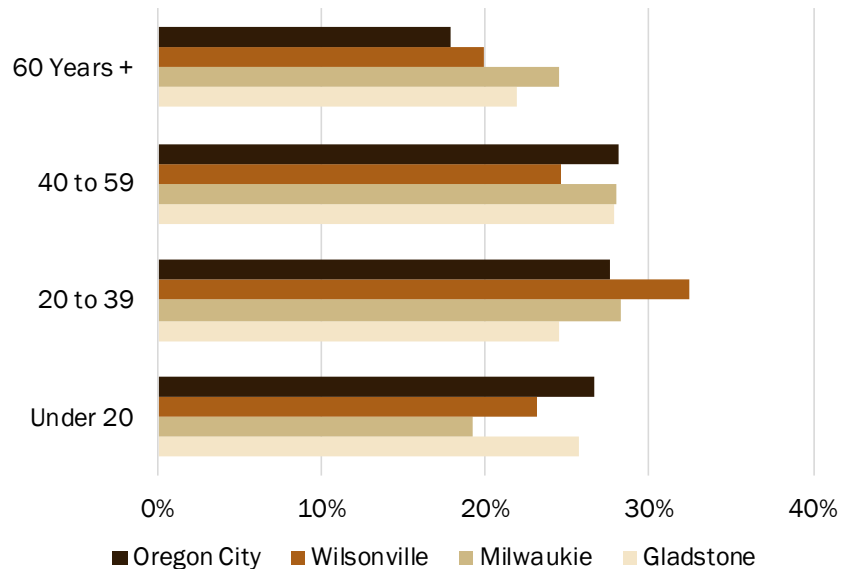


The majority of residents in Oregon City were between 20 to 59 years old.

Oregon City had a lower share (18%) of residents over 60 years of age than other comparator cities.

Exhibit 24. Population Distribution by Age, Oregon City, Gladstone, Wilsonville, Milwaukie, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS, Table B01001.

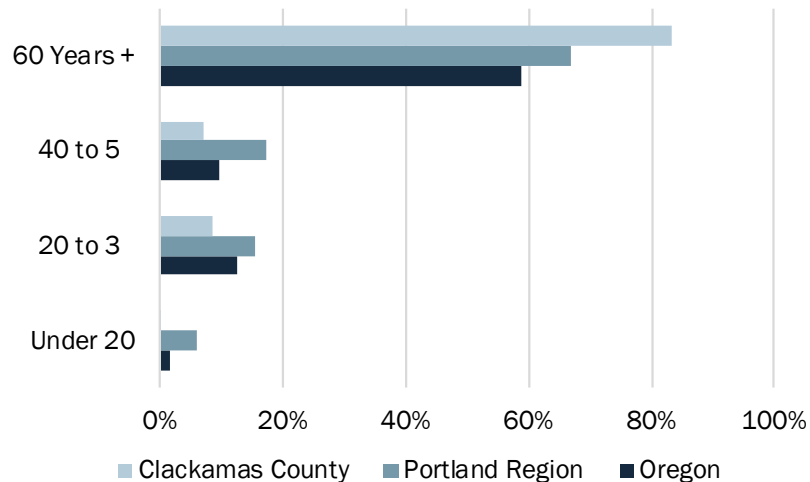


The senior population in Clackamas County (those aged 60 and older) grew faster than any other age cohort. From 2000 to the 2012-2016 period, the population aged 60 and older grew by 83% in Clackamas County, compared to 67% in the Portland Region, and 59% in Oregon. By 2040, people over 60 in Clackamas County will account for 27% of the population.

Between 2000 and 2012-2016, all age groups in Clackamas County grew in size. The most substantial change was growth in residents aged 60 and older.

Exhibit 25. Population Growth by Age, Clackamas County, Portland Region, Oregon, 2000 to 2012-2016

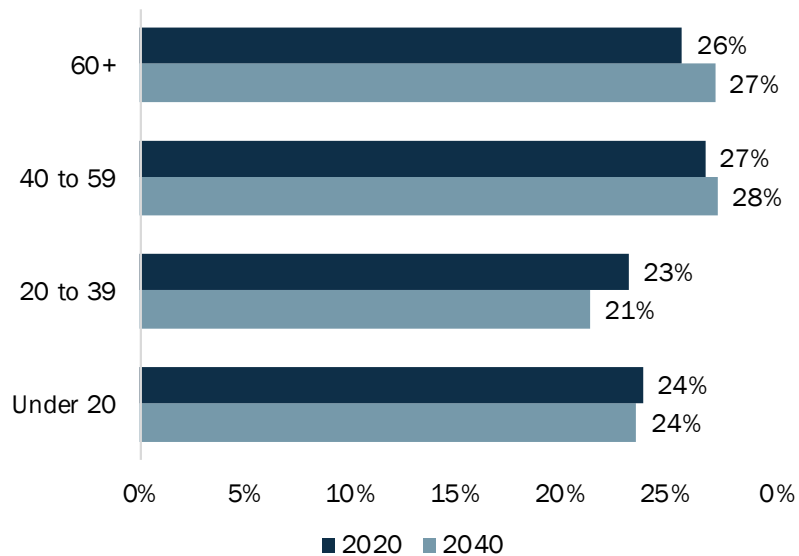
Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2012-2016 ACS, Table B01001.



By 2040, Clackamas County residents over the age of 40 will make up 55% of the County's total population.

Exhibit 26. Population Growth by Age Group, Clackamas County, 2020 to 2040

Source: Portland State University, Population Research Center, Clackamas County Forecast, June 2017.



Growth in Latinx Population

The U.S. Census Bureau forecasts that at the national level, the Latinx (e.g., Latino/a and Hispanic) population will continue growing faster than most other non-Latinx population over the planning period. The Latinx population will increase 93% from 2016 to 2060 and foreign-born Latinx population will increase by about 40% in that same time.³⁴

Continued growth in the Latinx population will affect Oregon City's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third generation Latinx immigrants, will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that, Latinx households are twice likely to include multiple generations households than the general populace.³⁵ In third and later generations of Hispanic or Latino immigrant households, size typically decreases and housing needs become similar to overall housing needs for households within the community.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals,³⁶ the Latinx population accounted for 31.4% of the nation's net new household formations in 2019, up 2.8 percentage points from 2017. The rate of homeownership for Latinx households increased from 45.6% in 2015 to 47.5% in 2019. In that time (2015 to 2019), Latinx households were the only demographic that increased their rate of homeownership.

³⁴ U.S. Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7, https://www.census.gov/content/dam/Census/library/publications/2018/demo/P25_1144.pdf

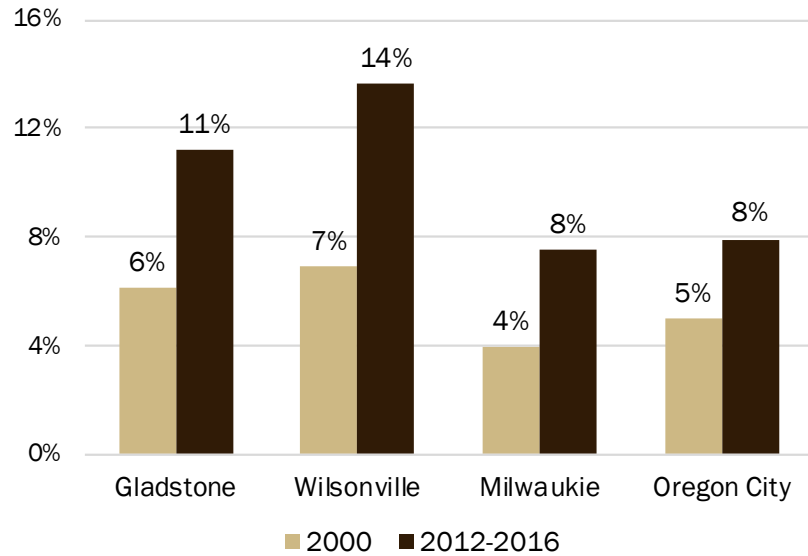
³⁵ Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2013, Appendix 8. Retrieved from: <http://www.pewsocialtrends.org/2013/02/07/appendix-1-detailed-demographic-tables/>.

National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report*. Retrieved from: <https://nahrep.org/shhr/>

³⁶ National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report*. Retrieved from: <https://nahrep.org/downloads/2018-state-of-hispanic-homeownership-report.pdf>

Between 2000 and 2012-2016, the share of the population that identified as Latinx increased by 3% in Oregon City.

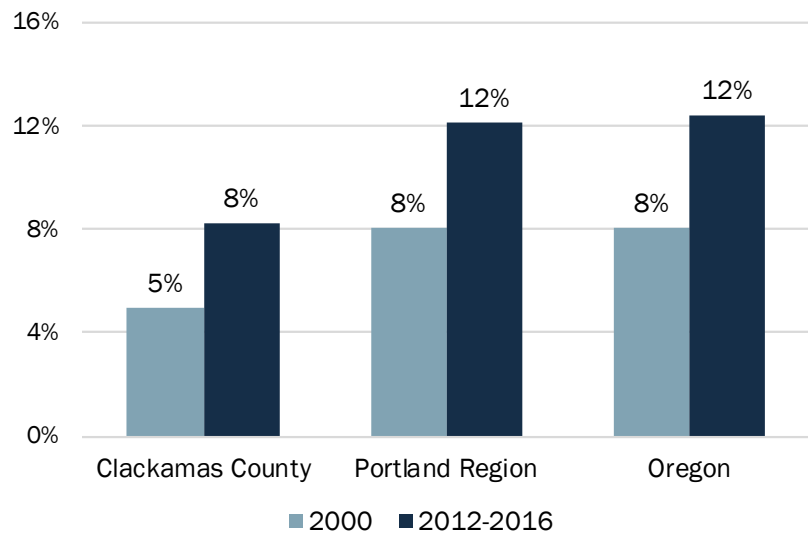
Exhibit 27. Latinx Population as a Percent of the Total Population, Oregon City, Gladstone, Wilsonville, Milwaukie, 2000 to 2012-2016
Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2012-2016 ACS Table B03002.



The share of Clackamas County's population that was Latinx increased by 3% between 2000 and 2012-2016.

Comparatively, the share of Latinx increased by 4% in the Portland Region and in Oregon.

Exhibit 28. Latinx Population as a Percent of the Total Population, Clackamas County, Portland Region, Oregon, 2000 to 2012-2016
Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2012-2016 ACS Table B03002.



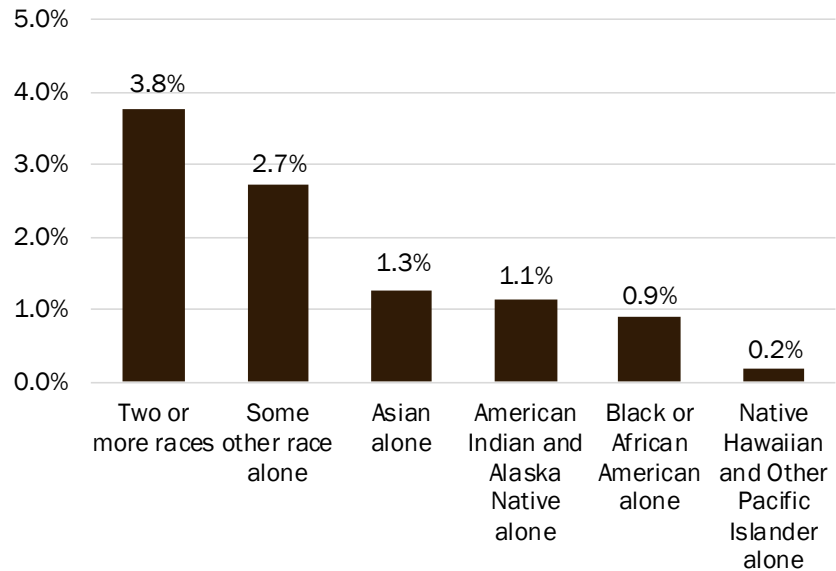
Racial Diversity

About 90% of Oregon City's population identified as White-alone.

The next largest population group identified as Two or More Races (3.8%).

Exhibit 29. Population by Race (excluding White Alone) as a Percent of Total Population, Oregon City, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B02001.

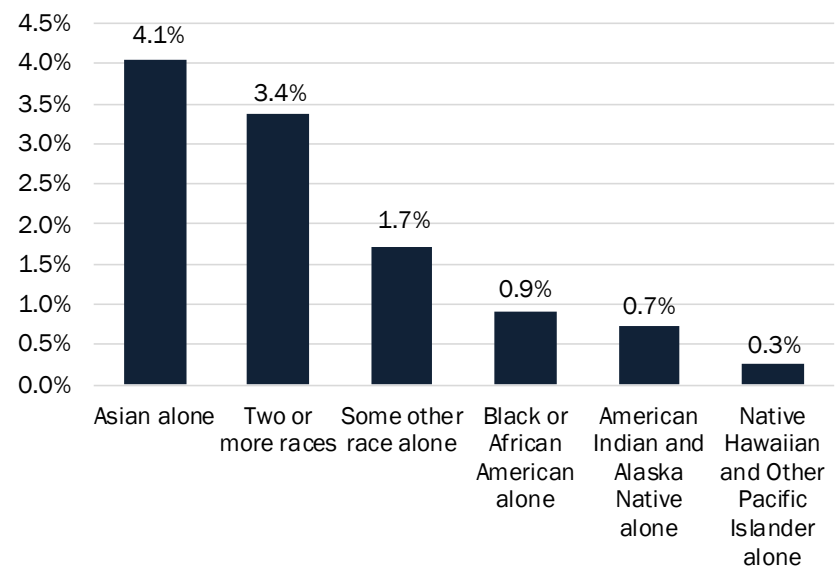


About 89% of Clackamas County's population identified as White-alone.

The next largest population group identified as Asian-alone (4.1%).

Exhibit 30. Population by Race (excluding White Alone) as a Percent of Total Population, Clackamas County, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B02001.

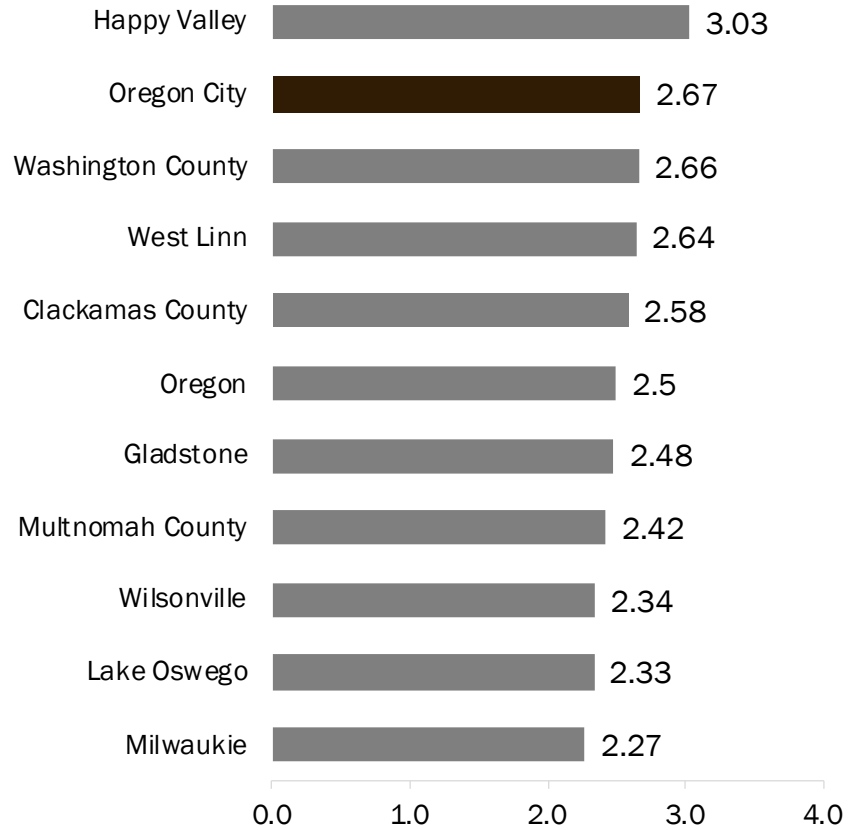


Household Size and Composition

In the 2013-2017 period, Oregon City's average household size was 2.67 persons per household.

Exhibit 31. Average Household Size, 2013-2017

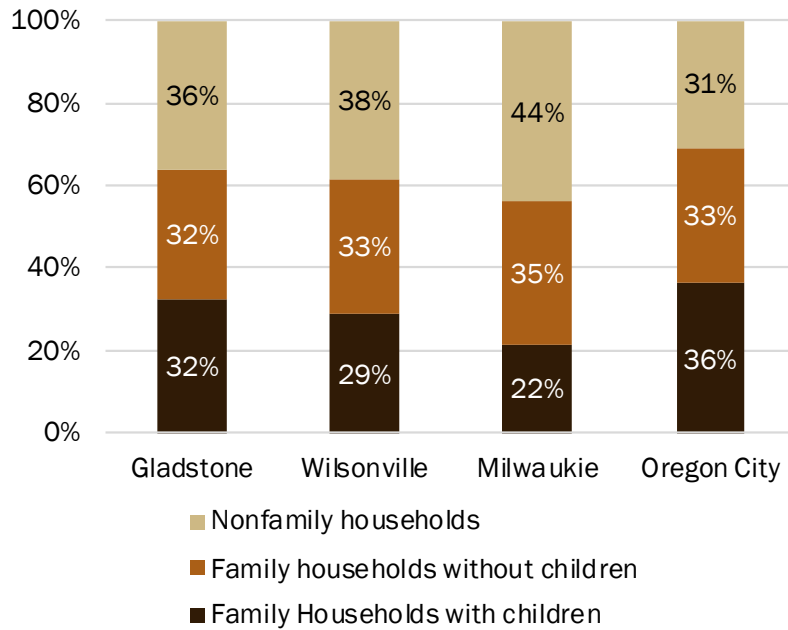
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25010.



In the 2012-2016 period, 36% of Oregon City households were non-family households (e.g., single-person households or households composed of roommates).

Exhibit 32. Household Composition, Oregon City, Wilsonville, Milwaukie, Oregon City, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table DP02.



Income of Residents

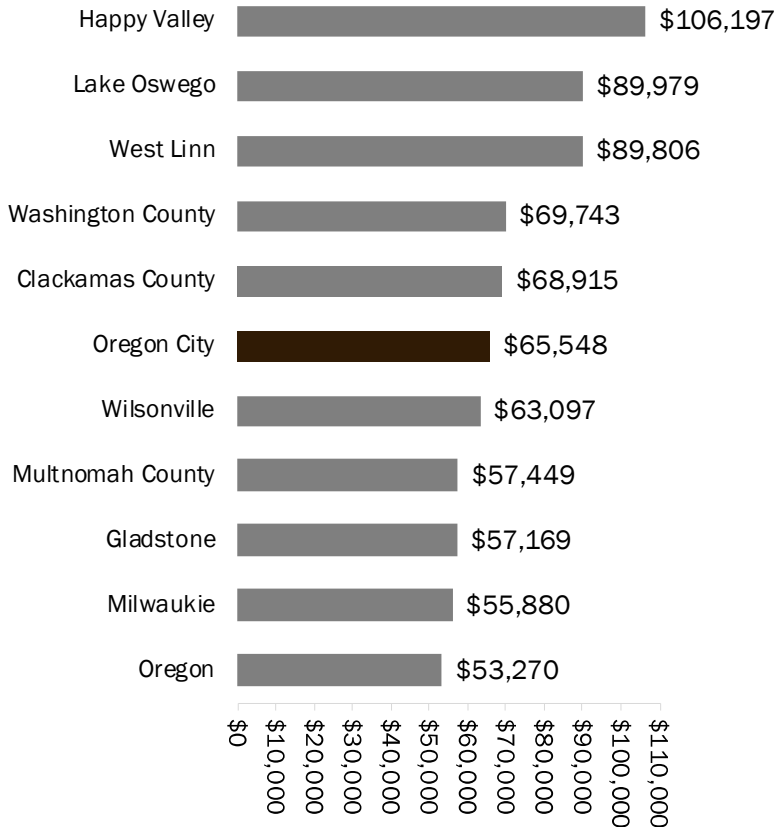
Income is a key determinant in housing choice and households' ability to afford housing.

In the 2012-2016 period, Oregon City's median household income (MHI) was \$65,548.

Oregon City's MHI was slightly below Clackamas County's MHI of \$68,915.

Exhibit 33. Median Household Income, 2012-2016

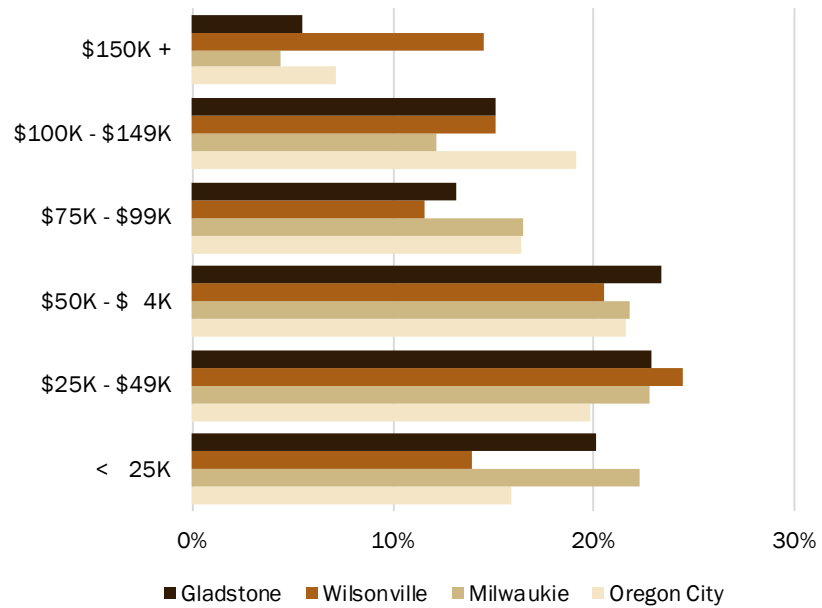
Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B25119.



In Oregon City, 26% of households earned \$100,000 or more.

Exhibit 34. Household Income, Oregon City, Gladstone, Wilsonville, Milwaukie, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B19001.



Commuting Trends

Oregon City is part of the complex, interconnected economy of Clackamas County and the greater Portland region.

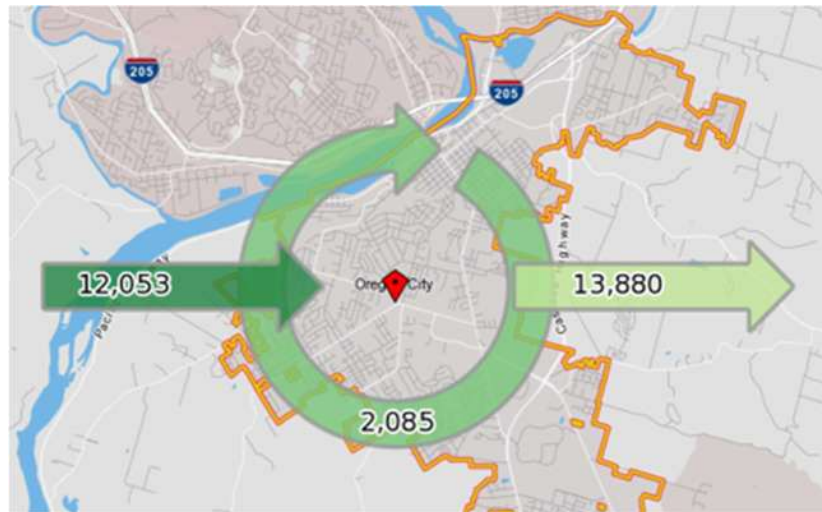
Oregon City is part of an interconnected regional economy.

More than 12,000 people commute into Oregon City for work, and almost 14,000 people living in Oregon City commute out of the city for work.

About 2,000 people both live and work in the City.

Exhibit 35. Commuting Flows, Oregon City, 2015

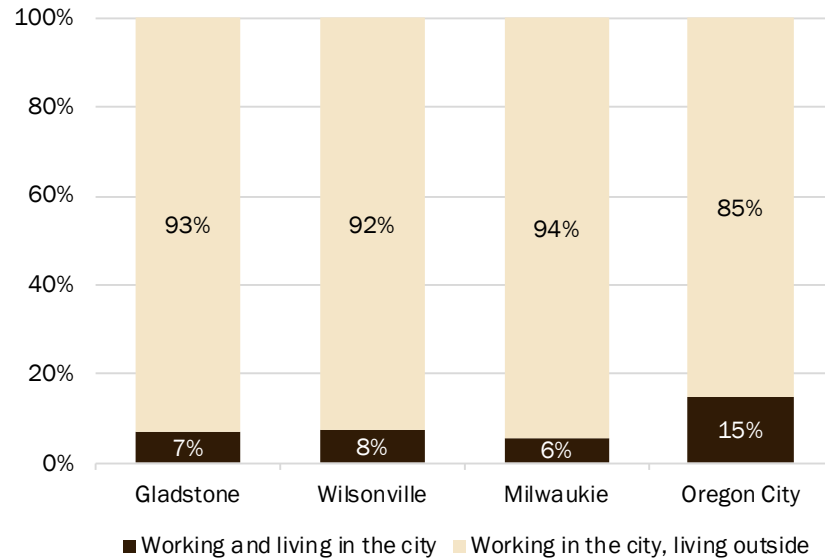
Source: U.S. Census Bureau, Census On the Map.



Of the people who work in Oregon City, 85% live outside of the city.

Exhibit 36. Commuting Flows of People Who Work in Oregon City, Gladstone, Wilsonville, Milwaukie, 2015

Source: U.S. Census Bureau, Census On the Map.

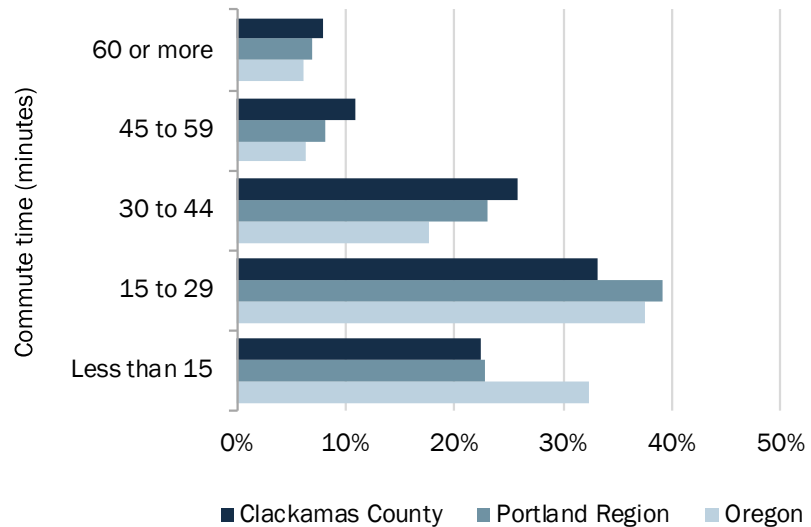


The majority of residents in Clackamas County, the Portland Region, and Oregon had a commute time that took less than 30 minutes.

In Clackamas County, 56% of residents had a commute time of less than 30 minutes, compared to 62% for the Portland Region and 70% for Oregon.

Exhibit 37. Commute Time by Place of Residence, Clackamas County, Portland Region, Oregon, 2012-2016

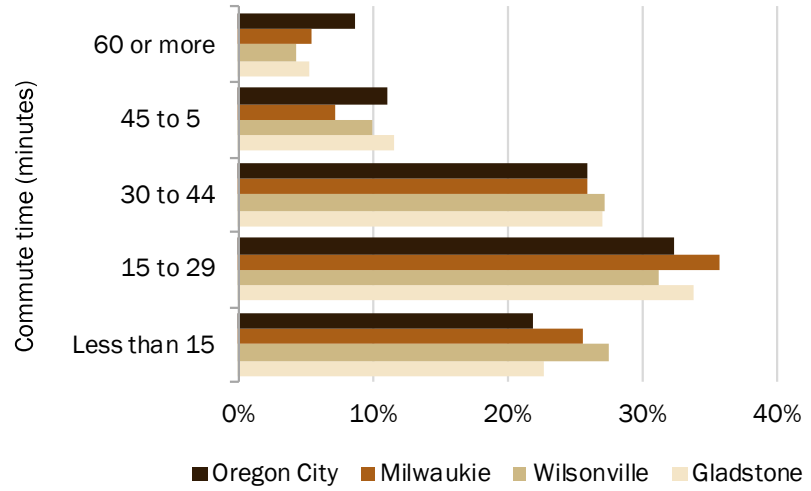
Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B08303.



The majority of residents in Oregon City had commute times of less than 30 minutes.

Exhibit 38. Commute Time by Place of Residence, Oregon City, Gladstone, Wilsonville, Milwaukie, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B08303.



Regional and Local Trends Affecting Housing Affordability

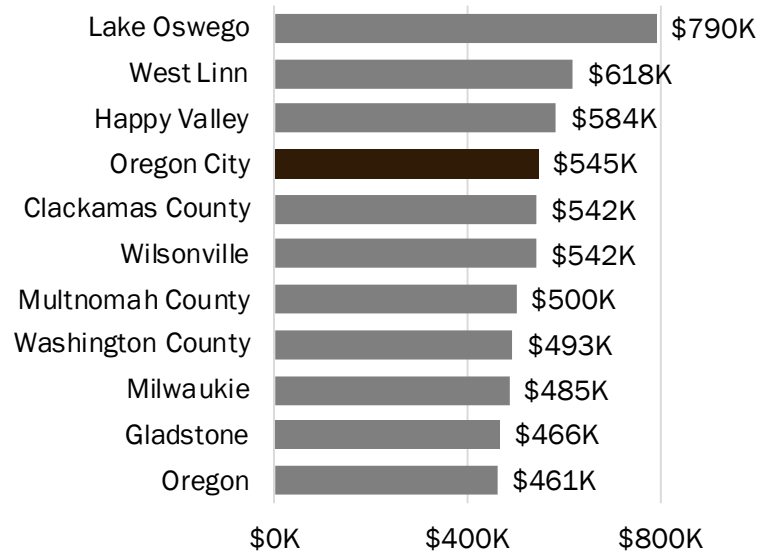
This section describes changes in sales prices, rents, and housing affordability by jurisdiction.

Changes in Housing Costs

In April 2021, Oregon City had a median home sales price of \$545k, which was below that of some other city comparators and similar to Clackamas County (\$542k), but well above the state's median of \$461k.

Exhibit 39. Median Home Sale Price, April 2021

Source: Redfin.

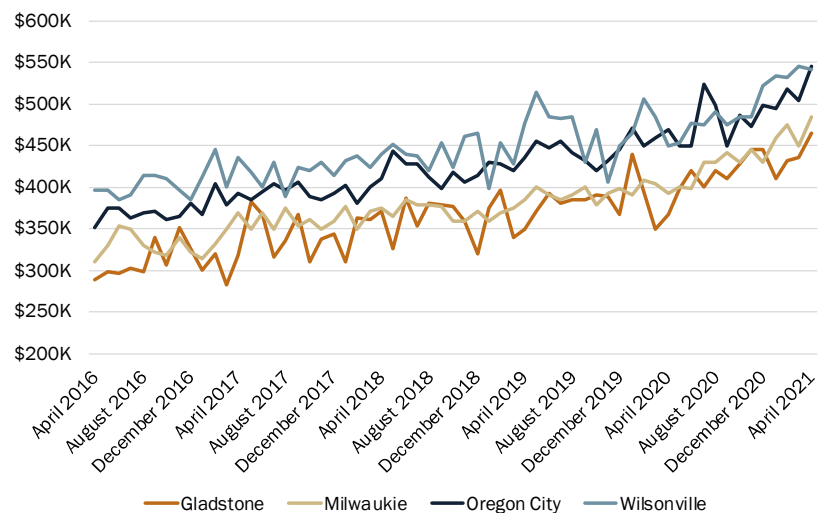


Median home sales prices in Oregon City have increased since April 2016.

In April of 2021, Oregon City had a median home sales price of \$545k.

Exhibit 40. Median Sales Price, Gladstone, Wilsonville, Milwaukie, Oregon City, April 2016 – April 2021

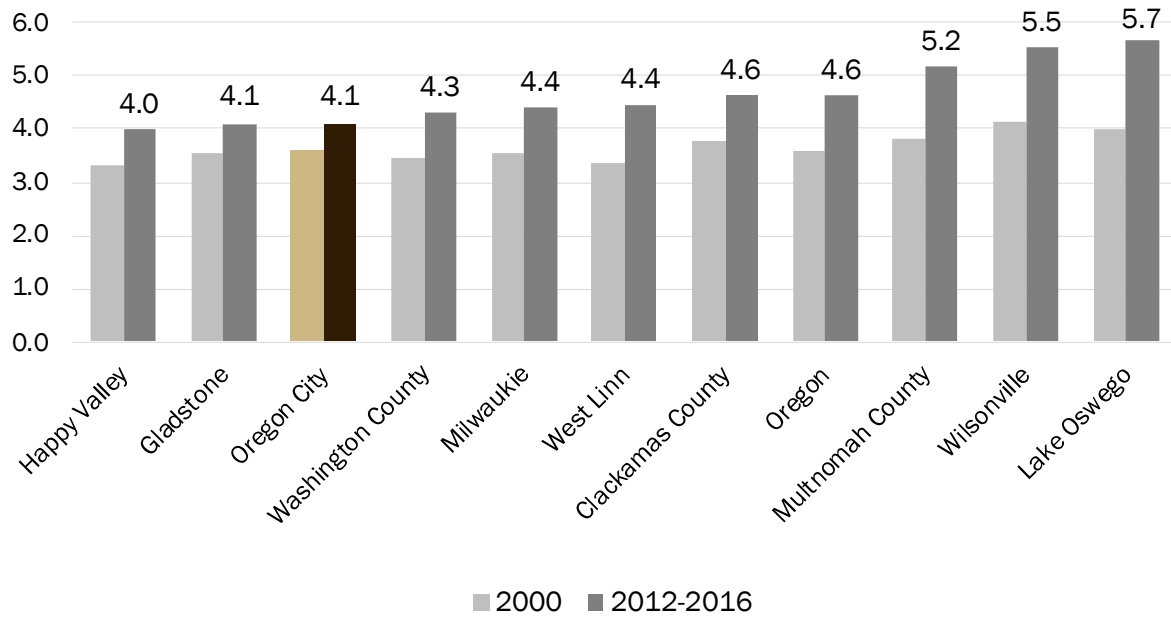
Source: Redfin.



Since 2000, housing costs in nearly all Clackamas County geographies increased faster than incomes. Oregon City's median housing value to household income increased from 3.6 to 4.1.

Exhibit 41. Ratio of Median Housing Value to Median Household Income, 2000 to 2012-2016³⁷

Source: U.S. Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012-2016 ACS, Tables B19013 and B25077.



³⁷ This ratio compares the median value of housing in Clackamas County (and other places) to the median household income.

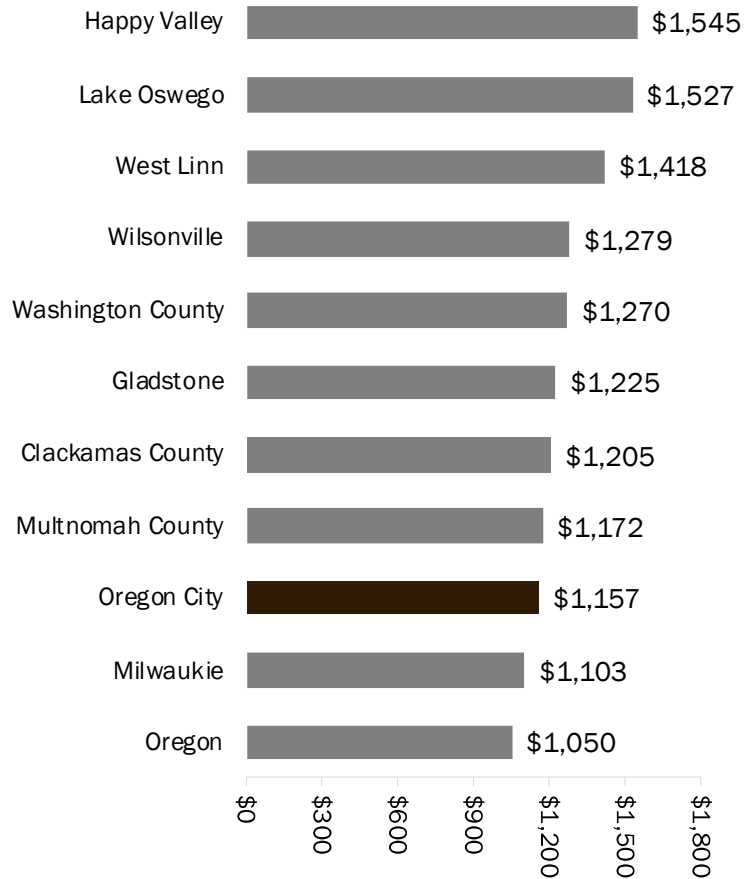
Rental Costs

The median gross rent in Oregon City was \$1,157.

In the 2014-2018 period, rent in Oregon City was comparable to the median rent for Clackamas County as a whole.

Exhibit 42. Median Gross Rent, Oregon City and Comparison Areas, 2014-2018

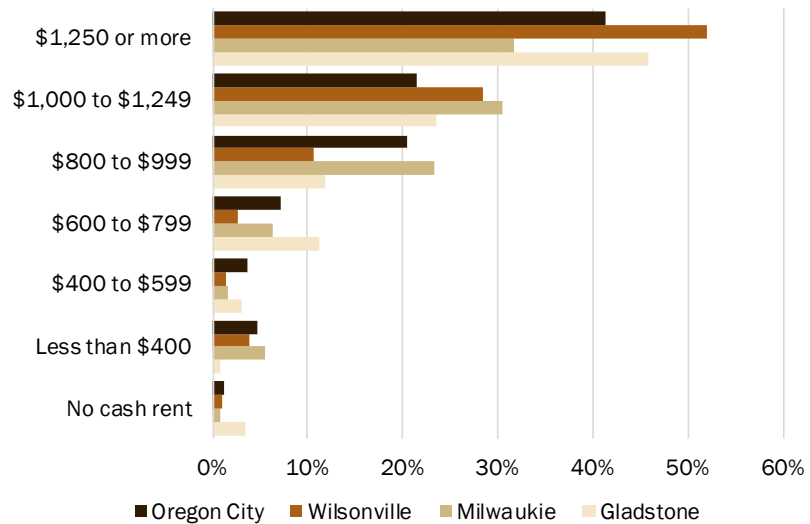
Source: U.S. Census Bureau, 2014-2018 ACS 5-year estimate, Table B25064.



In Oregon City, nearly two-thirds of renters paid more than \$1,000 a month in rent.

Exhibit 43. Gross Rent, Oregon City, Gladstone, Wilsonville, Milwaukie, 2014-2018

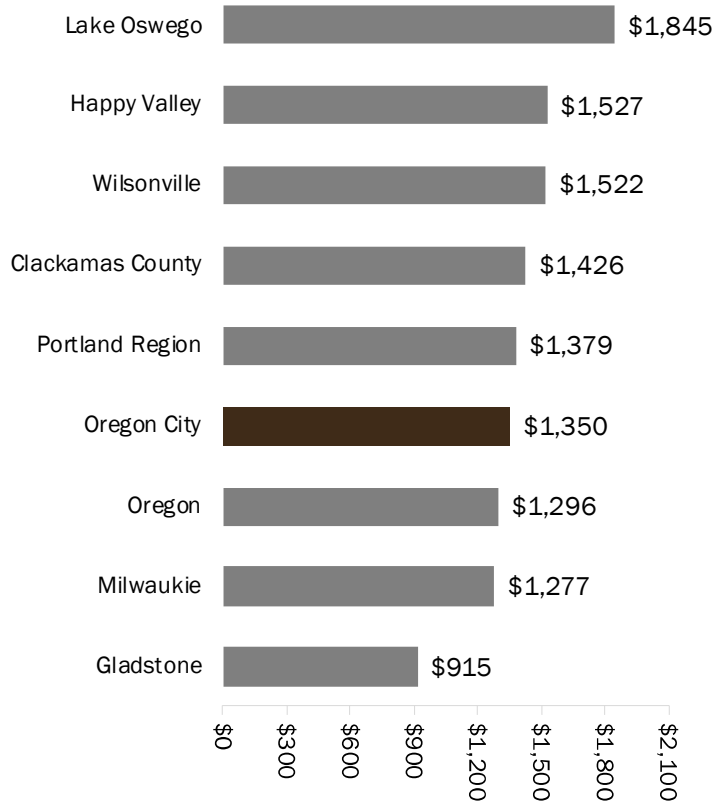
Source: U.S. Census Bureau, 2014-2018 ACS Table B25063.



Oregon City's average multifamily rent was slightly lower than Clackamas County's average rent.

Exhibit 44. Average Effective Multifamily Rent, Oregon City and Comparison Areas, June 2021

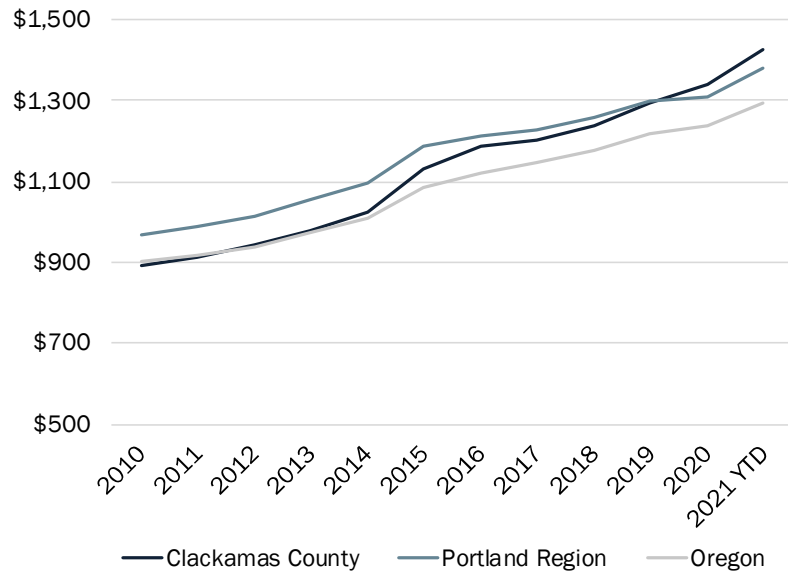
Source: Costar.



From 2010 to June 2021, average effective rents per unit increased from \$894 to \$1,436 in Clackamas County, \$970 to \$1,379 in the Portland Region, and \$903 to \$1,296 in Oregon.

Exhibit 45. Average Effective Multifamily Rent, Clackamas County, Portland Region, Oregon, 2010 through June 2021

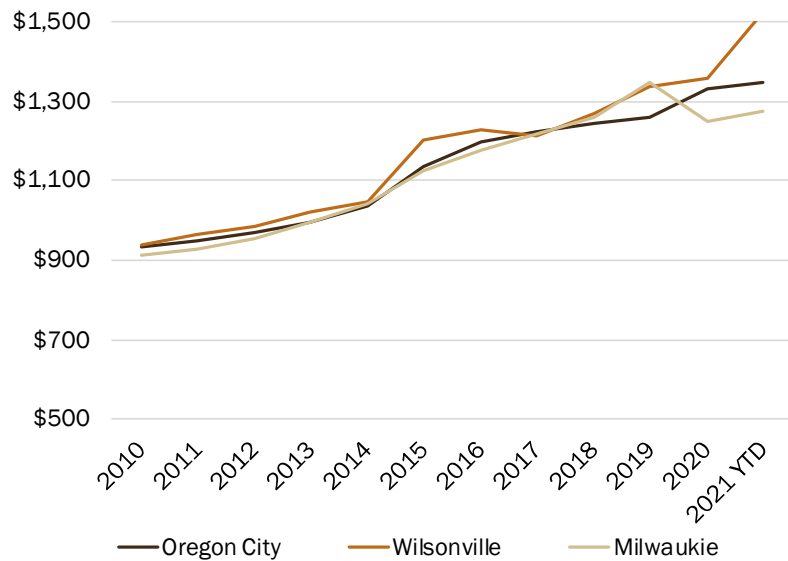
Source: Costar.



From 2010 to 2021, average effective rent per unit increased from \$933 to \$1,350 in Oregon City, \$940 to \$1,522 in Wilsonville, and \$914 to \$1,277 in Milwaukie

Exhibit 46. Average Effective Multifamily Rent, Oregon City, Wilsonville, Milwaukie, 2010 through June 2021

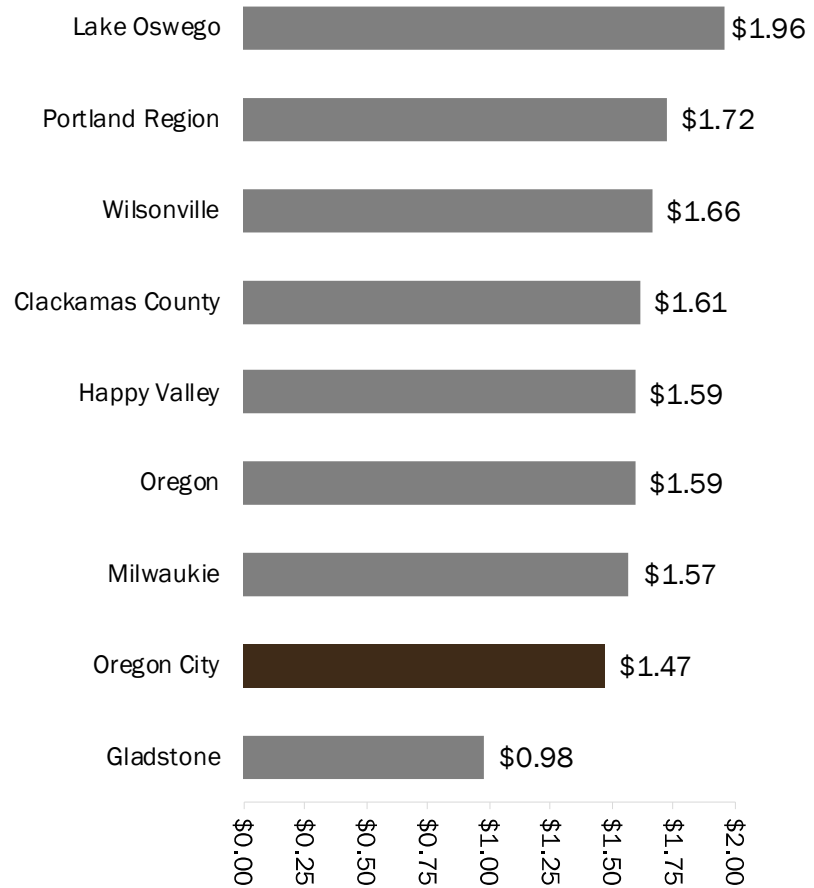
Source: Costar.



In June 2021, Oregon City's average effective multifamily rent per sq. ft. was \$1.47.

Exhibit 47. Average Effective Multifamily Rent per Square Foot, Oregon City and Comparison Areas, June 2021

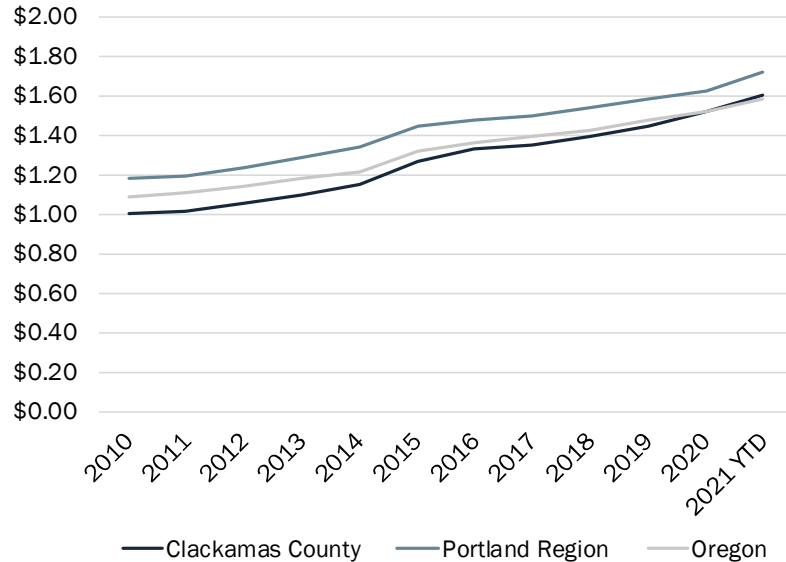
Source: Costar.



From 2010 to June 2021, average effective rent per square foot increased from \$1.00 to \$1.61 in Clackamas County, \$1.18 to \$1.72 in the Portland Region, and \$1.09 to \$1.59 in Oregon.

Exhibit 48. Average Effective Multifamily Rent per Square Foot, Clackamas County, Portland Region, Oregon, 2010 through June 2021

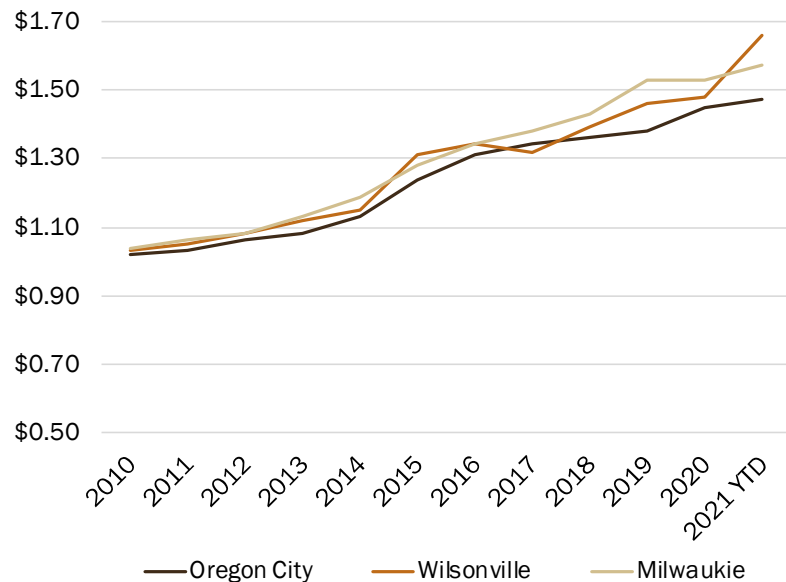
Source: Costar.



From 2010 to June 2021, average effective rent per square foot increased from \$1.02 to \$1.47 in Oregon City, \$1.03 to \$1.66 in Wilsonville, and \$1.04 to \$1.57 in Milwaukie.

Exhibit 49. Average Effective Multifamily Rent per Square Foot, Oregon City, Wilsonville, Milwaukie, 2010 through June 2021

Source: Costar.



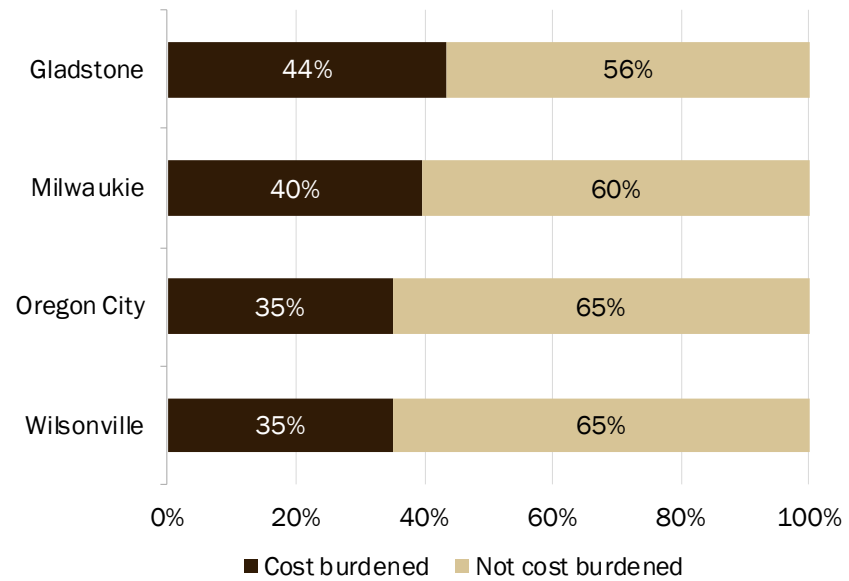
Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator for housing affordability is consistent with the Goal 10 requirement to provide housing that is affordable to all households in a community.

Over a third of Oregon City's residents were cost burdened in the 2012-2016 period.

Exhibit 50. Housing Cost Burden by Tenure, Oregon City, Gladstone, Wilsonville, and Milwaukie, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Tables B25091 and B25070.

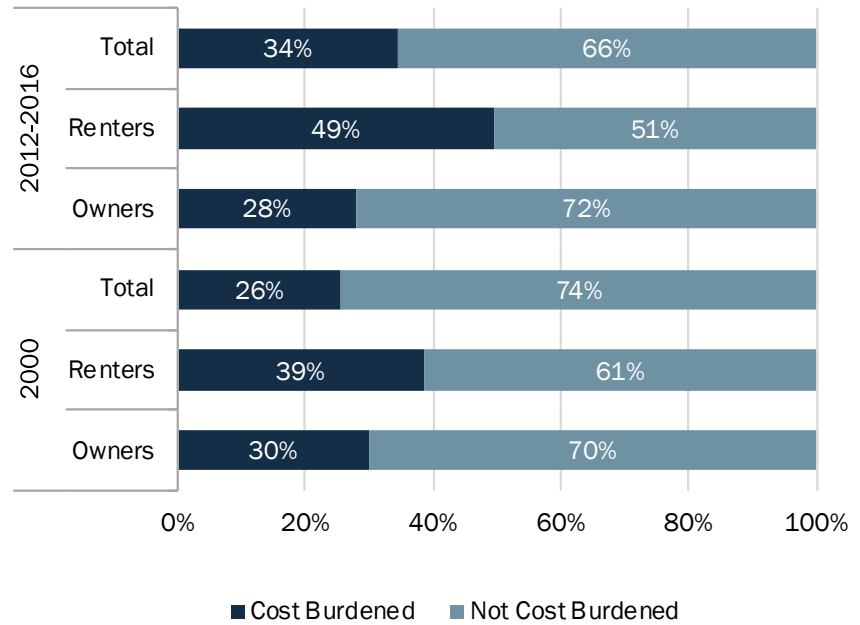


Across Clackamas County, renters were more likely to be cost burdened than homeowners.

Between the 2000 and 2012-2016 time period, the share of total cost-burdened households rose from 26% in 2000 to 34% in 2012-2016.

Exhibit 51. Housing Cost Burden by Tenure, Clackamas County, 2000, 2012-2016

Source: U.S. Census Bureau, 2000 Census Table H069, 2012-2016 ACS Tables B25091 and B25070.

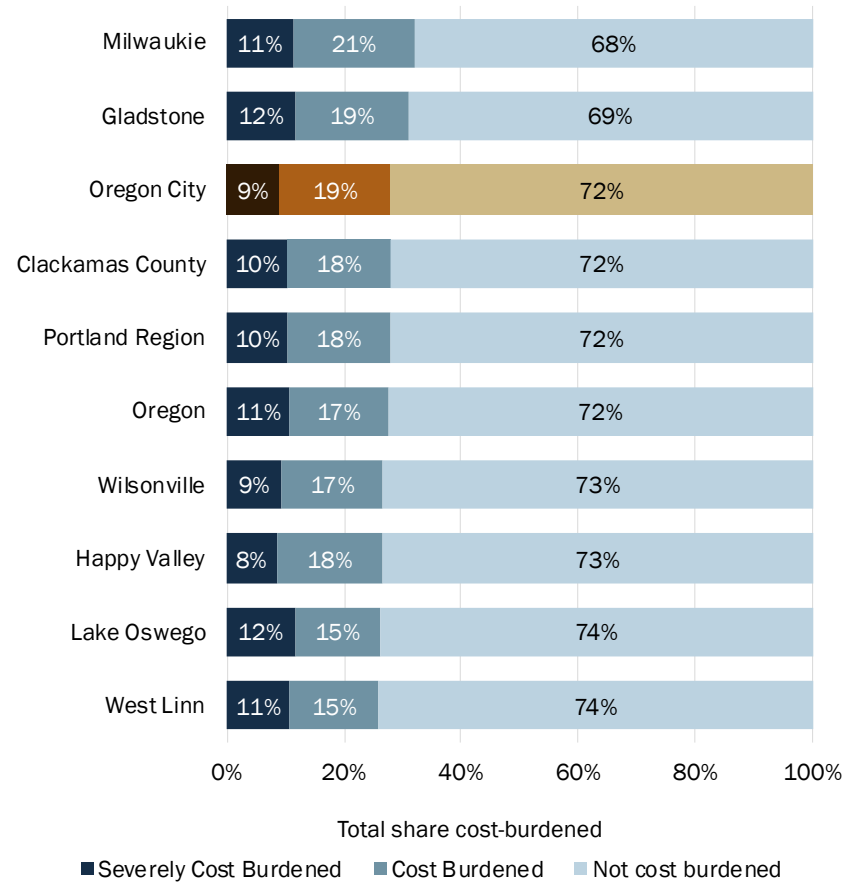


Nearly 30% of Oregon City's cost burdened homeowner households were cost burdened, spending more than 30% or more of their income on housing costs.

Nine percent of the city's homeowner households were *severely* cost burdened, spending 50% or more of their income on housing costs.

Exhibit 52. Cost Burden Rates for Homeowner Households, 2012-2016

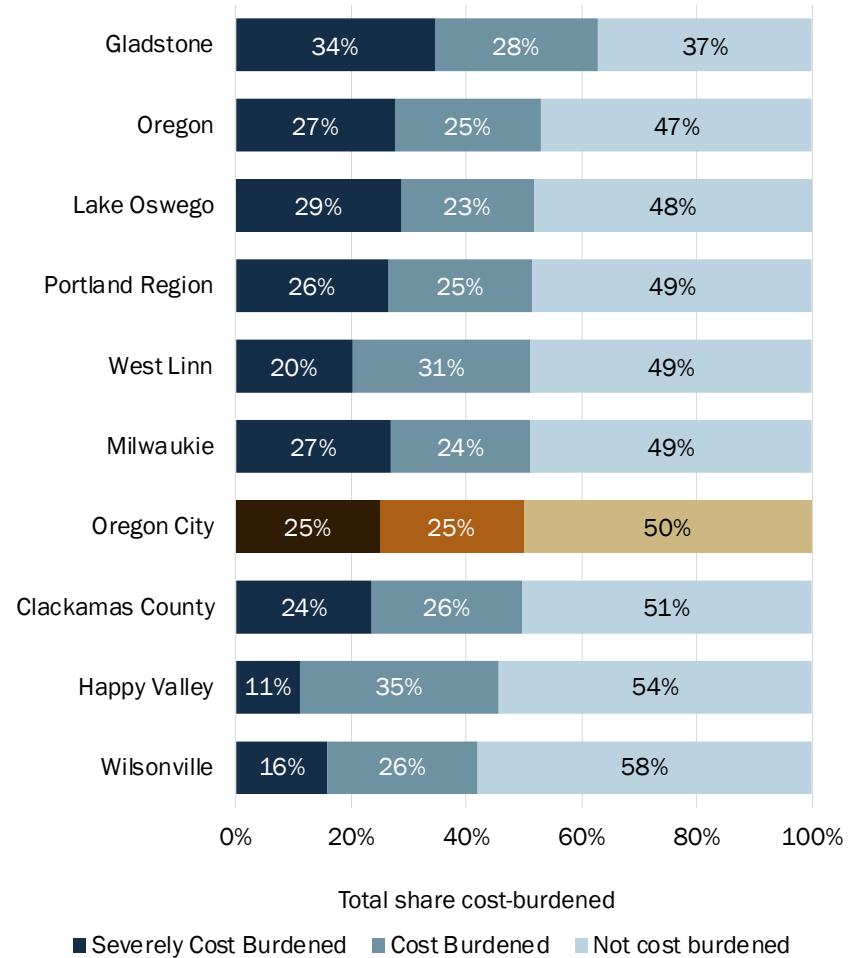
Source: U.S. Census Bureau, 2012-2016 ACS Table B25091.



Half of Oregon City's renter households were cost burdened, spending 30% of their income on housing costs.

Twenty-five percent of the city's renter households were *severely* cost burdened, spending 50% or more of their income on housing costs.

Exhibit 53. Cost Burden Rates for Renter Households, 2012-2016
Source: U.S. Census Bureau, 2012-2016 ACS Table B25070.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the household's housing costs exceed 30% of the household's income. The remaining 70% of income is expected to be spent on non-discretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary non-discretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost burden indicator.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair Market Rent for a 2-bedroom apartment in Clackamas County is \$1,495.

Exhibit 54. HUD Fair Market Rent (FMR) by Unit Type, Clackamas County,³⁸ 2020

Source: U.S. Department of Housing and Urban Development.

\$1,192	\$1,289	\$1,495	\$2,157	\$2,625
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least \$28.75 per hour to afford a two-bedroom unit in Clackamas County.

Before taxes, a full-time job at \$28.75 per hour is an annual salary of \$59,800.

Exhibit 55. Affordable Housing Wage, Clackamas County, 2020

Source: U.S. Department of Housing and Urban Development. Oregon Bureau of Labor and Industries.

\$28.75 per hour

Affordable Housing Wage for two-bedroom Unit in Clackamas County

³⁸ HUD reports 2020 fair market rents and median family income from the Portland-Vancouver-Beaverton MSA for Clackamas County.

Exhibit 56 shows housing affordability based on incomes for Clackamas County. The regional Median Family Income (MFI) is used by HUD as a way to understand the differences in housing affordability in different places across the nation. In Clackamas County (and the rest of the Portland region), the MFI for a family of four is \$92,000. A household earning the median family income (\$92,000) can afford a monthly rent of about \$2,300 or a home roughly valued between \$322,000 and \$368,000.

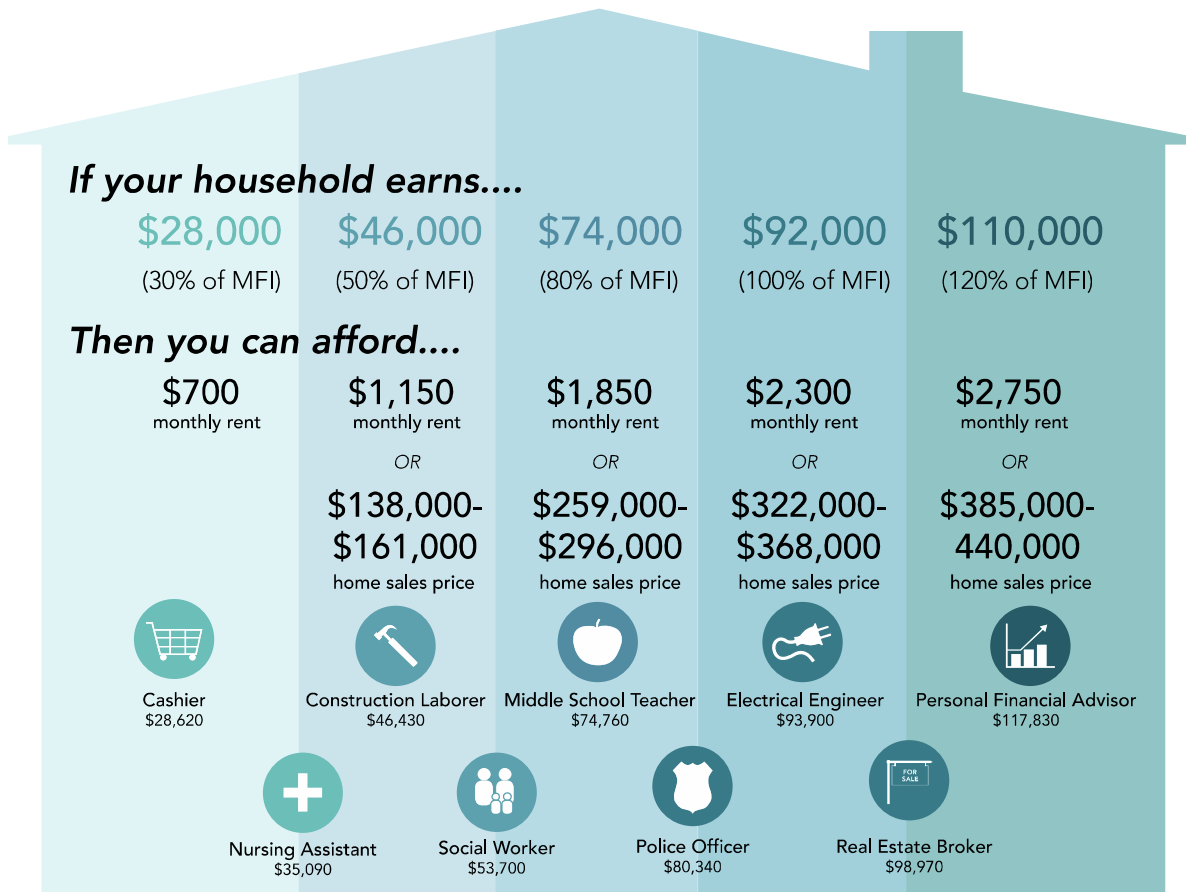
A household would need to have income of about \$136,000, or 148% of MFI for Clackamas County to afford a house at the Oregon City's median home sale price of \$545,000. About 18% of households in Oregon City can afford housing at this cost.

A household would need to have income of about \$60,000 (about 65% of MFI) to afford the average asking rent for multifamily housing of nearly \$1,350, plus basic utilities like power, heat, and water. About 64% of households in Oregon City can afford housing at this cost.

Exhibit 56. Financially Attainable Housing, by Median Family Income (MFI) for Clackamas County (\$92,100), Clackamas County, 2020

Source: U.S. Department of Housing and Urban Development 2020. U.S. Census Bureau, 2014-2018 ACS Table 19001.

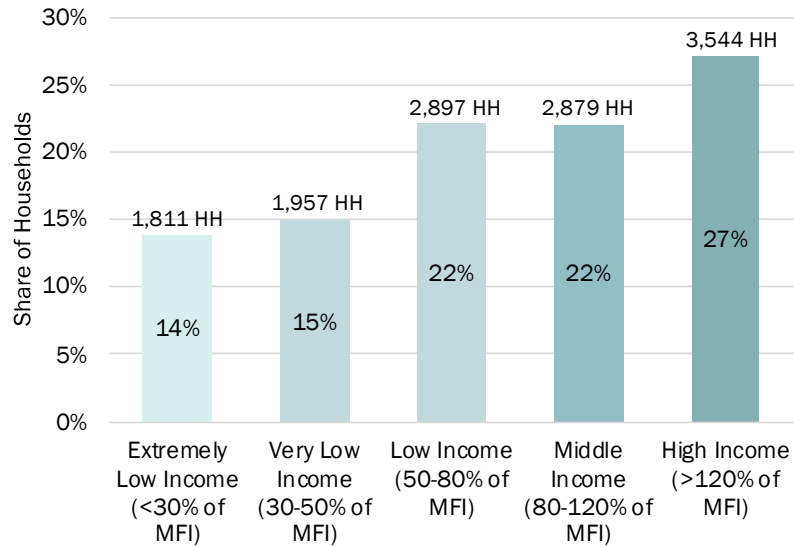
Note: MFI is Median Family Income; Clackamas County MFI is determined by HUD for the Portland MSA.



In Oregon City, about half (51%) of all households in Oregon City earned 80% or more of Clackamas County's median family income.

Exhibit 57. Share of Households, by Median Family Income (MFI) for Clackamas County (\$92,100), Oregon City, 2020

Source: U.S. Department of Housing and Urban Development, Clackamas County, 2020. U.S. Census Bureau, 2014-2018 ACS Table 19001.



Nearly a third (32%) of Clackamas County households earned 120% or more of median family income of \$92,100.

Exhibit 58. Share of Households, by Median Family Income (MFI) for Clackamas County (\$92,100), 2020

Source: U.S. Department of Housing and Urban Development, Clackamas County, 2020. U.S. Census Bureau, 2014-2018 ACS Table 19001.

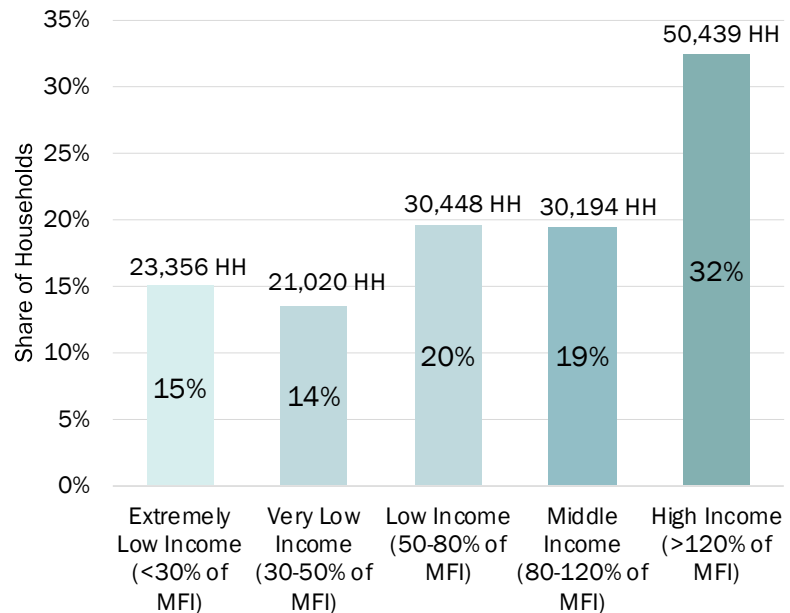
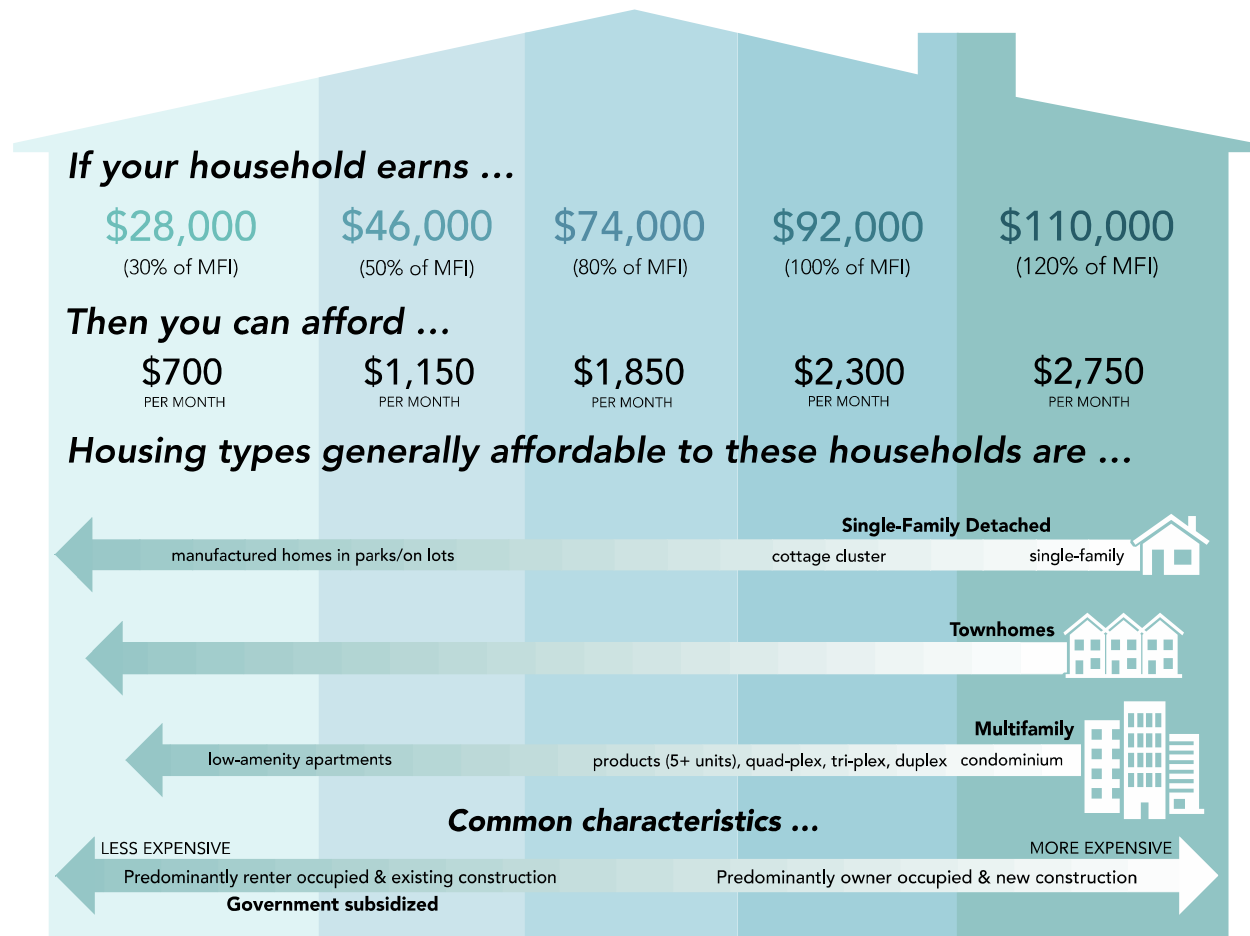


Exhibit 59 illustrates the types of financially attainable housing by income level. Generally speaking, lower-income households will be renters occupying existing housing. Newly built housing will be a combination of renters (most likely in multifamily housing) and homeowners. The types of housing affordable for the lowest-income households are limited to government-subsidized housing, manufactured housing, lower-cost single-family housing, and multifamily housing. The range of financially attainable housing increases with increased income.

Exhibit 59. Types of Financially Attainable Housing by Median Family Income (MFI) for Clackamas County (\$92,100), Oregon City, 2020

Source: U.S. Department of Housing and Urban Development, Clackamas County, 2020. Note: MFI is Median Family Income; Clackamas County MFI is determined by HUD for the Portland MSA.



5. Housing Need in Oregon City

Project New Housing Units Needed in the Next 20 Years

The results of the Housing Needs Analysis are based on (1) Metro's official household forecast for growth in Oregon City over the 20-year planning period, (2) information about Oregon City's housing market relative to Clackamas County and the Portland region, and (3) the demographic composition of Oregon City's existing population and expected long-term changes in the demographics of Clackamas County.

Forecast for Housing Growth

A 20-year household forecast (in this instance for 2021 to 2041) is the foundation for estimating the number of new dwelling units needed. The forecast for Oregon City is based on Metro's 2050 Household Distributed Forecast, 2021. Oregon City's city limits and UGB areas³⁹ will grow from 14,778 households in 2021⁴⁰ to 22,211 households in 2041, an increase of 7,435 households.⁴¹

Oregon City will have demand for 7,435 new dwelling units over the 20-year period, with an annual average growth of 372 dwelling units.

Exhibit 60. Forecast of Demand for New Dwelling Units, Oregon City Planning Area, 2021 to 2041

Source: Metro's 2050 Household Distributed Forecast, March 2021.
Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)		
	City Limits	UGB Areas	Oregon City Planning Area (Total)
Household Forecast 2021	13,796	2	14,778
Household Forecast 2041	19,588	2,625	22,213
Total New Dwelling Units (2021-2041)	5,792	1,643	7,435
Annual Average of New Dwelling Units	290	82	372

³⁹ The UGB areas include the forecasted household growth in TAZs 726, 733, and 740.

⁴⁰ Metro's 2050 Household Distributed Forecast shows that in 2020 the Oregon City city limits and UGB areas had 14,49 households. The Metro forecast shows these areas growing to 24,20 households in 2045, an average annual growth rate of 2.1% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2021 (14,7 households) and 2041 (22,2 households).

⁴¹ This forecast is based on Oregon City city limits' and UGB areas' official household forecast from Metro for the 2021 to 2041 period.

Housing Units Needed

Exhibit 60 and Exhibit 61 presents a forecast of new housing in Oregon City's Planning Area for the 2021 to 2041 period. This section determines the mix and density needed to meet State requirements (OAR 660-007) and meet the housing needs of Oregon City residents.

The preliminary conclusion for Oregon City is that, over the next 20-years, the need for new housing developed in Oregon City will generally include a wider range of housing types and housing that is more affordable. This conclusion is based on the following findings:

- **Oregon City's housing mix, like Clackamas County's, is predominately single-family detached.** In the 2015-2019 period, 73% of Oregon City's housing was single-family detached, 7% was single-family attached, 6% was duplexes, triplexes, and quadplexes, and 13% was multifamily.
- **Demographic changes across the Portland Region (and in Oregon City) suggest increases in demand for single-family attached housing and multifamily housing.** The key demographic trends that will affect Oregon City's future housing needs are:
 - *The Baby Boomer's population is continuing to age.* The changes that affect Oregon City's housing demand as the population ages are that household sizes and homeownership rates decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a Continuum of Care from independent living to nursing home care, may grow in Oregon City.
 - *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As Millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2020 and 2040, Millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract these younger households will depend on the City's availability of affordable renter and ownership housing. It will also depend on the location of new housing in Oregon City as many Millennials prefer to live in more walkable neighborhoods.⁴² The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.⁴³ Housing preferences for Generation Z are not yet known but it is reasonable that they will also need affordable housing, both for rental and later in life for ownership.
 - *Latinx population will continue to grow.* Latinx population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing.

⁴² Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Storchak, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

⁴³ Ibid.

Growth in the Latinx population will drive demand for housing for families with children. Latinx households are disproportionately cost burdened when compared to the statewide average, in part because of lower household incomes. Growth in Latinx households will also drive demand for affordable housing, both for ownership and renting, both for smaller units for one- and two-person households but also for larger family households, including multigenerational households.

- **About 35% of Oregon City’s households are cost burdened (paying 30% or more of their household income on housing costs).**⁴⁴ About 50% of Oregon City’s **renters** are cost burdened and about 28% of Oregon City’s **homeowners** are cost burdened. Cost burden rates in Oregon City are very similar to those in the Portland Region.
- **About 33% of Oregon City’s households are renters, 58% of whom live in multifamily housing.** Median rents in Oregon City are \$1,053 per month, compared to the \$1,091 median rent for Clackamas County as a whole.
 - A household earning 50% of Clackamas County’s median family income (\$46,000) could afford about \$1,150 per month in rent, compared with the average effective rent of \$1,350. However, about 19% of Oregon City’s housing stock is multifamily (2+ units), compared to 32% of the housing in the Portland Region. The comparatively small share of multifamily units may constrain opportunities to rent in Oregon City.
- **Housing sales prices increased in Oregon City over the last three years at a slightly faster rate than entire County.** From April 2016 to April 2021, the median housing sale price increased by \$194,600 (65%) from \$352,000 to \$545,000.⁴⁵ At the same time, the median housing home sale price in Clackamas County increased by \$171,700 (56%), from \$371,000 to \$542,000.⁴⁶ Oregon City has a lower average rent than other nearby jurisdictions, but the city’s home prices are higher than most jurisdictions, Clackamas County, and the Portland Region overall.
 - A household earning 100% of Clackamas County’s median family income could afford a home valued between about \$322,000 to \$368,000, which is less than the median home sales price of about \$545,000 in Oregon City. A household can start to afford median home sale prices at about 148% of Oregon City’s median household income.

These factors suggest that Oregon City needs a broader range of housing types with a wider range of price points than are currently available in Oregon City’s housing stock. This includes providing opportunity for development of housing types such as: smaller single-family

⁴⁴ The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden,” and households paying more than 50% of their income on housing experience “severe cost burden.”

⁴⁵ Redfin

⁴⁶ Redfin.

detached housing (e.g., cottages or small ot single-family detached units), townhouses, duplexes and quad-plexes, small apartment buildings, and larger apartment buildings.

Exhibit 61 presents a forecast for housing growth in the Oregon City's city limits during the 2021 to 2041 period. The projection is based on the following assumptions:

- Metro's growth forecast show that Oregon City will need 7,435 new dwelling units over the 20-year period.
- The assumptions about the mix of housing in Exhibit 61 are consistent with the requirements of OAR 660-007⁴⁷:
 - **About 50% of new housing will be single-family detached, in medium and low-density areas**, a category which includes manufactured housing and cottage clusters. In 2015-2019, 73% of Oregon City's housing was single-family detached. Single-family detached housing includes traditional single-family detached units, manufactured homes (on individual lots and in parks), accessory dwelling units, and other detached housing types such as cottage housing.
 - **Nearly 20% of new housing will be single-family attached units in low, medium, and high-density areas.** In 2015-2019, 7% of Oregon City's housing was single-family attached. Single-family attached housing includes townhouses and row houses.
 - **About 10% of new housing will be duplexes, triplexes, and quadplexes in low, medium, and high-density areas.** In 2015-2019, 6% of Oregon City's housing was duplexes, triplexes, and quadplexes.
 - **About 30% of new housing will be in multifamily buildings with five or more units in high density and mixed-use areas.** In 2015-2019, 13% of Oregon City's housing was multifamily in structures with five or more units.

The City recently updated its zoning code to allow for a greater variety of housing types and remove and reduce barriers within the development regulations for missing middle housing. Corner duplexes, internal conversions, accessory dwelling units, and cottage clusters are allowed outright in low density areas. Duplexes, tri-plexes, quad-plexes, and single-family attached units are also permitted outright in medium density areas. Duplexes, tri-plexes, quad-plexes, attached housing, and internal conversions are processed with clear and objective standards in the same manner as a detached single-family home. In addition, the code redefined multifamily housing from structures with three or more units, to structures with five or more units per lot. The City is currently going through a process to review the zoning code for compliance with HB 2001, which will result in additional opportunities for housing types.

⁴⁷ OAR 660-007-0030(1) requires that most Metro cities "...provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing..."

Oregon City will have demand for 7,435 new dwelling units over the 20-year period, 50% of which are forecast to be single-family detached housing.

Exhibit 61. Forecast of Demand for New Dwelling Units, Oregon City Planning Area, 2021 to 2041

Source: Calculations by ECONorthwest. DU = Dwelling Unit

Variable	Mix of New Housing Units (2021-2041)
Needed new dwelling units (2021-2041)	7,435
Single-family detached	
Percent single-family detached DU	50%
<i>equals</i> Total new single-family detached DU	3,717
Single-family attached	
Percent single-family attached DU	20%
<i>equals</i> Total new single-family attached DU	1,487
Duplex, Triplex, Quadplex	
Percent duplex, triplex, quadplex	10%
<i>equals</i> Total new duplex, triplex, quadplex DU	744
Multifamily (5 or more units)	
Percent multifamily	20%
Total new multifamily DU	1,487
<i>equals</i> Total new dwelling units (2021-2041)	7,435

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; it assumes they will be replaced at the same site and will not create additional demand for residential land.

Exhibit 62 allocates housing to plan designations in Oregon City. The allocation is based, in part, on the types of housing allowed in the zones of each plan designation.

Exhibit 62 shows:

- **Low Density Residential (R-10, R-8, R-6)** land will accommodate new single-family detached housing, accessory dwelling units, internal conversions, corner duplexes, and cluster housing. Single-family attached are allowed with a Master Plan. The City will review allowing duplexes, triplexes, and quadplexes in these zones, as part of complying with HB 2001.
- **Medium Density Residential (R-3.5, R-5)** land will accommodate new single-family detached housing, accessory dwelling units, internal conversions, duplexes, corner duplexes, single-family attached, triplexes, quadplexes, and cluster housing. Multifamily is allowed in a Master Plan.
- **High Density Residential (R-2)** land will accommodate accessory dwelling units for existing single-family detached units, internal conversions, duplexes, corner duplexes, single-family attached units, triplexes, quadplexes, cluster housing, and multifamily housing.

- **Mixed Use (MUD, MUC 1, MUC 2, NC, HC, WFDD)** land, depending on the zone, will accommodate townhouses, duplexes, triplexes, quadplexes, multifamily with five or more units, and live/work units.

Exhibit 62. Allocation of Housing by Housing Type and Plan Designation, Oregon City Planning Area, 2021 to 2041

Source: ECONorthwest.

Housing Type Allocations	Plan Designations				Total
	Low Density	Medium Density	High Density	Mixed Use	
Dwelling Units					
Single-family detached	2,007	1,710	-	-	3,717
Single-family attached	74		446	-	1,487
Duplex, Triplex, Quadplex	35	333	153	223	744
Multifamily (5+ units)	-	149	67	660	1,487
Total	2,116	3,159	1,277	883	7,435
Percent of Units					
Single-family detached	27%	23%	0%	0%	50%
Single-family attached	1%	13%	6%	0%	20%
Duplex, Triplex, Quadplex	0%	4%	2%	3%	10%
Multifamily (5+ units)	0%	2%	9%	9%	20%
Total	28%	42%	17%	12%	100%

Exhibit 63 converts between net acres and gross acres⁴⁸ to account for land needed for rights-of-way by plan designation in Oregon City, based on Metro's methodology of existing rights-of-way.⁴⁹

- **Low Density Residential:** Average density in this plan designation was historically 5.3 dwelling units per net acre. The density shown for low density residential in Exhibit 63 includes a 3% increase (5.4 dwelling units per net acre) from the historic density, consistent with the density changes allowed for complying with HB 2001.⁵⁰ This results in assuming a 5.4 future density in tax lots smaller than 0.38 acres, as no land is needed for rights-of-ways based on Metro's assumptions. For lots between 0.38 and 1.0 acres the

⁴⁸ OAR 660-024-0010 uses the following definition of net buildable acre. "Net Buildable Acre" "...consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

⁴⁹ Metro's methodology about net-to-gross assumptions are that: (1) tax lots under 3/8 acre assume 0% set aside for future streets; (2) tax lots between 3/8 acre and 1 acre assume a 10% set aside for future streets; and (3) tax lots greater than an acre assumes an 18.5% set aside for future streets. The analysis assumes an 18.5% assumption for future streets.

⁵⁰ Oregon City plans to comply with HB2001 and has recently made a variety of amendments to the development code to allow more housing types. The City is currently working through the process of making adjustment to comply with HB 2001 which will be implemented by July 2022.

future density will be 4.9 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 4.4 dwelling units per gross acre.

- **Medium Density Residential:** Average density in this plan designation was historically 10.7 dwelling units per net acre. The density shown for medium density residential in Exhibit 63 includes a 3% increase (11.0 dwelling units per net acre) from the historic density, consistent with the density changes allowed for complying with HB 2001.⁵¹ This results in assuming a 11.0 future density in tax lots smaller than 0.38 acres, as no land is needed for rights-of-ways based on Metro's assumptions. For lots between 0.38 and 1.0 acres the future density will be 9.9 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 9.0 dwelling units per gross acre.
- **High Density Residential:** Average density in this plan designation was historically 21.8 per net acre. For lots smaller than 0.38 acres, the future density will be 21.8 dwelling units per gross acre. For lots between 0.38 and 1.0 acres the future density will be 19.6 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 17.8 dwelling units per gross acre.
- **Mixed Use:** Average density in this plan designation was historically 19.8 dwelling units per net acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro's assumptions. For lots between 0.38 and 1.0 acres the future density will be 17.9 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 16.2 dwelling units per gross acre.

Exhibit 63. Future Housing Densities and Land for Rights-of-Way, Oregon City Planning Area

Source: ECONorthwest. Note: DU is dwelling unit.

Plan Designation	Tax Lots Smaller than 0.38 acre			Tax Lots ≥ 0.38 and ≤ 1.0 acre			Tax Lots larger than 1.0 acre		
	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)
Low Density Residential	5.4	0%	5.4	5.4	10%	4.9	5.4	18.5%	4.4
Medium Density Residential	11.0	0%	11.0	11.0	10%	9.9	11.0	18.5%	9.0
High Density Residential	21.8	0%	21.8	21.8	10%	19.6	21.8	18.5%	17.8
Mixed Use	19.8	0%	19.8	19.8	10%	17.9	19.8	18.5%	16.2

⁵¹ Oregon City plans to comply with HB2001 and has recently made a variety of amendments to the development code to allow more housing types. The City is currently working through the process of making adjustment to comply with HB 2001 which will be implemented by July 2022.

Housing Need by Income Level

The next step in the housing needs analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

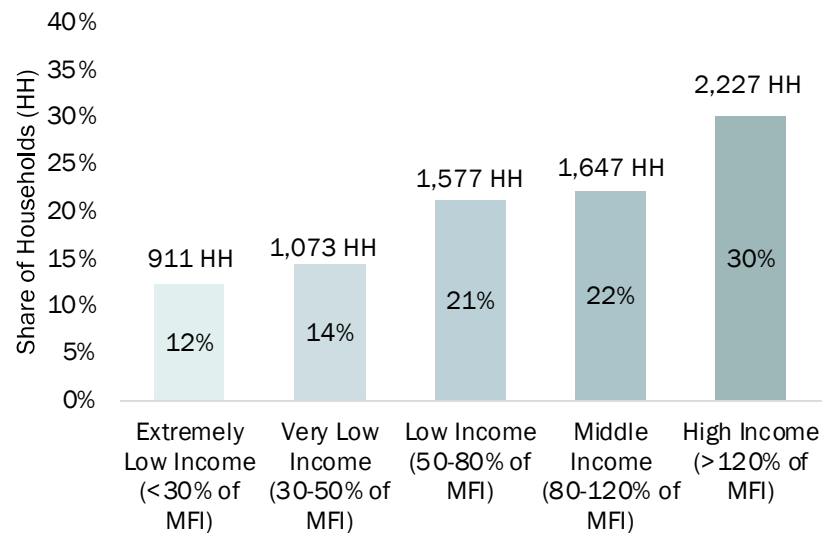
Exhibit 64 based on American Community Survey data about income levels for existing households in Oregon City. Income is categorized into market segments consistent with HUD income level categories, using Clackamas County's 2020 Median Family Income (MFI) of \$92,100. Exhibit 64 is based on current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

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About 26% of Oregon City's future households will have income below 50% of Clackamas County's median family income (less than \$46,000 in 2020 dollars) and about 43% will have incomes between 50% and 120% of the county's MFI (between \$46,000 and \$110,000).

Exhibit 64. Future (New) Households, by Median Family Income (MFI) for Clackamas County (\$92,100), Oregon City Planning Area, 2021 to 2041

Source: U.S. Department of Housing and Urban Development. U.S. Census Bureau, 2015-2019 ACS Table 19001.



⁵² For example, 30% of Oregon City's households had income above 120% of the Clackamas County Median Family Income in 2015-2019. This analysis assumes that 30% of the 7,435 new households that grow in Oregon City 2021-2041 will have incomes over 120% of the Clackamas County Median Family Income.

Need for Government Assisted, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-assisted housing, farmworker housing, manufactured housing on lots, and manufactured housing in parks (communities).

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single family detached, apartments, etc.). Oregon City allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Oregon City will continue to allow government housing in all of its residential plan designations. Because government assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can also apply to all housing types and the City allows development of farmworker housing in all residential plan designations, with the same development standards as market-rate housing. This analysis assumes that Oregon City will continue to allow this housing in all of its residential plan designations. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** Oregon City allows manufactured homes on lots in the zones which single-family detached housing is allowed. Oregon City does not have special siting requirements for manufactured homes. Since manufactured homes are subject to the same siting requirements as site-built homes, it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in communities.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,⁵³ Oregon City has four manufactured home parks within city limits,⁵⁴ with 345 spaces. Oregon City has two manufactured home parks within the UGB,⁵⁵ with 540 spaces.⁵⁶ The proposed code amendments will allow an opportunity for new manufactured housing parks to be created as well as expansion of existing facilities.

⁵³ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

⁵⁴ Clairmont, Mt. Pleasant, Cherry Lane, and Char Diaz Estate

⁵⁵ Forest Park, Country Village

⁵⁶ City of Oregon City, with space count from Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

ORS 197.480(2) requires Oregon City to project need for manufactured dwelling communities based on: (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high density residential.

- Exhibit 60 shows that Oregon City will need 7,435 dwelling units over the 2021 to 2041 period.
- Analysis of housing affordability shows that about 27% of Oregon City's new households will be extremely- or very-low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in communities accounts for about 2.5% (about 345 dwelling units) of Oregon City's current housing stock.
- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces.
- The households most likely to live in manufactured homes in parks are those with incomes between \$27,600 and \$46,050 (between 30% to 50% of MFI), which include 14% of Oregon City's households. However, households in other income categories may live in manufactured homes in parks
- The national and state trends of the closure of manufactured home parks, and the fact that no new manufactured home parks have opened in Oregon in over the last 15 years, demonstrate that development of new manufactured home parks in Oregon City is unlikely. However, some existing parks in Oregon City have expanded to increase the number of spaces in the park.
- If the City does have need for a new manufactured home park, that would be for about 145 new units (2.5% of new units), which at about 10 to 12 dwelling units per acre (based on standards for single-family dwellings in the R-3.5 zone) will need 12 to 15 acres of land. Oregon City can accommodate this in their existing vacant buildable land base in the Medium Density Residential plan designation.
- Our conclusion from this analysis is that development of new manufactured home parks in Oregon City (and most of the Portland Region) over the planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in Oregon City, and existing parks may reconfigure to accommodate more units. The forecast of housing assumes that no new manufactured home parks will be opened in Oregon City over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.
- Over the next 20 years (or longer) one or more manufactured home parks may close in Oregon City. This may be a result of manufactured home park landowners selling

or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

- In addition to statewide regulation of the closure of manufactured home parks designed to lessen the financial difficulties of this closure for park residents, Oregon City also has locally adopted manufactured home park closure regulations. In the case of manufactured home park closures, the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate density housing (e.g., duplexes or 3-plexes) in the Low-density and Medium-Density zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary zoning policy, or partnering with a developer of government-subsidized affordable housing.

6. Oregon City's Residential Land Sufficiency

This section presents an evaluation of the sufficiency of vacant residential land in Oregon City to accommodate expected residential growth over the 2021 to 2041 period. This section includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Oregon City's ability to accommodate needed new housing units for the 2021 to 2041 period, based on the analysis in the housing needs analysis.

Capacity Analysis

The comparison of supply (buildable land) and demand (population and growth leading to demand for more residential development) allows the determination of land sufficiency.

There are two ways to calculate estimates of supply and demand into common units of measurement to allow their comparison: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that all land has different characteristics – factors such as zone, slope, parcel size, and shape can affect the land's ability to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the city limits to accommodate new housing. This analysis, sometimes called a "capacity analysis,"⁵⁷ can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

Oregon City Capacity Analysis Results for Vacant and Partially Vacant Land

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities by the housing type categories shown in Exhibit 63

Exhibit 65 shows that **vacant land in Oregon City's Planning Area has capacity to accommodate approximately 7,266 new dwelling units**, based on the following assumptions:

- **Vacant and partially vacant buildable residential land.** The capacity estimates start with the number of buildable acres in residential plan designations and zones that allow residential uses.

⁵⁷ There is ambiguity in the term *capacity analysis*. It would not be unreasonable for one to say that the "capacity" of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "estimating how many new dwelling units the vacant residential land in the city limits is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as "capacity analysis," so we use that shorthand occasionally in this memorandum.

- **Residential densities.** The capacity analysis assumes development will occur at historical densities. Those densities were derived from the densities shown in Exhibit 63.
- **Average net density.** Exhibit 65 shows capacity and densities in gross acres. OAR 660-007 requires that Oregon City provide opportunity for development of housing at an overall average density of eight dwelling units per net acre. The average net density of buildable residential land in Exhibit 65 is 9.5 dwelling units per net acres and 8.0 dwelling units per gross acre.
- **Capacity on mixed use land.** The estimate of capacity includes land in the mixed use plan designations (including zones that allow residential uses). Because not all mixed use land will develop as a residential use, we assumed that 70% of the buildable land in the mixed use plan designation will develop as residential.

Exhibit 65. Estimate of Residential Capacity on Unconstrained Vacant and Partially Vacant Buildable Land, Oregon City Planning Area, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Plan Designation	Tax Lots Smaller than 0.38 acre			Tax Lots ≥ 0.38 and ≤ 1.0 acre			Tax Lots larger than 1.0 acre			Total, combined	
	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Capacity (Dwelling Units)
Low Density Residential	77	5.4	415	95	4.9	465	281	4.4	1,236	453	2,116
Medium Density Residential	23	11.0	253	39	.9	386	280	9.0	2,520	42	3,159
High Density Residential	1	21.8	21	1	19.6	19	0	17.8	1,068	62	1,108
Mixed Use	3	19.8	55	7	17.9	125	43	16.2	703	53	883
Total	104	-	744	142	-	995	64	-	5,527	910	7,266

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Oregon City is to compare the demand for housing by plan designation (Exhibit 62) with the capacity of land by plan designation (Exhibit 65).

Exhibit 66 shows that Oregon City has sufficient land to accommodate development all plan designations.

- Low density residential and medium density residential plan designations have enough land to accommodate growth, with no surplus or deficit of capacity.
- High density residential does not enough land to accommodate growth, with a deficit of 169 dwelling units of capacity, or 8 acres.
- Mixed use has enough land to accommodate growth, assuming that 70% of the buildable land in this plan designation will develop with residential uses.

Exhibit 66. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Oregon City, City Limits, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Plan Designation	Capacity (Dwelling Units)	Demand (Dwelling Units)	Comparison (Capacity minus Demand)	Land Surplus or Deficit (Gross Acres)
Low Density Residential	2,116	2,116	0	0
Medium Density Residential	3,159	3,159	0	0
High Density Residential	1,108	1,277	(169)	(8)
Mixed Use	883	883	0	0
Total	7,266	7,435		

Findings and Recommendations

The key findings of the Oregon City Housing Needs Analysis are that:

- **Finding: Growth in housing will be driven by growth in households.** The number of households in Oregon City’s Planning Area is forecast to grow from 14,771 households to 22,211 households, an increase of 7,435 households between 2021 and 2041.
- **Finding: Oregon City is planning for growth of 7,435 new dwelling units.** To accommodate the 7,435 dwelling units over the 20-year planning period, Oregon City will average 372 new dwelling units annually, and will plan for more single-family attached and multifamily dwelling units in the future to meet the city’s housing needs. Historically, about 73% of Oregon City’s housing was single-family detached. New housing in Oregon City is forecast to be 50% single-family detached, 20% single-family attached, 10% duplexes, triplexes, and quadplexes, and 20% multifamily. This housing mix both meets the requirements for housing mix for cities in Metro (OAC 660-007) and is supported by the changes in the housing market described below.

The factors driving the shift in types of housing needed in Oregon City include changes in demographics and decreases in housing affordability. The aging of senior populations and the household formation of young adults will drive demand for renter and owner-occupied housing, such as small single-family detached housing, townhouses, duplexes, and apartments/condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.

- **Recommendation:** Oregon City should monitor land available in all plan designations, as there is no surplus (or deficit) of land in the low and medium density residential plan designations. Additionally, the City may look for opportunities for redevelopment on underutilized land to address the deficit of high density residential land and limited capacity of mixed use land.
- **Oregon City is meeting Metro’s requirements for net density and housing mix.** OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Oregon City’s average density target is eight dwelling units per net buildable acre. Based on the findings in Chapter 6, Oregon City is exceeding this average density target at an average net density of 9.5 dwelling units per net acre.

OAR 660-007 also requires that cities within the Metro UGB “provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing.” Chapter 5 shows that for the 2021-2041 planning period Oregon City is assuming that 20% of new dwelling units will be single-family attached, 10% of new units will be duplexes, triplexes, or quadplexes, and 20% of new units will be multifamily.

- **Recommendation:** Oregon City should continue to monitor future development to evaluate resulting densities and housing mix in comparison to the planned units described in this report.

- **Finding: Oregon City has unmet need for affordable housing.** About 34% of Oregon City's households are cost burdened, with 50% of renters cost burdened and 28 of owners cost burdened. Oregon City's level of cost burden is similar to other communities in Clackamas County. Oregon City's unmet housing needs include:

Renter housing. The average asking rent for multifamily housing in Oregon City in 2021 was about \$1,350, which is affordable to households earning about 60% of the median family income (about \$55,200). About one-third of Oregon City's households have incomes below this level and cannot afford the average rent. As shown in the rates of cost burden, many of these renter households are cost burdened. Oregon City will continue to have unmet renter housing needs, both for existing households and for new households.

Owner-occupied housing. The median home sales price in April 2021 was about \$545,000, which is affordable to households earning about 148% of the median family income (about \$136,300). Oregon City is one of the less affordable cities for homeownership in the Portland region, households at middle and high incomes (between \$74,000 to \$110,000) are less able to afford housing in Oregon City. One way to increase the supply of affordable owner-occupied housing is to increase opportunities for development of the middle-income housing described above.

- **Recommendation:** Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions, 1,545 of the forecasted new households will have incomes of \$46,000 (in 2020 dollars) or less (50% of MFI income or less). These households cannot afford market-rate housing without government subsidy. Another 1,228 new households will have incomes between \$46,000 and \$74,000 (50% to 80% of MFI).

Oregon City will need to provide opportunities for affordable housing development for both rental and ownership over the 20-year period, and the City should look for opportunities for affordable housing development for all housing types.

- **Finding: Oregon City will need to meet the requirements of House Bill 2001.** The legislature passed House Bill 2001 in the 2019 Legislative Session. The bill requires cities within the Metro UGB to allow "middle" housing types in low-density residential zones. The bill defines middle housing types as duplexes, triplexes, quadplexes, cottage clusters, and townhouses.
- **Recommendation:** The City should continue the process of developing and adopting zoning code to comply with these requirements.
- **Finding: Oregon City is currently in the process of a Comprehensive Plan Update.** This 2021 HNA report presents updated information related to Oregon City's Housing

Element of the Comprehensive Plan. Additionally, changes in Oregon City's demographics have presented a need for a greater variety of housing types. In 2019, Oregon City participated in a preliminary housing needs analysis process through the development of the Clackamas County Housing Needs Analysis. This report builds on the information presented for Oregon City in that project and provides updated data where necessary.

- **Recommendation:** Oregon City should adopt this HNA report as an appendix to the Comprehensive Plan. HB 2003 requires that Oregon City update its HNA every six years to analyze what housing is needed for current and future residents for a 20-year period.

Oregon City has identified a project to start within a year to look at non-zoning strategies to support the development of housing (including affordable housing). This initial study will allow the consideration of additional tools and partnerships in advance of a Housing Production Strategy (HPS) according to the guidance in HB 2003. An HPS includes consideration of additional information about the housing needs of underserved communities and engagement with underserved communities about potential approaches to meeting their needs.

Overall, Oregon City has worked to increase the supply of housing over the past few years by removing and reducing barriers in the zoning code and allowing a wider variety of housing types throughout the City. Though there is no need to rezone land for housing based on this analysis, the City should continue to watch the supply of housing and look for opportunities to increase types of housing and affordability. Affordability of housing will continue to be challenging for many in Oregon City over the long-run.

Appendix A: Buildable Lands Inventory Methodology

A key initial component of the Housing Needs Analysis is conducting a buildable lands inventory (BLI). This appendix summarizes the methods ECONorthwest used to conduct the residential BLI for Oregon City.

Oregon Administrative Rules provide guidance on conducting residential BLIs:

OAR 660-008-0005

“Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered “suitable and available” unless it:

- (a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
- (b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;*
- (c) Has slopes of 25 percent or greater;*
- (d) Is within the 100- year flood plain; or*
- (e) Cannot be provided with public facilities.*

The methods used for conducting the Oregon City BLI are consistent with Oregon statutes. The Oregon City BLI presented in this analysis aligns with the methods and definitions in the 2019 Clackamas County Regional Housing Needs Analysis, with updated classifications to reflect development since 2019.

Methodology

The BLI is based on the data and methods used by Metro. Metro is required to complete a BLI for land within the regional UGB every six years. The agency finished an updated BLI (based on 2016 data) in November 2018 for the 2018 Urban Growth Report (UGR). The methods used for inventorying lands in Oregon City attempt to be consistent with Metro’s results while also updating the results to account for new development since the 2019 BLI was completed for the Clackamas County Regional Housing Needs Analysis and other local conditions, such as unique environmental constraints.

Study Area

The BLI for the Oregon City (city limits and UGB areas) includes all residential land designated in the Comprehensive Plan.⁵⁸ ECONorthwest used the tax lot shapefile from Metro's 2018 BLI (2016 tax lot base data), with attention to lots that subdivided since 2016 based on local staff identification. City staff then reviewed these areas and identified lots that should be excluded or included for their jurisdiction based on future planning or errors in GIS data.

Inventory Steps

The BLI consists of several steps:

1. Generating UGB "land base"
2. Classifying land by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

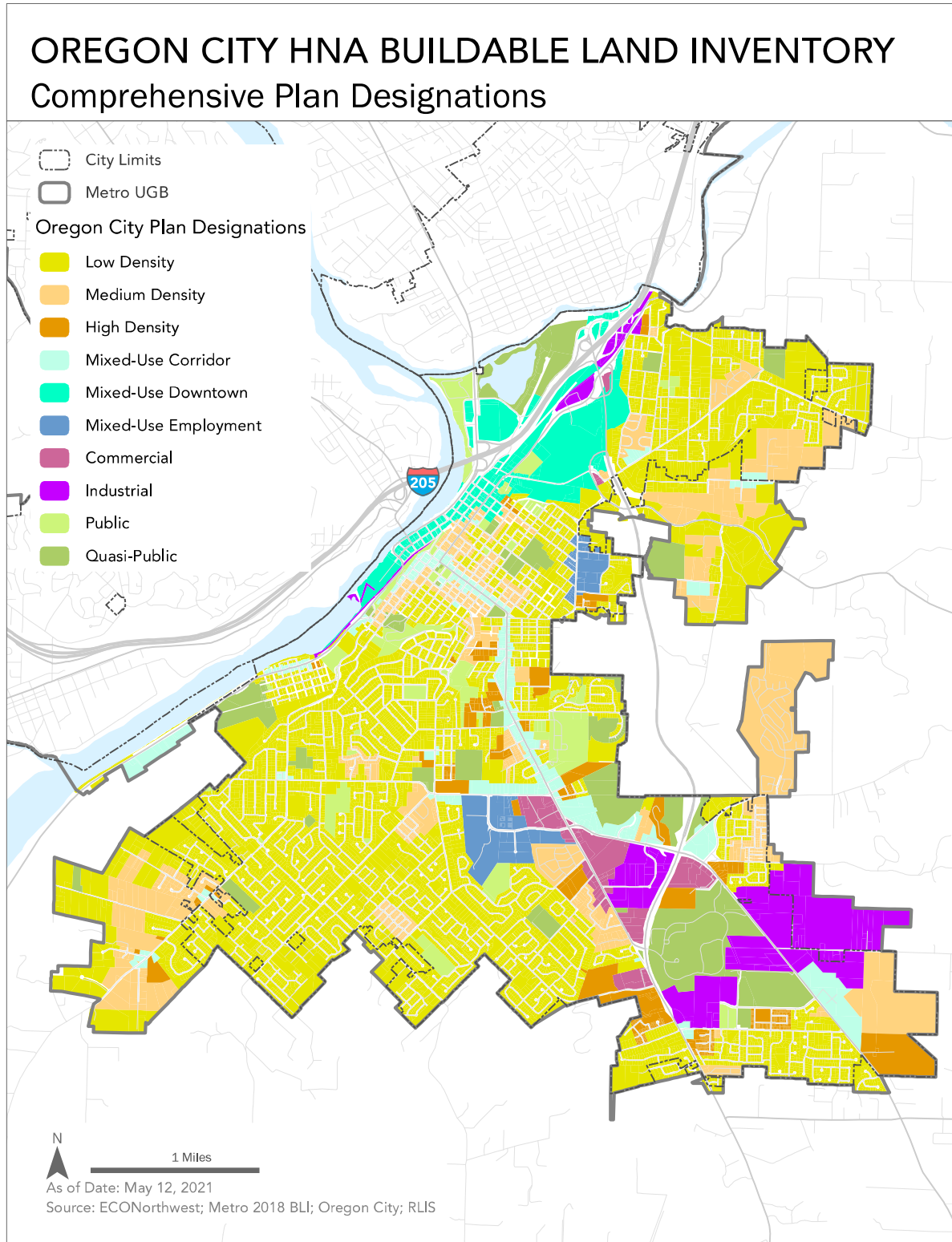
Step 1: Generate "Land Base"

Per Goal 10 this involves selecting all of the tax lots with residential and other nonemployment plan designations where residential uses are planned for and allowed by the implementing zones.

Exhibit 67 shows the residential plan designations included in the BLI.

⁵⁸ ECONorthwest reviewed local plan information for Oregon City based on 2020 RLIS data. Residential comprehensive plan designations remained the same since the 2019 BLI.

Exhibit 67. Residential Land Base by Plan Designation, Oregon City, City Limits and UGB Areas, 2020
Source: ECONorthwest.



Step 2: Classify Lands

In this step, ECONorthwest classified each tax lot with a plan designation that allow residential uses into one of four mutually exclusive categories based on development status:

- Vacant
- Partially vacant
- Public
- Developed

ECONorthwest used the classifications determined through Metro’s model, as outlined below.

Development Status	Definition	Statutory Authority
Vacant	Tax lots designated as vacant by Metro based on the following criteria: 1) Fully vacant based on Metro aerial photo 2) Tax lots with less than 2,000 square feet developed AND developed area is less than 10% of lot 3) Lots 95% or more vacant from GIS vacant land inventory	OAR 660-008-0006(2) (2) “Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available, and necessary for residential uses.
Partially Vacant	Single-family tax lots that are 2.5 times larger than the minimum lot size and a building value less than \$300,000 or lots that are 5 times larger than the minimum lots size (no threshold for building value). These lots are considered to still have residential capacity. For this analysis, we are classifying these lots as partially vacant. We assume that 0.25 acres of the lot is developed, and the remaining land is available for development, less constraints.	OAR 660-008-0006(2)
Public	Lands in public ownership are considered unavailable for residential development. This includes lands in federal, state, county, or city ownership. These lands are identified using Metro’s definitions and categories.	OAR 660-008-0005(2) - Publicly owned land is generally not considered available for residential uses.
Developed	Lands not classified as vacant, partially vacant, or public are considered developed.	OAR 660-008-0006(2) (2) “Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available, and necessary for residential uses.

Step 3: Identify Constraints

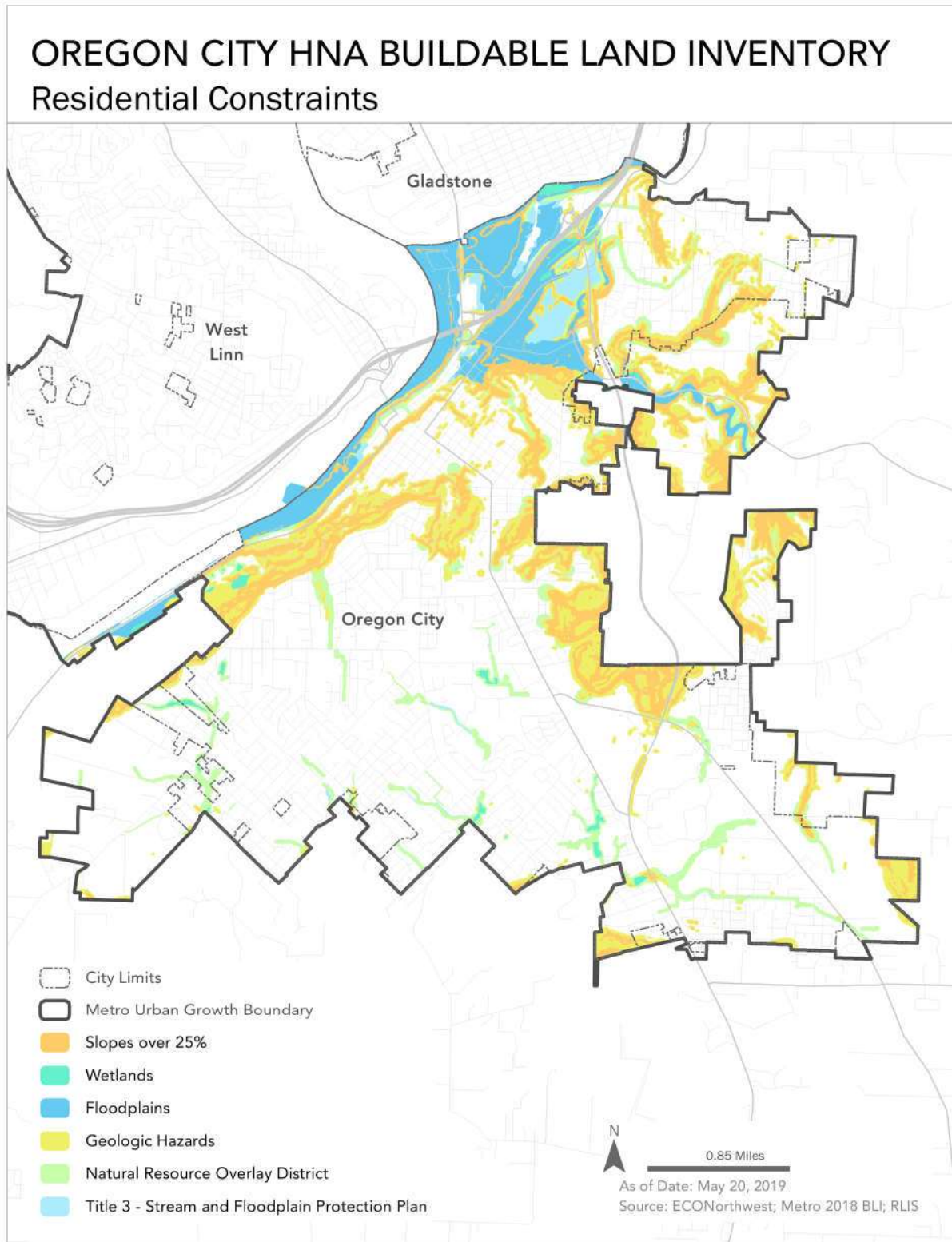
Consistent with OAR 660-008-0005 guidance on residential buildable lands inventories, ECONorthwest deducted certain lands with development constraints from vacant lands. Unless cities identified alternative constraints (as identified below), the constraints we used are summarized in the table below.

Constraint	Statutory Authority	Threshold	File name
Goal 5 Natural Resource Constraints			
Regulated wetlands	OAR 660-008-0005(2)	Regulated wetlands	RLIS Wetlands layer
Natural Resources Overlay District	OAR 660-008-0005(2)	Areas in the natural resource overlay district	Overlay district layer
Landslide Hazards	OAR 660-008-0005(2)	Areas in the geologic hazards overlay	Overlay zone layer
Natural Hazard Constraints			
Floodways	OAR 660-008-0005(2)	Lands within FEMA FIRM identified floodway	Title 3 floodplain/floodway layer
100-Year Floodplain	OAR 660-008-0005(2)	Lands within FEMA FIRM 100-year floodplain	Title 3 floodplain/floodway layer
Steep Slopes	OAR 660-008-0005(2)	Slopes greater than 25%	slopes25_Area

These areas are considered as prohibitive constraints (unbuildable) as shown in Exhibit 68. These areas are deducted from lands that are identified as vacant to determine the buildable portion of vacant lots. In addition, we applied any local specific environmental constraints identified by cities that also prohibit the development of vacant lots. These local constraints should clearly limit development potential in the local development code.

The lack of access to water, sewer, power, road or other key infrastructure cannot be considered a prohibitive constraint unless it is an extreme condition. These tax lots are currently unserved but could potentially become serviced over the twenty-year planning period.

Exhibit 68. Residential Development Constraints, Oregon City, City Limits and UGB Areas, 2020



Step 4: Verification

ECONorthwest used a multistep verification process to review development status in Oregon City. The first verification step included a “rapid visual assessment” of land classifications using GIS and recent aerial photos. The rapid visual assessment involved reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. We reviewed all tax lots included in the inventory using the rapid visual assessment methodology. The second round of verification involved City staff verifying the rapid visual assessment output. We amended the BLI based on City staff review and comments, and the 2020 BLI update (since the 2019 BLI) considered areas developed in the past year based on permit information and local confirmation from City staff.

Step 5: Tabulation and Mapping

The results are presented in tabular and map format in Chapter 2.



Planning Division

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LEGISLATIVE STAFF REPORT AND RECOMMENDATION

A preliminary analysis of the applicable approval criteria for a legislative proposal is enclosed within the following report.

October 15, 2021

HEARING DATE: October 25, 2021 - Planning Commission (First Hearing Date)

FILE NUMBER: GLUA 21-00057 and LEG 21-00004: Legislative Application for Housing Needs Analysis

APPLICANT: City of Oregon City, PO Box 3040, Oregon City, OR 97045

REQUEST: The City of Oregon City is proposing to adopt a 2021 Housing Needs Analysis as an ancillary document to the Comprehensive Plan and repeal a previous 2002 housing study.

LOCATION: Citywide and within Urban Growth Boundary

This legislative application is subject to the Administration and Procedures section of the Oregon City Code set forth in Chapter 17.50. The application and all supporting documents submitted by or on behalf of the applicant are available for inspection at no cost at the Oregon City Planning Division, 695 Warner Parrott Road, during regular business days, 9am- 4pm Monday thru Friday. Copies of these materials may be obtained for a reasonable cost. The staff report, with all the applicable approval criteria, will also be available for inspection seven days prior to the hearing. Any interested party may testify at the public hearing and/or submit written testimony at or prior to the close. Notice of the decision shall be sent to all persons submitting comments and providing a return address. The procedures that govern the hearing will be posted at the hearing and are found in OCMC Chapter 17.50 the City Commission's Rules of Procedure.

I. BACKGROUND:

The enclosed Housing Needs Analysis (HNA) includes housing data and forecasts on demographic and socioeconomic trends to understand how much housing will be need in the future and if we have enough available land to accommodate the community's needs. This technical analysis will help the community understand whether Oregon City has enough land to accommodate growth over the next 20 years and if any housing policy changes are needed.

The housing forecast will repeal and replace the Housing Technical Report (2002), which was adopted in 2004 as an ancillary document to the Comprehensive Plan.

The *Oregon City 2021-2041 Housing Needs Analysis* presents a forecast of future housing growth in Oregon City for the 2021-2041 period. It includes an inventory of buildable residential land within Oregon City and in areas of future expansion for the City (only including areas within the Metro urban growth boundary). The *Housing Needs Analysis* presents information about residential development trends and housing affordability within Oregon City.¹ It provides a foundation for future housing policy decisions.

The draft study found that Oregon City should plan for the growth of 7,435 new dwelling units over the next 20 years. Much of the growth in housing will be driven by growth in households. The City will meet Metro's requirements for net density and housing mix but has a slight shortage of land for high-density housing and an unmet need for affordable housing. The City may address the unmet needs through policies though should continue to monitor housing over time. The study will be used to inform housing policy and projects in the future.

The City Commission recognized a need to support housing options in the City. The study will be used to inform housing policies and actions in the upcoming Comprehensive Plan Update process (OC 2040). OC 2040 will develop policies to respond to the unmet housing needs identified in the Housing Needs Analysis. In addition, the City Commission identified the following goals within the 2021-2023 biennium goals related to housing which the draft HNA will help to inform:

- Prepare a plan to identify and implement housing strategies, tools and opportunities that work best for Oregon City
- Update our code to provide additional housing opportunities in Oregon City

In 2020, the Land Conservation and Development Commission (LCDC) adopted Oregon Administrative Rules implementing a Housing Capacity Analysis Schedule. These Oregon Administrative Rules requires Oregon City update our Housing Needs Analysis every six years, effective 2022. If the proposed HNA is not adopted prior to December 31, 2021, the City will be required to revise the HNA in compliance with HB 2003 prior to December 31, 2022 and complete a Housing Production Strategy by December 31, 2023. If the City adopts the proposed HNA prior to the end of 2021, the next HNA update is not required for 6 years.

II. DECISION-MAKING CRITERIA

¹ The UGB areas include the buildable lands inventory and forecasted household growth in TAZs 726, 733, and 740.

Chapter 17.68 - Zoning Changes and Comprehensive Plan Amendments

17.68.010 - Initiation of the amendment.

A text amendment to the comprehensive plan, or an amendment to the zoning code or map or the Comprehensive Plan map, may be initiated by:

- A. A resolution request by the City Commission;*
- B. An official proposal by the Planning Commission;*
- C. An application to the Planning Division; or.*
- D. A Legislative request by the Planning Division.*

All requests for amendment or change in this title shall be referred to the Planning Commission.

Finding: Complies as Proposed. The proposal qualifies as initiated as a legislative request by the Planning Division at the direction of the City Commission.

17.68.015 –Procedures.

Applications shall be reviewed pursuant to the procedures set forth in Chapter 17.50.

17.50.170 - Legislative hearing process.

A. Purpose. Legislative actions involve the adoption or amendment of the city's land use regulations, comprehensive plan, maps, inventories and other policy documents that affect the entire city or large portions of it. Legislative actions which affect land use shall begin with a public hearing before the planning commission.

B. Planning Commission Review.

1. Hearing Required. The planning commission shall hold at least one public hearing before recommending action on a legislative proposal. Any interested person may appear and provide written or oral testimony on the proposal at or prior to the hearing. The community development director shall notify the Oregon Department of Land Conservation and Development (DLCD) as required by the post-acknowledgment procedures of ORS 197.610 to 197.625, as applicable.

C. City Commission Review.

1. City Commission Action. Upon a recommendation from the planning commission on a legislative action, the city commission shall hold at least one public hearing on the proposal. Any interested person may provide written or oral testimony on the proposal at or prior to the hearing. At the conclusion of the hearing, the city commission may adopt, modify or reject the legislative proposal, or it may remand the matter to the planning commission for further consideration. If the decision is to adopt at least some form of the proposal, and thereby amend the city's land use regulations, comprehensive plan, official zoning maps or some component of any of these documents, the city commission decision shall be enacted as an ordinance.

2. Notice of Final Decision. Not later than five days following the city commission final decision, the community development director shall mail notice of the decision to DLCD in accordance with ORS 197.615(2).

Finding: Complies as Proposed. This legislative action has followed the procedures found in OCMC 17.50.170 including meetings with the Citizen Involvement Committee and anticipated meetings with the Planning Commission and City Commission.

17.68.020 - Criteria.

The criteria for comprehensive plan amendment or text or map amendment in the zoning code are set forth as follows:

A. The proposal shall be consistent with the applicable goals and policies of the comprehensive plan;

Finding: Complies as Proposed. This legislative action is consistent with the applicable goals and policies of the comprehensive plan, as detailed in the responses below. Therefore, the proposed amendments are consistent with Criterion (A).

Conformity of the proposal with the city's comprehensive plan;

Goal 1: Citizen Involvement

Goal 1.1 – Citizen Involvement Program

Policy 1.1.1 *Utilize neighborhood associations as the vehicle for neighborhood-based input to meet the requirements of the Land Conservation and Development Commission (LCDC) Statewide Planning Goal 1, Citizen Involvement. The Citizen Involvement Committee (CIC) shall serve as the officially recognized citizen committee needed to meet LCDC Statewide Planning Goal 1.*

Finding: Complies as Proposed. Neighborhood Associations were sent an invitation to comment on the draft HNA as well as an excerpt of the vacant and partially vacant unconstrained map for land within their neighborhood association boundaries for comment on September 15. Notice of this Legislative application was emailed to neighborhood associations and a presentation was given to the Citizen Involvement Committee at their October 4, 2021 meeting.

Goal 1.2 *Community and Comprehensive Planning Ensure that citizens, neighborhood groups, and affected property owners are involved in all phases of the comprehensive planning program.*

Finding: Complies as Proposed. The City of Oregon City held public meetings presenting the results of the *Housing Needs Analysis* report on July 28, 2021, with the OC 2040 Project Advisory Team (PAT) , and on September 7, 2021, with the Oregon City Planning Commission and City Commission. Both meetings provided an opportunity to learn about the analysis, ask questions, and provide input into the outcomes of the analysis. A project website was established, and emailed notice of the draft HNA was sent to the Development Stakeholders Group, neighborhood associations, and Citizen Involvement Committee on September 15. Notice of the application was provided in the October citywide utility bill. In addition, the HNA was presented to the Citizen Involvement Committee at their October 4th meeting, and notice of the HNA was emailed to neighborhood associations and the Citizen Involvement Committee on October 4.

Policy 1.2.1 *Encourage citizens to participate in appropriate government functions and land-use planning.*

Finding: Complies as Proposed. The City of Oregon City held public meetings presenting the results of the *Housing Needs Analysis* report on July 28, 2021, with the OC 2040 Project Advisory Team (PAT) , and on September 7, 2021, with the Oregon City Planning Commission and City Commission. Both meetings provided an opportunity to learn about the analysis, ask questions, and provide input into the outcomes of the analysis. A project website was established and emailed notice of the draft HNA was sent to the Development Stakeholders Group, neighborhood associations, and Citizen Involvement Committee on September 15. Notice of the application was provided in the October citywide utility bill. In addition, the HNA was presented to the Citizen Involvement Committee at their October 4th meeting, and notice of

the HNA was emailed to the Development Stakeholder Group in October. Notice of this Legislative application was emailed to a variety of agencies, the neighborhood associations, and the Citizen Involvement Committee on October 4.

Goal 1.4 – Community Involvement

Provide complete information for individuals, groups, and communities to participate in public policy planning and implementation of policies.

Finding: Complies as Proposed. The City of Oregon City held public meetings presenting the results of the *Housing Needs Analysis* report on July 28, 2021, with the OC 2040 Project Advisory Team (PAT), and on September 7, 2021, with the Oregon City Planning Commission and City Commission. Both meetings provided an opportunity to learn about the analysis, ask questions, and provide input into the outcomes of the analysis. The draft *Housing Needs Analysis* was made available on the OC 2040 PAT web page and again in the joint Oregon City Planning Commission and City Commission packet. A project website was established, and emailed notice of the draft HNA was sent to the Development Stakeholders Group, neighborhood associations, and Citizen Involvement Committee on September 15. Notice of the application was provided in the October citywide utility bill. In addition, the HNA was presented to the Citizen Involvement Committee at their October 4th meeting and notice of the HNA was emailed to the Development Stakeholder Group in October. Notice of this Legislative application was emailed to a variety of agencies, the neighborhood associations, and the Citizen Involvement Committee on October 4.

Policy 1.4.1 *Notify citizens about community involvement opportunities when they occur.*

Finding: Complies as Proposed. Opportunities to become involved in the PAT meeting were noticed a week in advance of the meeting and the joint Oregon City Planning Commission and City Commission was also noticed. A project website was established and emailed notice of the draft HNA was sent to the Development Stakeholders Group, neighborhood associations, and Citizen Involvement Committee on September 15. Notice of the application was provided in the October citywide utility bill. Notice of this Legislative application was emailed to a variety of agencies, the neighborhood associations, and the Citizen Involvement Committee on October 4.

Comprehensive Plan Section 2 Land Use

Goal 2.1 Efficient Use of Land

Ensure that property planned for residential, commercial, office, and industrial uses is used efficiently and that land is developed following principles of sustainable development.

Finding: Complies as Proposed. The *Housing Needs Analysis* developed an inventory of buildable land where housing is allowed with clear and objective standards. The inventory included all land in residential plan designations, as well as land in the Mixed-Use Corridor, Mixed-Use Downtown, and General Commercial designations. The inventory identified vacant and partially vacant land, excluding land with development constraints that prohibit development. These development constraints included: land within floodplains and floodways, land within natural resource protection areas, land with slopes over 25%, and land in geologic hazards.

The *Housing Needs Analysis* forecast the future of Oregon City's housing mix in accordance with the requirements of OAR 660-007-0030 (1), which says that Oregon City must "...provide the opportunity for

at least 50 percent of new residential units to be attached single-family housing or multiple family housing..." The *Housing Needs Analysis* assumes that 50% of new housing in Oregon City will be single-family detached, 20% will be single-family attached, 10% will be duplex/triplex/quadplex, and 20% will be multi-family with five or more units per structure. In 2015-2019, 73% of Oregon City's housing was single-family detached, 7% was single-family attached, 6% was duplex/triplex/quadplex, and 13% was multi-family with five or more units per structure

The *Housing Needs Analysis* analyzed development densities for development occurring over the 2000 to 2020 period. The *Housing Needs Analysis* analyzed assumed new development would occur at the same densities as it had in the past, with an increase of 3% in densities in residential plan designations to account for the implementation of House Bill 2001, as allowed by ORS 197.296 (6) (b). The overall average density for development that occurred between 2000 and 2020 was 6.6 dwelling units per acre. Given the existing base of buildable residential land in Oregon City and the assumptions above about housing mix and density, the *Housing Needs Analysis* shows that Oregon City is planning for an overall average of 9.5 dwelling units per net acre.

Through these measures, residential land is used efficiently and developed sustainably.

Goal 2.4 Neighborhood Livability

Provide a sense of place and identity for residents and visitors by protecting and maintaining neighborhoods as the basic unit of community life in Oregon City while implementing the goals and policies of the other sections of the Comprehensive Plan.

Finding: Complies as Proposed. The *Housing Needs Analysis* builds from existing master plans, such as the Park Place, Thimble Creek, and South End master plans. These plans determined the facilities, connectivity, land uses, and commercial centers in Oregon City. The *Housing Needs Analysis* uses densities from historical development and the densities currently allowed within these master plans and the City's Comprehensive Plan and zoning code.

The *Housing Needs Analysis* accounts for environmental constraints, which reduce the amount of buildable land. These constraints include Goal 5 Natural Resources Constraints (such as regulated wetlands, natural resources overlay district, and landslide hazards) and Natural Hazard Constraints (such as floodways, 100-year floodplain, and steep slopes).

This criterion is met through use of historical development policies, current densities allowed within the master plans and the City's Comprehensive Plan and zoning code, and with exclusion of environmental constraints from the inventory of buildable land. The HNA will not result in any change to the development code or automatic zoning changes.

Goal 2.5 Retail and Neighborhood Commercial

Policy 2.5.4 *Encourage the development of successful commercial areas organized as centers surrounded by higher density housing and office uses, rather than as commercial strips adjacent to low-density housing.*

Finding: Complies as Proposed. The *Housing Needs Analysis* assumes that residential development will occur on 70% of vacant unconstrained buildable land in the Mixed-Use Plan Designation at a density of 19.8 dwelling units per net acre, consistent with historical development densities in Mixed-Use over the 2000 to 2020 period. The *Housing Needs Analysis* assumes that Mixed Use areas will develop with a

mixture of residential and commercial uses, both in vertical mixed-use buildings and as a mixed-use district.

Goal 2.7 Oregon City Comprehensive Plan Land-Use Map

Maintain the Oregon City Comprehensive Plan Land-Use Map as the official long-range planning guide for land-use development of the City by type, density and location.

Finding: Complies as Proposed. The *Housing Needs Analysis* uses information about housing mix and density-based both on historical development patterns for the 2000 to 2020 period and the uses currently allowed in the *Oregon City Comprehensive Plan*. The buildable lands inventory identifies vacant, unconstrained buildable land based on the *Oregon City Comprehensive Plan Land-Use Map*.

Policy 2.7.1 *Maintain a sufficient land supply within the city limits and the Urban Growth Boundary to meet local, regional, and state requirements for accommodating growth.*

Finding: Complies as Proposed. The *Housing Needs Analysis* finds that Oregon City² has sufficient residential capacity vacant, unconstrained buildable land in the following designations: Low-Density Residential, Medium Density Residential, and Mixed-Use. The *Housing Needs Analysis* finds that Oregon City has a deficit for about 169 dwelling units or 8 acres of land in the High-Density Residential designation.

The *Housing Needs Analysis* recommends that Oregon City monitor land available in all plan designation and may look for opportunities for redevelopment on underutilized land to address the minor deficit of high-density residential land. Through the OC 2040 project, the City will identify opportunities to meet the identified land deficit in the High-Density Residential designation.

Goal 3: Agricultural Lands

Finding: Not Applicable. Goal 3 is not applicable.

Goal 4: Forest Lands

Finding: Not Applicable. Goal 4 is not applicable.

Goal 5: Open Spaces, Scenic and Historic Areas, and Natural Resources

Finding: Complies as Proposed. Goal 5 requires the City to inventory, protect and conserve natural, scenic, and historic resources within the City. The buildable land inventory conducted as part of the *Housing Needs Analysis* addresses areas that the City has identified as natural resources through its Goal 5 inventory, regional inventories of natural resources, and associated development code requirements intended to protect, conserve or minimize impacts to these resources. The BLI identifies these areas as "constrained" consistent with City development code standards and policies and assumes no for future housing in these areas. Through this analysis process and continued implementation of the City's policies and standards associated with natural resource protection, City staff find the requirements of Goal 5 have been met.

Goal 6: Quality of Air, Water, and Land Resources

² Oregon City includes land within the city limits and UGB areas adjacent to Oregon City that are expected to annex into Oregon City in the future. The UGB areas include the buildable lands inventory and forecasted household growth in TAZs 726, 733, and 740.

Finding: Not Applicable. Goal 6 requires local comprehensive plans and implementing measures to be consistent with state and federal regulations. By complying with applicable air, water, and land resource quality policies in the Oregon City Comprehensive Plan, City staff find the requirements of Goal 6 have been properly addressed.

Goal 7: Natural Hazards

Finding: Complies as Proposed. Goal 7 requires that jurisdictions apply appropriate safeguards when planning development in areas that are subject to natural hazards such as flood hazards.

The identified natural hazards in Oregon City are flooding and landslide hazards. Land within the floodway is considered unsuitable for urban development. The alternatives analysis considered lands within the 100-year floodplain, steep slopes, and areas with landslide hazards to be unbuildable and excluded from the inventory of vacant, unconstrained buildable land. The requirements of Goal 7 have been properly addressed.

Goal 8: Parks and Recreation

Finding: Not Applicable. Goal 8 is not applicable.

Goal 9: Economic Development

Finding: Not Applicable. Goal 9 is not applicable.

Goal 10: Housing

Policy 10.1.1 Maintain the existing residential housing stock in established older neighborhoods by maintaining existing Comprehensive Plan and zoning designations where appropriate.

Finding: Complies as Proposed. The *Housing Needs Analysis* assumes that vacant, unconstrained buildable land in existing residential Comprehensive Plan Designations will develop at densities consistent with historical development in each designation and the densities currently allowed within these master plans and the City's Comprehensive Plan and zoning code. The *Housing Needs Analysis* does not pose changes to the existing Comprehensive Plan or zoning maps. This criterion is met.

Policy 10.1.3 Designate residential land for a balanced variety of densities and types of housing, such as single-family attached and detached, and a range of multi-family densities and types, including mixed-use development.

Finding: Not Applicable. The Oregon City *Comprehensive Plan Land-Use Map* has designated land for a balanced variety of densities and housing types. No changes to the map are proposed. This criterion is met.

Policy 10.1.4 Aim to reduce the isolation of income groups within communities by encouraging diversity in housing types within neighborhoods consistent with the Clackamas County Consolidated Plan, while ensuring that needed affordable housing is provided.

Finding: Complies as Proposed. The *Housing Needs Analysis* forecasts increases in housing diversity of housing types in Oregon City as follows: 50% of new housing will be single-family detached (compared with 73% of existing housing stock); 20% of new housing will be single-family attached (compared with 7% of existing housing stock); 10% of new housing will be duplex/triplex/quadplex (compared with 6% of existing housing stock); and 20% of new housing will be multi-family with five or more units per structure (compared with 13% of existing housing stock).

The *Housing Needs Analysis* finds that Oregon City has an unmet need for affordable housing. About 34% of households in Oregon City are cost burdened (i.e., spending 30% or more of their income on housing costs), with 50% of renter households cost-burdened. As the City grows through 2041, the need for affordable housing will grow with population, with about 26% of new households needing housing affordable to households earning less than 50% of Clackamas County's Median Family Income (\$46,000) and 21% of new households needing housing affordable to households earning between 50% and 80% of Clackamas County's Median Family Income (\$46,000 to \$74,000).

The lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. The *Housing Needs Analysis* recommends that Oregon City should provide opportunities for affordable housing development for both rental and ownership over the 20-year period, and the City should look for opportunities for affordable housing development for all housing types.

Through the OC 2040 project, Oregon City will develop policies to respond to the unmet need for affordable housing to respond to needs identified in the *Housing Needs Analysis*. This criterion is met.

Goal 10.2 Supply of Affordable Housing Provide and maintain an adequate supply of affordable housing.

Finding: Complies as Proposed. The *Housing Needs Analysis* identifies need for additional affordable housing and recommends the City should develop policies to support production of affordable housing. Through the OC 2040 project, Oregon City will develop policies to respond to the unmet need for affordable housing to respond to the needs identified in the *Housing Needs Analysis*.

Policy 10.2.1 Retain affordable housing potential by evaluating and restricting the loss of land reserved or committed to residential use. When considering amendments to the *Comprehensive Plan Land-Use Map*, ensure that potential loss of affordable housing is replaced.

Finding: Complies as Proposed. The *Housing Needs Analysis* does not propose actions that will result in loss of land for residential uses or changes to the *Comprehensive Plan Land-Use Map*. This criterion is not applicable.

Goal 11: Public Facilities

Finding: Not Applicable. Goal 11 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Goal 12: Transportation

Finding: Not Applicable. Goal 12 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Goal 13 – Energy

Finding: Not Applicable. Goal 13 is not applicable.

Section 14 Urbanization

Finding: Not Applicable. Goal 14 is not applicable as no change is proposed to the Metro Urban Growth Boundary.

Goal 14.1 Urban Growth Boundary Establish, and amend when appropriate, the Urban Growth Boundary in the unincorporated area around the City that contains sufficient land to accommodate growth during the planning period for a full range of city land uses, including residential, commercial, industrial, and institutional.

Policy 14.1.1 The Urban Growth Boundary shall conform to Title 11 of the Code of the Metropolitan Service District and will provide sufficient land to accommodate 20-year urban land needs, resulting in efficient urban growth and a distinction between urban uses and surrounding rural lands, and promoting appropriate infill and redevelopment in the City

Section 15 Willamette River Greenway

Finding: Not Applicable. Goal 15 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Statewide Planning Goals

Goal 1 Citizen Involvement

Finding: Complies as Proposed. Goal 1 calls for the opportunity for citizens to be involved in all phases of the planning process. The public was provided the opportunity to be involved in the decision-making process regarding the *Housing Needs Analysis* through public meetings (in-person and by video conference), including: (1) the OC 2040 Project Advisory Team (PAT) on July 28, 2021 and (2) a joint work session with the Oregon City Planning Commission and City Commission September 7, 2021. Notice of the project was sent to the neighborhood associations, Citizen Involvement Committee, and the Development Stakeholders Group. The Citizen Involvement Committee will heard a presentation on October 4 and the CIC and neighborhood associations were emailed the legislative notice later the same day.

A project website was established and emailed notice of the draft HNA was sent to the Development Stakeholders Group, neighborhood associations, and Citizen Involvement Committee on September 15. Notice of the application was provided in the October citywide utility bill.

Goal 2 Land Use Planning

Finding: Complies as Proposed. Goal 2 outlines the basic procedures of Oregon's statewide planning program, stating that land use decisions must be made in accordance with comprehensive plans and that effective implementation ordinances must be adopted.

In the process of developing the housing needs analysis, the City inventoried existing residential land uses, projected suitable land needs by land use classifications, and compared these needs with buildable land within Oregon City. The *Housing Needs Analysis* finds that Oregon City has sufficient residential capacity vacant, unconstrained buildable land in the following designations: Low Density Residential, Medium Density Residential, and Mixed Use. The *Housing Needs Analysis* finds that Oregon City has a deficit for about 169 dwelling units or 8 acres of land in the High Density Residential designation. The requirements of Goal 2 are met.

Goal 3: Agricultural Lands

Finding: Not Applicable. Goal 3 is not applicable.

Goal 4: Forest Lands

Finding: Not Applicable. Goal 4 is not applicable.

Goal 5: Open Spaces, Scenic and Historic Areas, and Natural Resources

Finding: Complies as Proposed. Goal 5 requires the City to inventory, protect and conserve natural, scenic and historic resources within the City. The buildable land inventory conducted as part of the *Housing Needs Analysis* addresses areas that the City has identified as natural resources through its Goal 5 inventory, regional inventories of natural resources, and associated development code requirements intended to protect, conserve or minimize impacts to these resources. The BLI identifies these areas as "constrained" consistent with City development code standards and policies and assumes no for future housing in these areas. Through this analysis process and continued implementation of the City's policies and standards associated with natural resource protection, the requirements of Goal 5 have been met.

Goal 6: Quality of Air, Water, and Land Resources

Finding: Not Applicable. Goal 6 requires local comprehensive plans and implementing measures to be consistent with state and federal regulations. By complying with applicable air, water, and land resource quality policies in the Oregon City Comprehensive Plan, the requirements of Goal 6 have been properly addressed.

Goal 7: Natural Hazards

Finding: Complies as Proposed. Goal 7 requires that jurisdictions apply appropriate safeguards when planning development in areas that are subject to natural hazards such as flood hazards.

The identified natural hazards in Oregon City are flooding and landslide hazards. Land within the floodway is considered unsuitable for urban development. The alternatives analysis considered lands within the 100-year floodplain, steep slopes, and areas with landslide hazards to be unbuildable and excluded from the inventory of vacant, unconstrained buildable land. The requirements of Goal 7 have been properly addressed.

Goal 8 Recreational Needs

Finding: Not Applicable. Goal 8 is not applicable.

Goal 9 Economic Development

Finding: Not Applicable. Goal 9 is not applicable.

Goal 10 Housing

Finding: Complies as Proposed. Goal 10 requires the City to maintain and plan for an adequate supply of land to accommodate 20 years of future growth, providing flexibility in housing location, type, and density to ensure the availability and prices of housing units are commensurate with the needs and financial capabilities of Oregon households. Comprehensive plans are required to include an analysis of local housing needs by type and affordability, an assessment of housing development potential, and an inventory of residential land; contain policies for residential development and supportive services based on that analysis that increase the likelihood that needed housing types will be developed; and provide

for an adequate supply of a variety of housing types consistent with identified policies and meeting minimum density and housing mix requirements (established by OAR 660, Division 007).

The *Housing Needs Analysis*, which is proposed to be adopted as an ancillary document to the Comprehensive Plan, provides information about the factors that could affect housing development, including demographics, affordability trends, workforce housing availability, market health, and regulatory structure. The *Housing Needs Analysis* includes the City's buildable lands inventory for residential within Oregon City and UGB areas outside of the city limits but within the UGB.³

The *Housing Needs Analysis* finds that Oregon City has sufficient residential capacity vacant, unconstrained buildable land in the following designations: Low-Density Residential, Medium Density Residential, and Mixed-Use. The *Housing Needs Analysis* finds that Oregon City has a deficit for about 169 dwelling units or 8 acres of land in the High-Density Residential designation.

The *Housing Needs Analysis* is intended to identify unmet housing needs. Future policy work in the OC 2040 project, will identify remedies to the unmet housing needs. The *Housing Needs Analysis* recommends that Oregon City monitor land available in all plan designation and may look for opportunities for redevelopment on underutilized land to address the minor deficit of high-density residential land. Through the OC 2040 project, Oregon City will develop policies to respond to the unmet need for affordable housing to respond to the needs identified in the *Housing Needs Analysis* and the identified land deficit in the High-Density Residential designation.

The proposed HNA will repeal and replace the 2002 housing analysis which was adopted in 2004 as an ancillary document to the Comprehensive Plan. This criterion is met.

Consistency with the Metropolitan Planning Rule

Cities within the Portland Metropolitan region must comply with two requirements related to the capacity of buildable land. Both requirements are found in Oregon Administrative Rule (OAR) 660-007. The two rules state that:

- *Jurisdictions other than small developed cities must either designate sufficient buildable land to 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. (OAR 660-007-0030 (1))*
- *Clackamas and Washington Counties, and the cities of Forest Grove, Gladstone, Milwaukie, Oregon City, Troutdale, Tualatin, West Linn and Wilsonville must provide for an overall density of eight or more dwelling units per net buildable acre. (OAR 660-007-0035 (2))*

Oregon City is in compliance with both these requirements.

- The *Housing Needs Analysis* forecasts increases in housing diversity of housing types in Oregon City as follows: 50% of new housing will be single-family detached (compared with 73% of existing housing stock); 20% of new housing will be single-family attached (compared with 7% of existing housing stock); 10% of new housing will be duplex/triplex/quadplex (compared with 6%

³ The UGB areas include the forecasted household growth in TAZs 726, 733, and 740.

of existing housing stock); and 20% of new housing will be multi-family with five or more units per structure (compared with 13% of existing housing stock).

- The *Housing Needs Analysis* shows that Oregon City is planning for an overall average of 9.5 dwelling units per net acre, as a result of the existing base of buildable residential land in Oregon City and the assumptions above about housing mix and density.

This criterion is met.

Goal 11 Public Facilities and Services

Finding: Not Applicable. Goal 11 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Goal 12 Transportation

Finding: Not Applicable. Goal 12 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Goal 13 Energy Conservation

Finding: Not Applicable. Goal 13 is not applicable.

Goal 14 Urbanization

Finding: Not Applicable. Goal 14 is not applicable as no change is proposed to the Metro Urban Growth Boundary, which Oregon City is within.

Goal 15 Willamette River Greenway

Finding: Not Applicable. Goal 15 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Goal 16 Estuarine Resources

Finding: Not Applicable. Goal 16 is not applicable.

Goal 17 Coastal Shorelands

Finding: Not Applicable. Goal 17 is not applicable.

Goal 18 Beaches and Dunes

Finding: Not Applicable. Goal 18 is not applicable.

Goal 19 Ocean Resources

Finding: Not Applicable. Goal 19 is not applicable.

Chapter 17.50 Administration and Procedures

17.50.050 – Pre-application conference.

- A. *Pre-application Conference. Prior to a Type II – IV or Legislative application, excluding Historic Review, being deemed complete, the applicant shall schedule and attend a pre-application conference with City staff to discuss the proposal, unless waived by the Community Development Director. The purpose of the pre-application conference is to provide an*

opportunity for staff to provide the applicant with information on the likely impacts, limitations, requirements, approval standards, fees and other information that may affect the proposal.

1. To schedule a pre-application conference, the applicant shall contact the Planning Division, submit the required materials, and pay the appropriate conference fee.
 2. At a minimum, an applicant should submit a short narrative describing the proposal and a proposed site plan, drawn to a scale acceptable to the City, which identifies the proposed land uses, traffic circulation, and public rights-of-way and all other required plans.
 3. The Planning Division shall provide the applicant(s) with the identity and contact persons for all affected neighborhood associations as well as a written summary of the pre-application conference.
- B. A pre-application conference shall be valid for a period of six months from the date it is held. If no application is filed within six months of the conference or meeting, the applicant shall schedule and attend another conference before the City will accept a permit application. The Community Development Director may waive the pre-application requirement if, in the Director's opinion, the development has not changed significantly and the applicable municipal code or standards have not been significantly amended. In no case shall a pre-application conference be valid for more than one year.
- C. Notwithstanding any representations by City staff at a pre-application conference, staff is not authorized to waive any requirements of this code, and any omission or failure by staff to recite to an applicant all relevant applicable land use requirements shall not constitute a waiver by the City of any standard or requirement.

Finding: Complies as Proposed. The proposed Legislative application held a pre-application conference (PA 21-36) on September 1 including discussion of the review process and applicable criteria.

17.50.055 - Neighborhood association meeting.

Neighborhood Association Meeting. The purpose of the meeting with the recognized neighborhood association is to inform the affected neighborhood association about the proposed development and to receive the preliminary responses and suggestions from the neighborhood association and the member residents.

- A. Applicants applying for annexations, zone change, comprehensive plan amendments, conditional use, Planning Commission variances, subdivision, or site plan and design review (excluding minor site plan and design review), general development master plans or detailed development plans applications shall schedule and attend a meeting with the City-recognized neighborhood association in whose territory the application is proposed no earlier than one year prior to the date of application. Although not required for other projects than those identified above, a meeting with the neighborhood association is highly recommended.
- B. The applicant shall request via email or regular mail a request to meet with the neighborhood association chair where the proposed development is located. The notice shall describe the proposed project. A copy of this notice shall also be provided to the chair of the Citizen Involvement Committee.
- C. A meeting shall be scheduled within thirty days of the date that the notice is sent. A meeting may be scheduled later than thirty days if by mutual agreement of the applicant and the neighborhood association. If the neighborhood association does not want to, or cannot meet within thirty days, the applicant shall host a meeting inviting the neighborhood association, Citizen Involvement Committee, and all property owners within three hundred

feet to attend. This meeting shall not begin before six p.m. on a weekday or may be held on a weekend and shall occur within the neighborhood association boundaries or at a City facility.

- D. If the neighborhood association is not currently recognized by the City, is inactive, or does not exist, the applicant shall request a meeting with the Citizen Involvement Committee.*
- E. To show compliance with this section, the applicant shall submit a copy of the email or mail notice to the neighborhood association and CIC chair, a sign-in sheet of meeting attendees, and a summary of issues discussed at the meeting. If the applicant held a separately noticed meeting, the applicant shall submit a copy of the meeting flyer, postcard or other correspondence used, and a summary of issues discussed at the meeting and submittal of these materials shall be required for a complete application.*

Finding: Complies as Proposed. The criterion is not applicable to the Legislative application proposed, however, the Citizen Involvement Committee heard a presentation of the Housing Needs Analysis on October 4.

Metro Requirements

The Metro UGMFP provides tools to meet regional goals and objectives adopted by Metro Council, including the 2040 Growth Concept and the Regional Framework Plan. Under the Metro Charter, the City of Oregon City's Comprehensive Plan and implementing ordinances are required to comply and be consistent with the UGMFP. The UGMFP consists of 11 code titles with policies and compliance procedures for the following topics:

- Title 1: Housing Capacity
- Title 3: Water Quality and Flood Management (not applicable)
- Title 4: Industrial and Other Employment Areas (not applicable)
- Title 6: Centers, Corridors, Station Communities and Main Streets (not applicable)
- Title 7: Housing Choice
- Title 8: Compliance Procedures
- Title 10: Definitions (not applicable)
- Title 11: Planning for New Urban Areas (not applicable)
- Title 12: Protection of Residential Neighborhoods (not applicable)
- Title 13: Nature in Neighborhoods (not applicable)
- Title 14: Urban Growth Boundary (not applicable)

Metro requires "substantial compliance" with requirements in the UGMFP. Per the definition in Title 10, "substantial compliance" means that the City's Comprehensive Plan conforms with the purposes of the performance standards in the functional plan "on the whole." Any failure to meet individual performance standard requirements is considered technical or minor in nature.

The findings below address applicable Titles of the UGMFP. Based on the findings described below, the proposed Comprehensive Plan Amendment substantially complies with all applicable titles of the UGMFP.

Title 1: Housing Capacity

Finding: Complies as Proposed. Title 1 of the UGMFP is intended to promote efficient land use within the Metro urban growth boundary (UGB) by increasing the capacity to accommodate housing. Title 1 requires the City to adopt minimum residential development density standards by March 2011. If the City did not adopt a minimum density by March 2011, the City must adopt a minimum density that is at least 80 percent of the maximum density. Title 1 also provides measures to decrease development capacity in selected areas by transferring the capacity to other areas of the community. This may be approved as long as the community's overall capacity is not reduced.

Oregon City has established minimum densities in its Zoning Code (Title 17: Zoning of the Oregon City Municipal Code) for each residential base zone. These minimum and maximum densities comply with Title 1 for all zones where residential dwelling units are authorized.

The *Housing Needs Analysis* replaces the existing factual basis in the Oregon City Comprehensive Plan and does not reduce densities or make any changes to land use designations or zoning. The *Housing Needs Analysis* assumes increases in housing diversity, with an increase in the share of new housing that will be attached or multi-family housing types. The *Housing Needs Analysis* assumes no decrease in densities and an overall increase in average density resulting from the increase in the future share of attached and multi-family housing types. Further, Metro's 2019 Compliance Report (the most recent report available) concludes that Oregon City is in compliance for the City's Title 1 responsibilities.

Based on the findings above, the *Housing Needs Analysis* is consistent with Title 1.

Title 7: Housing Choice

Finding: Complies as Proposed. Title 7 of Metro's Urban Growth Management Functional Plan is designed to ensure the production of affordable housing in the Metro UGB. Each City and county within the Metro region is encouraged to voluntarily adopt an affordable housing production goal. Each jurisdiction within the Metro region is required to ensure that their comprehensive plans and implementing ordinances include strategies to:

- Ensure the production of a diverse range of housing types;
- Maintain the existing supply of affordable housing, increase opportunities for new affordable housing dispersed throughout their boundaries; and
- Increase opportunities for households of all income levels to live in affordable housing (3.07.730).

The *Housing Needs Analysis* assumes that the diversity of housing types will increase in Oregon City. The *Housing Needs Analysis* shows that Oregon City has sufficient residential capacity vacant, unconstrained buildable land in the following designations: Low-Density Residential, Medium Density Residential, and Mixed Use. The *Housing Needs Analysis* finds that Oregon City has a deficit for about 169 dwelling units or 8 acres of land in the High Density Residential designation. The *Housing Needs Analysis* recommends that Oregon City monitor land available in all plan designation and may look for opportunities for redevelopment on underutilized land to address the minor deficit of high-density residential land.

The *Housing Needs Analysis* finds that Oregon City has an unmet need for affordable housing. About 34% of households in Oregon City are cost burdened (i.e., spending 30% or more of their income on housing costs), with 50% of renter households cost-burdened. As the City grows through 2041, the need

for affordable housing will grow with population, with about 26% of new households needing housing affordable to households earning less than 50% of Clackamas County's Median Family Income (\$46,000) and 21% of new households needing housing affordable to households earning between 50% and 80% of Clackamas County's Median Family Income (\$46,000 to \$74,000).

The *Housing Needs Analysis* is intended to identify unmet housing needs. Future policy work, in the OC 2040 project, will identify remedies to the unmet housing needs. The *Housing Needs Analysis* recommends that Oregon City should provide opportunities for affordable housing development for both rental and ownership over the 20-year period, and the City should look for opportunities for affordable housing development for all housing types. Through the OC 2040 project, Oregon City will develop policies to respond to the unmet need for affordable housing. In addition, Metro's 2019 *Compliance Report* concludes that Oregon City is in compliance for the City's Title 7 responsibilities.

Based on the findings above, the *Housing Needs Analysis* is consistent with Title 7.

Title 8: Compliance Procedures

Finding: Complies as Proposed. Title 8 establishes a process for ensuring compliance with the requirements of the UGMFP. An amendment to the City comprehensive plan or land use regulations is deemed to comply with the UGMFP only if the City provided notice to Metro as required by section 3.07.820(a). The City of Oregon City will provide Metro with a copy of the draft *Housing Needs Analysis* via Oregon Department of Land Conservation and Development's Plan Amendments (PAPA) website at least 35 days prior to the first evidentiary hearing.

Based on the findings above, the Comprehensive Plan Amendment is consistent with Title 8.

III. RECOMMENDATION

Based on the findings in this report, staff recommends approval of files GLUA 21-00057 and LEG 21-00004. If the Planning Commission recommends approval to the City Commission, the recommendation will be accompanied by Ordinance 21-1014.

IV. EXHIBITS

- 1a. Draft Housing Needs Analysis, dated August 30, 2021
- 1b. Application Materials
2. Public Comments
3. 2002 Housing Resource Document for the City of Oregon City Comprehensive Plan

City of Oregon City

2021–2041 Housing Needs Analysis

August 2021

Prepared for: City of Oregon City

Draft Report

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Executive Summary

This report presents Oregon City's Housing Needs Analysis (HNA) for the 2021 to 2041 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing), OAR 660 Division 7, and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Oregon City is currently in the process of updating the city's Comprehensive Plan as part of the OC2040 Comprehensive Plan Update. Part of this process includes updating the Housing Element with recent information about Oregon City's housing market and forecasted housing needs, along with data on Oregon City's demographic and socioeconomic trends. In 2019, Oregon City participated in a preliminary housing needs analysis process through the development of the Clackamas County HNA. This report builds on the information presented for Oregon City in that project and provides updated data where necessary.

Oregon City grew from 14,968 people in 1990 to 35,570 people in 2019. This is an addition of 19,242 people or 131% growth. During the 2015 to 2020 period, median housing prices in Oregon City increased from about \$350,000 in 2015 to \$545,000 in 2021, a 55% increase consistent with sales price growth in Clackamas County. Rates of cost burden in Oregon City varied from 28% for homeowners and 50% for renters (35% of overall) in the 2012-2016 American Community Survey (ACS) 5-year estimate period.

This report provides Oregon City with a factual basis to update the City's Comprehensive Plan and zoning code, and to support future planning efforts related to housing as well as options for addressing unmet housing needs in Oregon City. This report provides information to inform future planning efforts, including development and redevelopment. This report provides the City with information about the housing market in Oregon City and describes the factors that will affect future housing demand in Oregon City, such as changing demographics. This analysis will help decision makers understand whether Oregon City has enough land to accommodate growth over the next 20 years.

What are the key housing needs in Oregon City?

- **Demographic and economic trends will drive demand for affordable and diverse housing in Oregon City.** Key demographic and economic trends affecting Oregon City's future housing needs are the aging of the baby boomers, the aging of the Millennials and Generation Z, the continued growth in the Latinx population, and access to a range of housing types for people of color.
- **Housing affordability is a growing challenge in Oregon City.** Housing affordability is a challenge in most of the Portland Metro region in general, and Oregon City is affected by these regional trends. Housing prices are increasing faster than incomes in Oregon City and Multnomah County, which is consistent with state and national challenges. Oregon City has a modest supply of multifamily housing with 5 or more units (about 13% of the city's housing stock), but half of renter households are cost burdened (50%). The households who are most likely to be cost burdened¹ are those with an income below 50% of Clackamas County's median family income (MFI) for a family of four (\$92,000).
 - Oregon City's key challenge over the next 20 years is providing opportunities for the development of relatively affordable housing (both for households with an income below 60% of MFI (\$55,200), who will need income-restricted housing, and for households with incomes of 60% to 120% of MFI (\$55,200 to \$110,000), who can afford some market-rate housing) of all types, such as lower-cost single-family housing, cottage, townhouses and duplexes, tri- and quadplexes, market-rate multifamily housing, and government-subsidized affordable multifamily housing.
- **Oregon City lacks enough housing that is affordable, both for renter and homeowners.** About 35% of Oregon City's households are cost burdened (paying 30% or more of their household income on housing costs). About 50% of Oregon City's **renters** are cost burdened and about 28% of Oregon City's **homeowners** are cost burdened. Oregon City's level of cost burden is similar to other communities in Clackamas County. Oregon City is one of the less affordable cities for homeownership in the Portland region, households at middle and high incomes (between \$74,000 to \$110,000) are less able to afford housing in Oregon City.
- **About 33% of Oregon City's households are renters, 58% of whom live in multifamily housing.** Median rents in Oregon City in 2021 are \$1,350 per month, compared to the \$1,426 median rent for Clackamas County as a whole.
 - A household earning 50% of Clackamas County's median family income (\$46,000) could afford about \$1,150 per month in rent, compared with the average effective rent of \$1,350. However, about 20% of Oregon City's housing stock is multifamily

¹ The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden."

(including duplexes, triplexes and quadplexes), compared to 32% of the housing in the Portland Region. The comparatively small share of multifamily units may constrain opportunities to rent in Oregon City.

- **Housing sales prices increased in Oregon City over the last five years at a slightly faster rate than entire County.** A household earning 100% of Clackamas County's median family income could afford a home valued between about \$322,000 to \$368,000, which is less than the median home sales price of about \$545,000 in Oregon City. A household can start to afford median home sale prices at about 148% of Oregon City's median household income.

How much household growth is Oregon City planning for?

Oregon City's number of households within its city limits and UGB area (i.e., Planning Area) is projected to grow by over 7,435 households between 2021 and 2041, at an annual growth rate of 372 units per year.

Exhibit 1. Forecast of Household Growth, Oregon City Planning Area, 2021 to 2041

Source: Metro's 2050 Household Distributed Forecast, 2021.



How much housing will Oregon City need?

The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, cottage clusters, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Duplexes, Triplexes, and Quadplexes** are a subset of multifamily attached structures that contain two, three or four living units generally on the same lot.
- **Multifamily** is all other attached structures with five or more units, other than single-family detached units, manufactured units, duplexes, triplexes, quadplexes, or single-family attached units.

To accommodate the city's forecasted household growth, Oregon City needs to plan for 7,435 new dwelling units between 2021 and 2041. About 3,717 units of new housing will be single-family detached (50%); 1,487 units of new housing will be single-family attached (20%); 744 units of new housing will be duplexes, triplexes, or quadplexes (10%); and about 1,487 units will be multifamily housing with five or more units per structure (30%).

How much land will be required for housing?

In total, Oregon City is forecast to grow by 7,435 dwelling units and has capacity for 7,266 dwelling units. Exhibit 2 shows a comparison of Oregon City's land capacity within the planning area with demand for new units by plan designation. It shows that Oregon City has no surplus or deficit of capacity in the low and medium density residential and mixed-use plan designations, and a deficit of 169 dwelling units (or 8 acres) of high density residential land.

Exhibit 2. Comparison of Capacity of Existing Residential and Selected Commercial Land with Demand for New Dwelling Units and Land Surplus or Deficit, Oregon City Planning Area, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Plan Designation	Capacity (Dwelling Units)	Demand (Dwelling Units)	Comparison (Capacity minus Demand)	Land Surplus or Deficit (Gross Acres)
Low Density Residential	2,116	2,116	0	0
Medium Density Residential	3,159	3,159	0	0
High Density Residential	1,108	1,277	(169)	(8)
Mixed Use	883	883	0	0
Total	7,266	7,435		

What are the key findings of the Housing Needs Analysis?

The key findings of the Oregon City Housing Needs Analysis are that:

- **Finding: Growth in housing will be driven by growth in households.** The number of households in Oregon City's Planning Area is forecast to grow from 14,778 households to 22,213 households, an increase of 7,435 households between 2021 and 2041.
- **Finding: Oregon City is planning for growth of 7,435 new dwelling units.** To accommodate the 7,435 dwelling units over the 20-year planning period, Oregon City will average 372 new dwelling units annually, and will plan for more single-family attached and multifamily dwelling units in the future to meet the city's housing needs. Historically, about 73% of Oregon City's housing was single-family detached. New housing in Oregon City is forecast to be 50% single-family detached, 20% single-family attached, 10% duplexes, triplexes, and quadplexes, and 20% multifamily. This housing mix both meets the requirements for housing mix for cities in Metro (OAC 660-007) and is supported by the changes in the housing market described below.

The factors driving the shift in types of housing needed in Oregon City include changes in demographics and decreases in housing affordability. The aging of senior populations and the household formation of young adults will drive demand for renter and owner-occupied housing, such as small single-family detached housing, townhouses, duplexes, and apartments/condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.

- **Recommendation:** Oregon City should monitor land available in all plan designations, as there is no surplus (or deficit) of land in the low and medium density residential plan designations. Additionally, the City may look for opportunities for redevelopment on underutilized land to address the deficit of high density residential land and limited capacity of mixed use land.
- **Oregon City is meeting Metro's requirements for net density and housing mix.** OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Oregon City's average density target is eight dwelling units per net buildable acre. Based on the findings in Chapter 6, Oregon City is exceeding this average density target at an average net density of 9.5 dwelling units per net acre.

OAR 660-007 also requires that cities within the Metro UGB "provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing." Chapter 5 shows that for the 2021-2041 planning period Oregon City is assuming that 20% of new dwelling units will be single-family attached, 10% of new units will be duplexes, triplexes, or quadplexes, and 20% of new units will be multifamily.

- **Recommendation:** Oregon City should continue to monitor future development to evaluate resulting densities and housing mix in comparison to the planned units described in this report.
- **Finding: Oregon City has unmet need for affordable housing.** About 34% of Oregon City's households are cost burdened, with 50% of renters cost burdened and 28% of owners cost burdened. Oregon City's level of cost burden is similar to other communities in Clackamas County. Oregon City's unmet housing needs include:

Renter housing. The average asking rent for multifamily housing in Oregon City in 2021 was about \$1,350, which is affordable to households earning about 60% of the median family income (about \$55,200). About one-third of Oregon City's households have incomes below this level and cannot afford the average rent. As shown in the rates of cost burden, many of these renter households are cost burdened. Oregon City will continue to have unmet renter housing needs, both for existing households and for new households.

Owner-occupied housing. The median home sales price in April 2021 was about \$545,000, which is affordable to households earning about 148% of the median family income (about \$136,300). Oregon City is one of the less affordable cities for homeownership in the Portland region, households at middle and high incomes (between \$74,000 to \$110,000) are less able to afford housing in Oregon City. One way to increase the supply of affordable owner-occupied housing is to increase opportunities for development of the middle-income housing described above.

- **Recommendation:** Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions, 1,545 of the forecasted new households will have incomes of \$46,000 (in 2020 dollars) or less (50% of MFI income or less). These households cannot afford market-rate housing without government subsidy. Another 1,228 new households will have incomes between \$46,000 and \$74,000 (50% to 80% of MFI).

Oregon City will need to provide opportunities for affordable housing development for both rental and ownership over the 20-year period, and the City should look for opportunities for affordable housing development for all housing types.

- **Finding: Oregon City will need to meet the requirements of House Bill 2001.** The legislature passed House Bill 2001 in the 2019 Legislative Session. The bill requires cities within the Metro UGB to allow "middle" housing types in low-density residential zones. The bill defines middle housing types as duplexes, triplexes, quadplexes, cottage clusters, and townhouses.
- **Recommendation:** The City should continue the process of developing and adopting zoning code to comply with these requirements.
- **Finding: Oregon City is currently in the process of a Comprehensive Plan Update.** This 2021 HNA report presents updated information related to Oregon City's Housing

Element of the Comprehensive Plan. Additionally, changes in Oregon City's demographics have presented a need for a greater variety of housing types. In 2019, Oregon City participated in a preliminary housing needs analysis process through the development of the Clackamas County Housing Needs Analysis. This report builds on the information presented for Oregon City in that project and provides updated data where necessary.

- **Recommendation:** Oregon City should adopt this HNA report as an appendix to the Comprehensive Plan. HB 2003 requires that Oregon City update its HNA every six years to analyze what housing is needed for current and future residents for a 20-year period.

Oregon City has identified a project to start within a year to look at non-zoning strategies to support the development of housing (including affordable housing). This initial study will allow the consideration of additional tools and partnerships in advance of a Housing Production Strategy (HPS) according to the guidance in HB 2003. An HPS includes consideration of additional information about the housing needs of underserved communities and engagement with underserved communities about potential approaches to meeting their needs.

1. Introduction

This report presents Oregon City's Housing Needs Analysis (HNA) for the 2021 to 2041 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing), OAR 660 Division 7, and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Oregon City is currently in the process of updating the city's Comprehensive Plan as part of the OC2040 Comprehensive Plan Update. Part of this process includes updating the Housing Element with recent information about Oregon City's housing market and forecasted housing needs, along with data on Oregon City's demographic and socioeconomic trends. In 2019, Oregon City participated in a preliminary housing needs analysis process through the development of the Clackamas County HNA. This report builds on the information presented for Oregon City in that project and provides updated data where necessary.

This report provides Oregon City with a factual basis to update the Housing Element of the City's Comprehensive Plan and Development Code and support future planning efforts related to housing and options for addressing unmet housing needs in Oregon City. This report provides information that informs future planning efforts, including development and redevelopment. It provides the City with information about the housing market in Oregon City and describes the factors that will affect future housing demand in Oregon City, such as changing demographics. This analysis will help decision makers understand whether Oregon City has enough land to accommodate growth over the next 20 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay, including shelter, proximity to other attractions (job, shopping, parks and recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to a range of services (i.e., public, medical, transportation). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make trade-offs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors like income, age of head of household, number of people and children in the household, number of workers and job locations, number of transportation vehicles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing markets in Clackamas County and Oregon City are the result of the individual decisions of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in Oregon City between 2021 and 2041. These housing types include single-family detached, single-family attached, and multifamily (including duplexes, triplexes, and quadplexes, in addition to buildings with more

than five units). This report discusses these housing types in detail, as well as the range of affordability issues that will affect Oregon City households in the 2021 to 2041 period.

The complex nature of the housing market, demonstrated by the unprecedented boom-and-bust during the past decade, does not eliminate the need for some type of forecast of future housing demand and need. This includes resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need. Thus, we start our housing analysis with a framework for thinking about housing and residential markets and how public policy affects those markets.

Statewide Planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).² Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households. Jurisdictions located in the Metro Urban Growth Boundary (UGB) are also required to comply with Metropolitan Housing in OAR 660-007 and Title 7 of Metro's Urban Growth Management Functional Plan in the Metro Code (3.07 Title 7).

Goal 10, through ORS 197.303, defines needed housing types as "all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the city with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes." ORS 197.303 defines needed housing types:

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy.
- (b) Government-assisted housing.³
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.

² ORS 197.296 only applies to cities with populations over 25,000.

³ Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.
- (e) Housing for farmworkers.

Oregon City must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

The Metropolitan Housing Rule

OAR 660-007 (the Metropolitan Housing rule) is designed to “assure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land within the Metropolitan Portland (Metro) urban growth boundary.” OAR 660-0070-005(12) provides a Metro-specific definition of needed housing:

“Needed Housing” defined. Until the beginning of the first periodic review of a local government's acknowledged comprehensive plan, “needed housing” means housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.

The Metropolitan Housing Rule also requires cities to develop residential plan designations:

(1) Plan designations that allow or require residential uses shall be assigned to all buildable land. Such designations may allow nonresidential uses as well as residential uses. Such designations may be considered to be “residential plan designations” for the purposes of this division. The plan designations assigned to buildable land shall be specific so as to accommodate the varying housing types and densities identified in OAR 660-007-0030 through 660-007-0037.

OAR 660-007 also specifies the mix and density of new residential construction for cities within the Metro UGB:

“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” (OAR 660-007-0030 (1).

OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Oregon City’s average density target is eight dwelling units per net buildable acre.⁴

⁴ OAR 660-024-0010(6) defines net buildable acres as “43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.”

Metro Urban Growth Management Functional Plan

The Metro Urban Growth Management Functional Plan describes the policies that guide development for cities within the Metro UGB to implement the goals in the Metro 2040 Plan.

Title 1: Housing Capacity

Title 1 of Metro's Urban Growth Management Functional Plan is intended to promote efficient land use within the Metro UGB by increasing the capacity to accommodate housing capacity. Each city is required to determine its housing capacity based on the minimum number of dwelling units allowed in each zoning district that allows residential development and maintain this capacity.

Title 1 requires that a city adopt minimum residential development density standards by March 2011. If the jurisdiction did not adopt a minimum density by March 2011, the jurisdiction must adopt a minimum density that is at least 80% of the maximum density.

Title 1 provides measures to decrease development capacity in selected areas by transferring the capacity to other areas of the community. This may be approved as long as the community's overall capacity is not reduced.

Metro's 2017 *Compliance Report* concludes that Oregon City is in compliance for the City's Title 1 responsibilities.

Title 7: Housing Choice

Title 7 of Metro's Urban Growth Management Functional Plan is designed to ensure the production of affordable housing in the Metro UGB. Each city and county within the Metro region is encouraged to voluntarily adopt an affordable housing production goal.

Each jurisdiction within the Metro region is required to ensure that their comprehensive plans and implementing ordinances include strategies to:

- Ensure the production of a diverse range of housing types;
- Maintain the existing supply of affordable housing, increase opportunities for new affordable housing dispersed throughout their boundaries; and
- Increase opportunities for households of all income levels to live in affordable housing (3.07.730).

Metro's 2017 *Compliance Report* concludes that Oregon City is in compliance for the City's Title 7 responsibilities.

Title 11: Planning for New Urban Areas

Title 11 of Metro's Urban Growth Management Functional Plan provides guidance on the conversion of land from rural to urban uses. Land brought into the Metro UGB is subject to the

provisions of section 3.07.1130 of the Metro Code, which requires lands to be maintained at rural densities until the completion of a concept plan and annexation into the municipal boundary.

The concept plan requirements directly related to residential development are to prepare a plan that includes:

- (1) A mix and intensity of uses that make efficient use of public systems and facilities;
- (2) A range of housing for different types, tenure, and prices that addresses the housing needs of the governing city; and
- (3) Identify goals and strategies to meet the housing needs for the governing city in the expansion area.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Oregon City's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Oregon City's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Oregon City** presents factors that affect housing need in Oregon City, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Oregon City relative to the larger region.
- **Chapter 5. Housing Need in Oregon City** presents the forecast for housing growth in Oregon City, describing housing need by density ranges and income levels.
- **Chapter 6. Oregon City's Residential Land Sufficiency** estimates Oregon City's residential land sufficiency needed to accommodate expected growth over the planning period.

2. Buildable Lands Inventory

This chapter provides a summary of the residential buildable lands inventory (BLI) for Oregon City. This buildable lands inventory analysis complies with statewide planning Goal 10 policies that govern planning for residential uses. The detailed methodology used to complete the buildable lands inventory is presented in Appendix A.

Oregon Administrative Rules provide guidance on conducting residential BLIs:

OAR 660-008-0005(2):

“Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered “suitable and available” unless it:

- (a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
- (b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;*
- (c) Has slopes of 25 percent or greater;*
- (d) Is within the 100-year flood plain; or*
- (e) Cannot be provided with public facilities.*

First, the analysis established the residential land base (parcels or portion of parcels with appropriate zoning), then it classified parcels by buildable status, identified/deducted environmental constraints, and lastly summarized total buildable area by plan designation. The results of the BLI presented in this chapter reflect updates since the 2019 analysis completed for Oregon City as part of the Clackamas County Regional Housing Need Analysis.

Definitions

ECONorthwest completed the BLI for Oregon City and relied on the following key definitions. Detailed descriptions of these definitions are included in the methodology for each study area but are based on the general definitions below.

- **Vacant land.** Tax lots that have no structures or have buildings with very little improvement value are considered vacant. The status of vacant lots was verified in aerial imagery and City and County staff review.
- **Partially vacant land.** Partially vacant tax lots are those occupied by a use, but which contain enough land to be developed further. Generally, these are lots that have more

than a half-acre of buildable land, after removing constraints and developed land from the total acreage. This was refined through visual inspection of recent aerial photos.

- **Public land.** Lands in public ownership are considered unavailable for residential development.⁵ This includes lands in federal, state, county, or city ownership. These lands are identified using Metro's definitions and categories.
- **Developed land.** Lands not classified as vacant, partially vacant, or public are considered developed. Developed land includes lots with redevelopment capacity, which are also included in BLI. The unit capacity of redevelopable lots is based on Metro's estimates.
- **Buildable land.** As described in the statute definition above, buildable residential land is the portions of vacant or partially vacant lots that have development capacity, less development constraints.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted the following constraints from the buildable lands inventory and classified those portions of tax lots that fall within the following areas as constrained, unbuildable land:

- *Lands within floodplains and floodways.* Flood Insurance Rate Maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways and 100-year floodplains, as well as lands identified in Metro's Title 3 Stream and Floodplain Protection Plan.
- *Land within natural resource protection areas.* The combined regional and national wetlands shapefile, available from Metro RLIS, was used to identify areas within wetlands. Riparian corridors and other natural resource areas identified in Oregon City's Natural Resource Overlay District were considered undevelopable for the purposes of this inventory.
- *Land with slopes over 25%.* Lands with slopes over 25% were considered unsuitable for residential development.
- *Land in geologic hazard areas.* Lands in areas designated within Oregon City's Geologic Hazards Overlay were considered undevelopable for the purposes of this inventory.

⁵ Other exempt lands owned by semi-public entities, such as churches, private schools, and other non-profit organizations, were not included in the Public land classification. These lands were classified using the same method as other residential lands and were classified as vacant, partially vacant, developed, or unbuildable. Lands with a cemetery use and owned by a semi-public entity (e.g., church) were classified as developed.

Buildable Lands Inventory Results

Land Base

The land base for the Oregon City residential BLI includes all tax lots in the city limits and the city's UGB areas in residential plan designations. Per Goal 10, this includes all lots (or portions of lots) with residential and other nonemployment plan designations where residential uses are planned for and allowed by the implementing zones. This BLI includes lands in the following generalized plan designations:

- Residential – Low Density
- Residential – Medium Density
- Residential – High Density
- Mixed Use – Corridor
- Mixed Use – Downtown
- General Commercial

Exhibit 3 shows the land base by generalized plan designation in city limits and UGB areas. There are 12,350 tax lots in the land base, accounting for 5,206 acres.

Exhibit 3. Residential Tax Lots and Acres by Plan Designation, Oregon City, City Limits and UGB Areas, 2020

Source: Metro BLI; ECONorthwest analysis.

Generalized Plan Designation	Number of taxlots	Percent	Total taxlot acreage	Percent
Residential				
Residential - Low Density	9,528	77%	3,206	62%
Residential - Medium Density	1,379	11%	1,006	19%
Residential - High Density	606	5%	294	6%
Mixed Use/Commercial				
Mixed Use - Corridor	501	4%	267	5%
Mixed Use - Downtown	265	2%	300	6%
General Commercial	71	1%	133	3%
Total	12,350	100%	5,206	100%

Development Status

This analysis relied on Metro BLI's classifications (defined in the methods and definitions above) to define an initial development status. ECONorthwest then used a rapid visual assessment method to confirm this development status using aerial imagery. After city staff reviewed the classifications, ECONorthwest applied the development constraints to calculate unconstrained buildable land. Exhibit 4 shows development status with constraints applied and resulting in buildable acres. Of the 5,206 total acres in the land base, 2,710 are committed acres, 1,563 are constrained acres, and 933 are buildable acres.

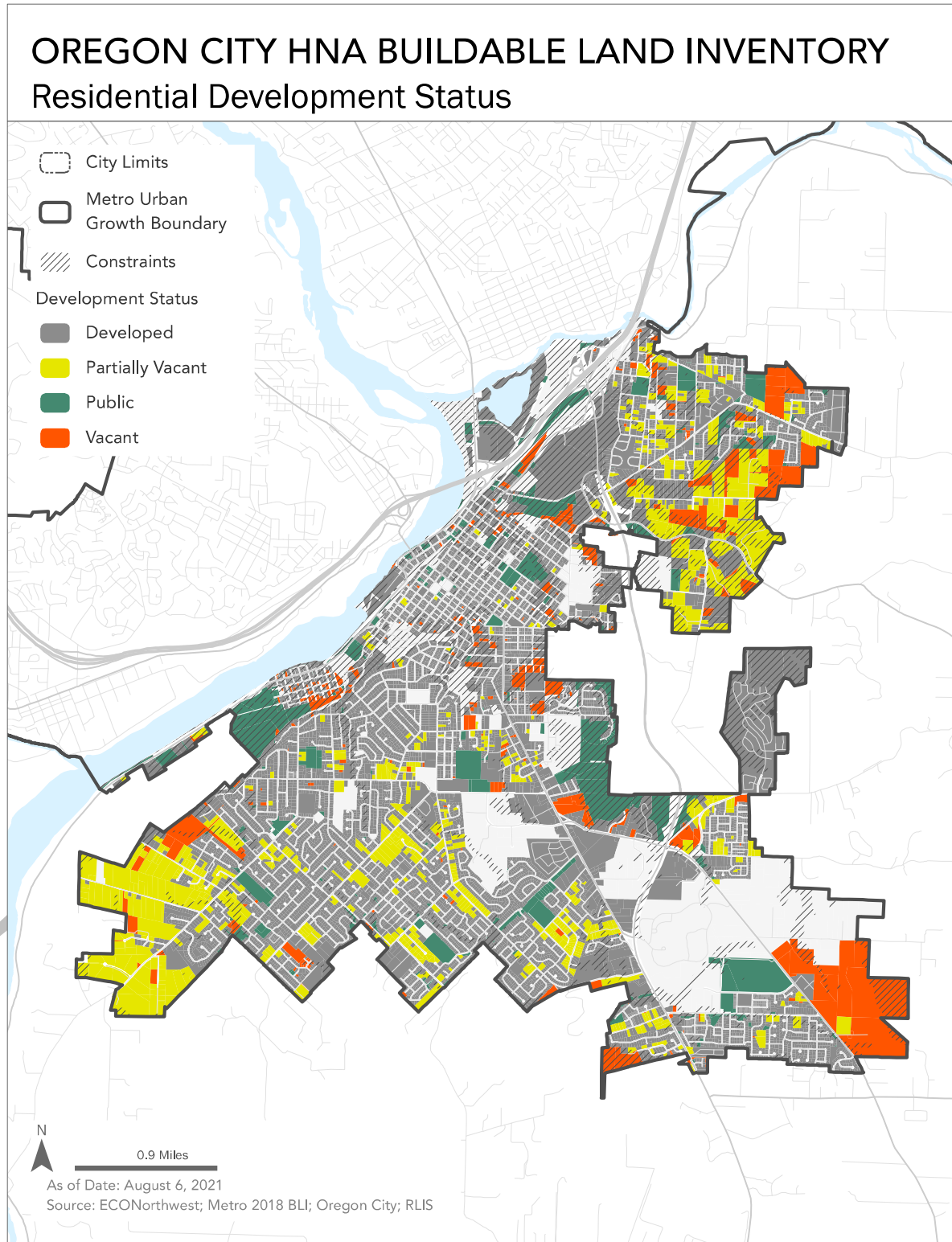
Exhibit 4. Development Status with Constraints by Plan Designation, Oregon City, City Limits and UGB Areas, 2020

Source: Metro BLI; ECONorthwest analysis.

Generalized Plan Designation	Total Acres	Committed Acres	Constrained Acres	Buildable Acres
Residential				
Residential - Low Density	3,206	1,876	877	453
Residential - Medium Density	1,006	388	276	342
Residential - High Density	294	151	81	62
Mixed Use				
Mixed Use - Corridor	267	137	55	75
Mixed Use - Downtown	300	37	262	1
General Commercial	133	121	12	-
Total	5,206	2,710	1,563	933

Exhibit 5 shows residential land by development status with constraints overlaid.

Exhibit 5. Residential Land by Development Status, Oregon City, City Limits and UGB Areas, 2020



Vacant Buildable Land

Exhibit 6 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant and partially vacant land by plan designation. Of Oregon City's 933 unconstrained buildable residential acres, about 36% are in tax lots classified as vacant and 64% are in tax lots classified as partially vacant.

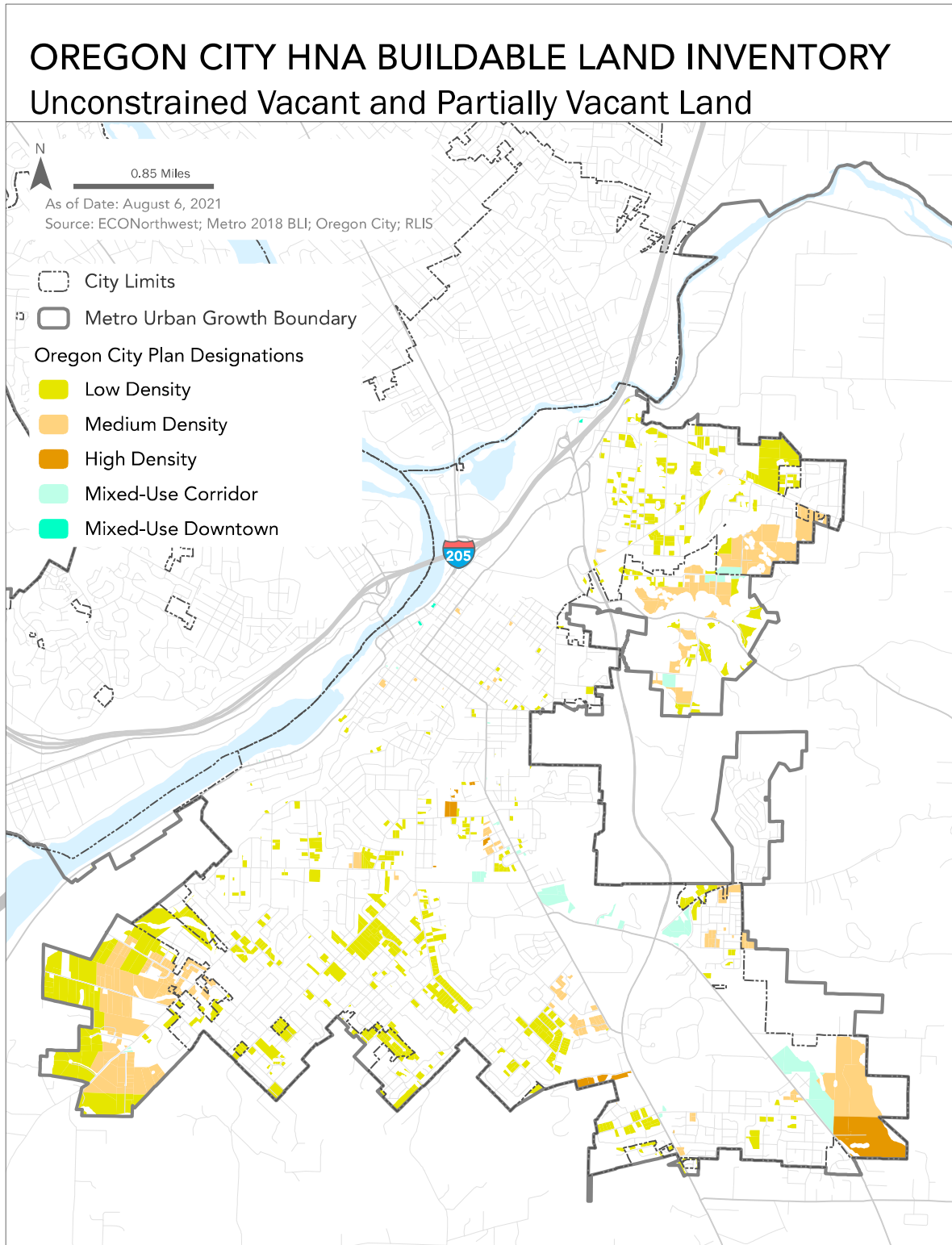
Exhibit 6. Buildable Acres in Vacant and Partially Vacant Tax Lots by Plan Designation, Oregon City, City Limits and UGB Areas, 2020

Source: Metro; ECONorthwest analysis.

Generalized Plan Designation	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots	Total Buildable Acres
Residential			
Residential - Low Density	97	356	453
Residential - Medium Density	120	222	342
Residential - High Density	52	10	62
Mixed Use			
Mixed Use - Corridor	63	12	75
Mixed Use - Downtown	1	-	1
Total	333	600	933

Exhibit 7 shows Oregon City's buildable vacant and partially vacant residential land.

Exhibit 7. Unconstrained Vacant and Partially Vacant Residential Land, Oregon City, City Limits and UGB Areas, 2020



Redevelopment Potential

Over the 20-year study period a share of developed lots is likely to redevelop within new buildings. To account for the development capacity on these developed lots, Metro identifies a subset of developed lots as “redevelopable.” Metro has created two “filters” to identify lots with the potential to redevelop—a threshold method and historic probability method. For the Oregon City BLI, ECONorthwest used the estimate of redevelopable units on developed lots, as identified based on the threshold method,⁶ which is based on discussion with Metro staff.⁷

The result of this analysis for Oregon City is presented in Exhibit 8.

Exhibit 8. Estimate of housing units on potentially redevelopable lots by plan designation, Oregon City, City Limits and UGB Areas, 2019

Source: Metro BLI, using 2016 data to calculate redevelopment potential.

Plan Designation	Estimated Redevelopment Units
Residential	
Low Density Residential	660
Medium Density Residential	233
High Density Residential	733
Commercial	
Central Commercial	1,496
General Commercial	2,604
Total	5,726

⁶ Threshold Method. This method identifies lots where redevelopment would result in a net increase of 50% more than the current number of units on the site. The method uses property value thresholds where it is economically viable to for a lot to redevelop at this intensity. For suburban areas in the regional UGB the threshold is \$10 per square foot of property value for multifamily structures and \$12 per square foot for mixed use structures. If a lot's current property value is below these thresholds, it is assumed to have the potential to redevelop.

⁷ The capacity of partially vacant lots (where the lot could be further developed under current development standards without demolishing existing structures) is accounted for in the unconstrained buildable acres.

3. Historical and Recent Development Trends

Analysis of historical development trends in Oregon City provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

This Housing Needs Analysis examines changes in Oregon City's housing market from 2000 to 2017, as well as residential development from 2000 to 2018. We selected this time period because (1) the period provides information about Oregon City's housing market before and after the national housing market bubble's growth and deflation, as well as the more recent increase in housing costs and (2) data about Oregon City's housing market during this period was readily available from sources such as the Census and RLIS.

The Housing Needs Analysis presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, apartments, etc.).
2. Tenure (e.g., distinguishing unit type by owner or renter units).
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels).
4. Some combination of these categories.

For the purposes of this study, we grouped housing types based on (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Multifamily** is separated into two subgroups of attached structures other than single-family detached units, manufactured units, or single-family attached units. The two

subgroups are defined as: (1) duplexes, triplexes, and quadplexes and (2) multifamily buildings with five or more units.

In Oregon City, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above, as these housing types are regulated in the Oregon City Development Code in the same manner as any other housing type.

Data Used in This Analysis

Throughout this report, we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from two Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. From 2012 to 2016, the ACS sampled an average of 3.5 million households per year, or about 3% of the households in the nation. The ACS collects detailed information about households, such as: demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.
- Metro's **RLIS** database, which provides tax lot data for jurisdictions within the three-county Metro Area (including Clackamas County). We use RLIS data tax lot data for as a proxy for building permit data for Oregon City.
- Metro's **2050 Distributed Forecast** for household and population growth was updated in March 2021 for Oregon City. We used this information to report projected population growth and as the basis for the household forecast in Chapter 5.
- **Property Radar and Redfin** databases, which are online platforms providing real estate and property owner data. We use these sources to collect housing sale price data in aggregate and by property.

In general, this report uses data from the 2012-2016 and 2014-2018 ACS 5-year estimates.⁸ Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points, this report includes population, income, and housing price data from the Oregon Office of Economic Analysis, the Oregon Bureau of Labor and Industries, the United States Department of Housing and Urban Development, RLIS, Costar, Redfin, and Property Radar. It also uses the Oregon Department of Housing and Community Services affordable housing inventory and Oregon's Manufactured Dwelling Park inventory.

It is worth commenting on the methods used for the American Community Survey.⁹ The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

⁸ For safe harbor assumptions, such as housing mix in Chapter 5, we use the most recent ACS 5-year estimates (2015-2019).

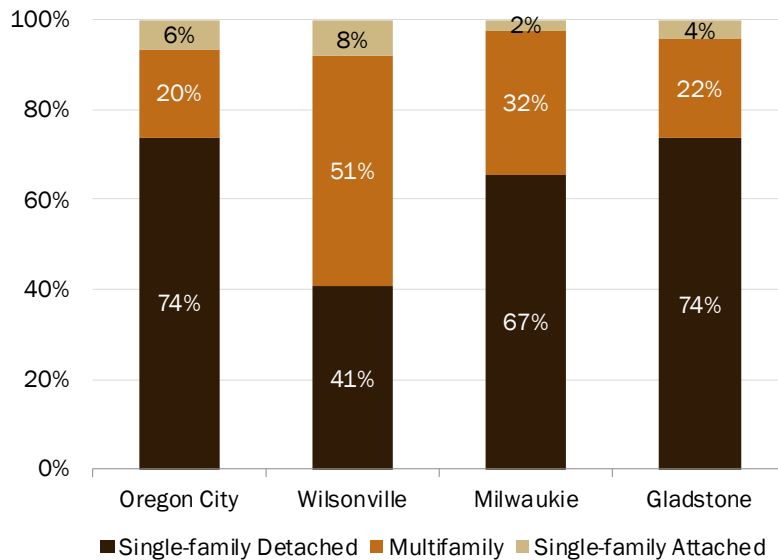
⁹ A thorough description of the ACS can be found in the Census Bureau's publication "What Local Governments Need to Know." <https://www.census.gov/library/publications/2009/acs/state-and-local.html>

Trends in Housing Mix

About 74% of Oregon City's housing stock was single-family detached.

Exhibit 9. Housing Mix, Oregon City, Wilsonville, Milwaukie, Gladstone 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B25024.



Seventy-five percent of Clackamas County's housing stock was single-family detached.

Clackamas County had a smaller share of multifamily housing than the Portland Region and Oregon, but a similar share of multifamily housing compared to Oregon City.

Exhibit 10. Housing Mix, Clackamas County, Portland Region, Oregon, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B25024.

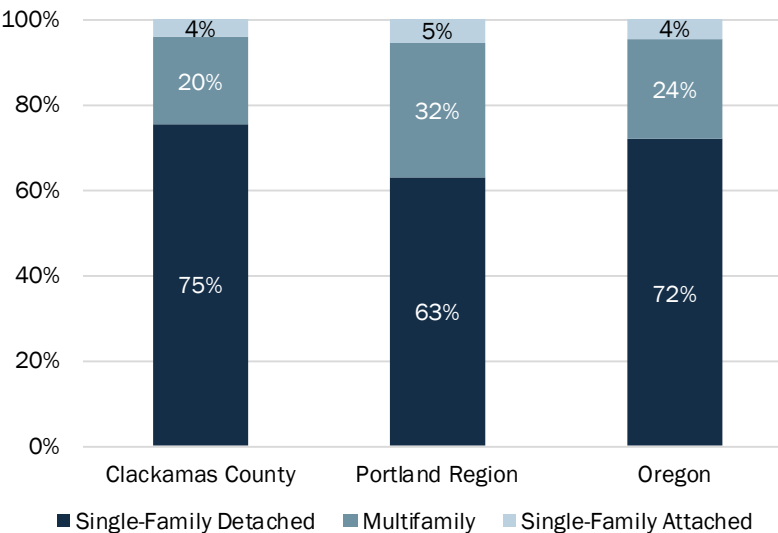
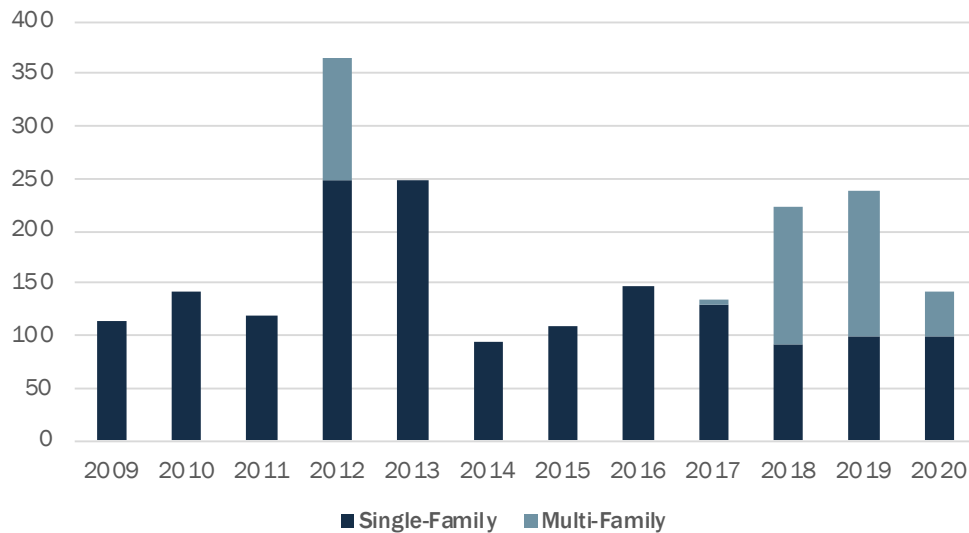


Exhibit 11 shows that over the 2009 to 2020 period, Oregon City had construction of 2,073 dwelling units, with an average of 173 units built per year. Of these units, about 79% were for single-family dwelling units.

Exhibit 11. New Residential Dwelling Units Built by Housing Type, Oregon City, 2009 through 2020
Source: Oregon City.



Trends in Housing Density

This section shows historic densities for new residential construction by housing type and by Plan Designation. To conduct the analysis, we used the RLIS database (a proxy for building permit data). Exhibit 12 shows that Oregon City's average housing density, of units built between 2000 to 2020, was 6.6 dwelling units per net acre. In this period, the average density for multifamily housing was 17.4 units per net acre with an average lot size of 0.77 acres; the average density for single family housing was 6.3 units per net acre with an average lot size of 0.16 acres.

Exhibit 12. Average Density of New Residential Construction Permitted by Type of Unit and Plan Designation, Oregon City, 2000 through 2020

Source: RLIS. Note: DU is dwelling unit.

Plan Designations	Single Family Dwelling Units			Multifamily Dwelling Units			Total, Combined		
	Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Residential	3,540	565	6.3	230	14	16.9	3,770	578	6.5
Low Density	2,628	495	5.3	14	7	2.1	2,642	502	5.3
Medium Density	500	47	10.6	20	2	12.5	520	49	10.7
High Density	412	23	18.2	196	5	37.0	608	28	21.8
Commercial	23	1	21.1	64	3	19.3	87	4	19.8
Commercial	-	-	-	15	1	19.5	15	1	19.5
Mixed Use Corridor	23	1	21.1	49	3	19.3	72	4	19.8
Total	3,563	566	6.3	294	17	17.4	3,857	583	6.6

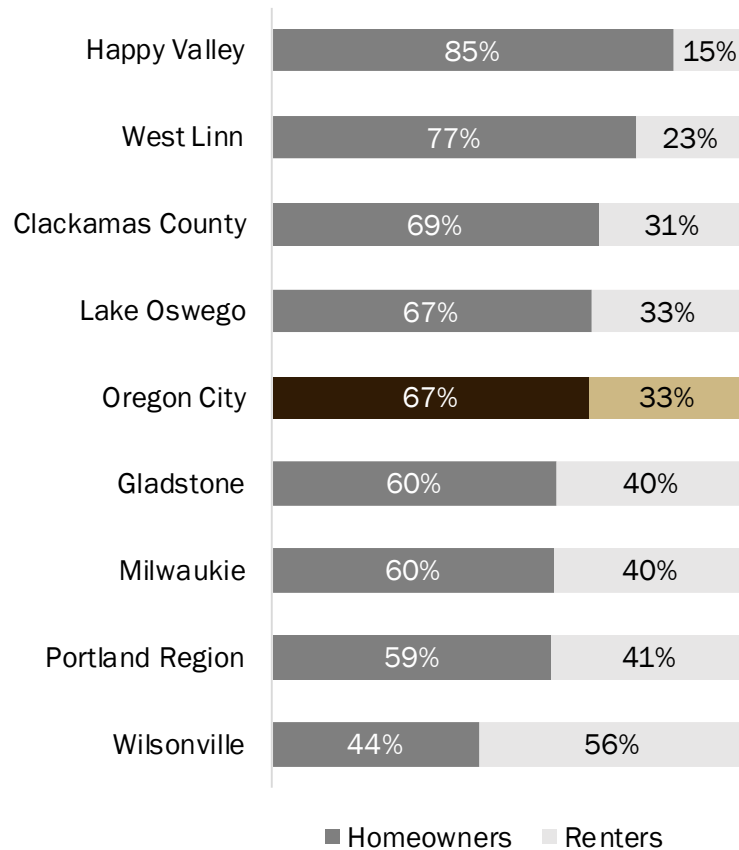
Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied.

In the 2012-2016 period, Oregon City had a homeownership rate of 67%, which was slightly below Clackamas County's homeownership rate of 69%.

Exhibit 13. Housing Tenure, Oregon City and Comparison Areas, 2012-2016

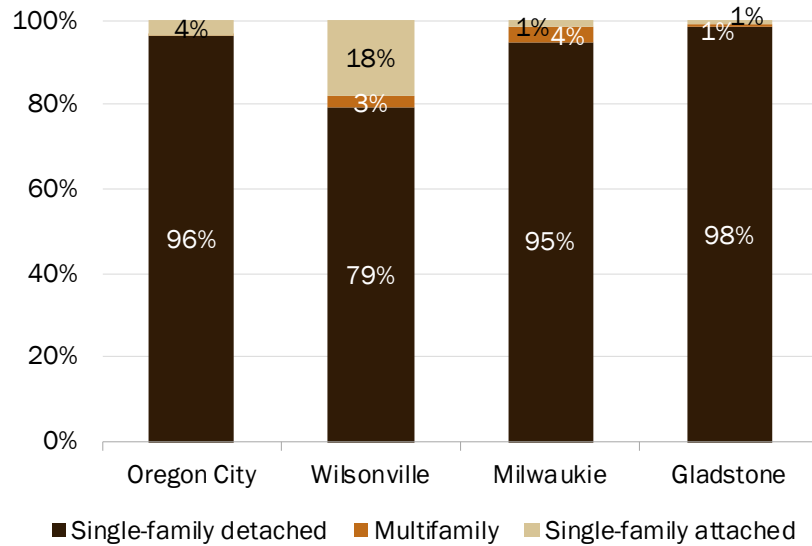
Source: U.S. Census Bureau, 2012-2016 ACS Table B25032.



Nearly all homeowners in Oregon City (96%) lived in single-family detached housing.

Exhibit 14. Types of units occupied by Homeowners, Oregon City, Wilsonville, Milwaukie, Gladstone, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25032.

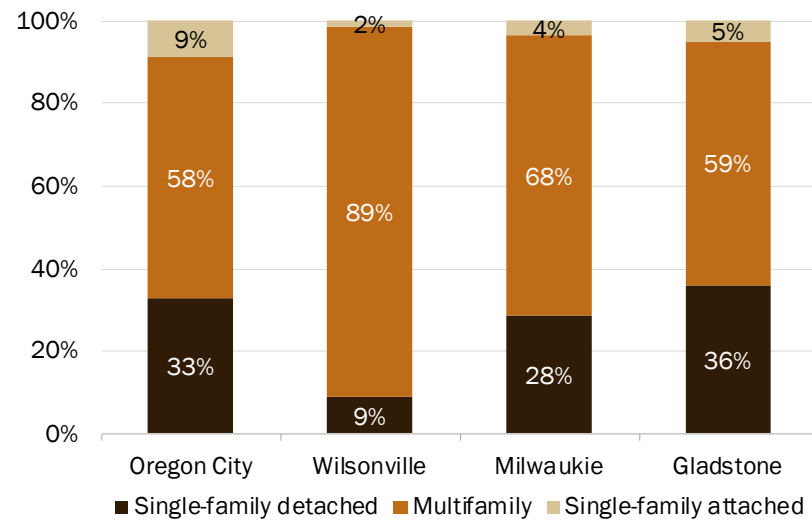


Nearly 60% of renters in Oregon City lived in multifamily housing.

In Oregon City, a third of renters lived in single-family detached housing.

Exhibit 15. Types of Units Occupied by Renters, Oregon City, Wilsonville, Milwaukie, Gladstone, 2012-2016

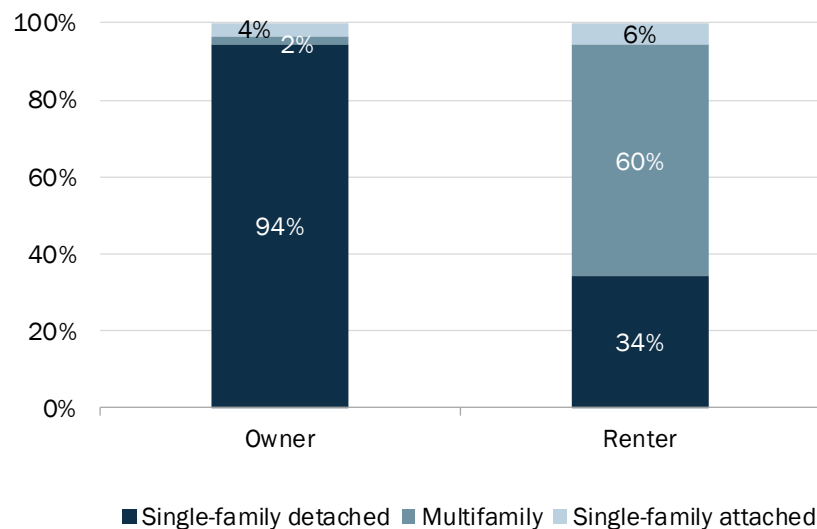
Source: U.S. Census Bureau, 2012-2016 ACS Table B25032.



Like Oregon City, most of Clackamas County's homeowners (94%) lived in single-family detached housing.

Exhibit 16. Types of Units Occupied by Homeowners and Renters, Clackamas County, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B25032.



Vacancy Rates

The Census defines vacancy as: "Unoccupied housing units... determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. Enumerators are obtained using information from property owners and managers, neighbors, rental agents, and others.

According to the 2013-2017 Census, vacancy rates by jurisdiction were:¹⁰

- Oregon: 9.3%
- Portland Region 5.5%
- Clackamas County: 6.0%
- **Oregon City: 3.6%**

¹⁰ Source: U.S. Census Bureau, 2013-2017 ACS, Table B25032.

Publicly Supported Housing

Oregon City had 634 publicly supported, affordable units. Most of these units were available for families.

Exhibit 17. Publicly Supported Housing, Oregon City, June 2020
Source: Oregon Housing and Community Services.

Development Name	Total Units	Restricted Units	Population Served
Birchwood Dr	6	6	Family
Hughes St	1	1	Family
Forest Ridge Ln	1	1	Family
Salmonberry Dr	1	1	Family
6th St	4	4	Family
Clairmont Way	1	1	Family
Molalla Ave	6	6	Family
S Redland Rd	1	1	Family
Lafayette Ave	2	2	Family
Whitney Ln	1	1	Family
Latourette St	1	1	Family
Hilda St	1	1	Family
Buchanan St	2	2	Family
Prospect St	1	1	Family
Clackamas Heights	100	99	Family
Fisher Ridge	19	18	Family
Kingsberry Heights	260	260	Family
Meadowlark	15	15	Family
Oregon City Terrace	47	47	Family
Oregon City View Manor	100	100	Family
Our Apartment	4	4	Family
Pleasant Avenue Veteran Housing	24	24	Veterans
Rosewood Terrace	38	38	Family
Totals	636	634	-

Manufactured Homes

Manufactured homes provide a source of affordable housing. They also provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks (communities) are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home community for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in communities are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Homeowners living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

OAR 197.480(4) requires cities to inventory mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. In 2006, Oregon City adopted regulations related to manufactured home park closures.¹¹ This section presents the inventory of mobile and manufactured home communities for Oregon City as of May 2020.

Oregon City had four manufactured home communities within its UGB.

Within these parks, there were a total of 885 spaces, 9 of which were vacant as of May 2020.

Exhibit 18. Inventory of Mobile/Manufactured Home Communities, Oregon City, May 2020

Source: Oregon Manufactured Dwelling Park Directory.

Name	Location	Type	Total Spaces	Vacant Spaces	Zone
Char-Diaz Estates	13678 Char-Diaz Dr	55+	22	0	R 3.5
Cherry Lane	20248 Highway 213	55+	66	0	R 3.5
Clairmont Mtg Housing Park	13531 Clairmont Way	Family	189	0	R 3.5
Mount Pleasant Mobile Home Park	18780 Central Point Rd	Family	68	2	R 3.5
Country Village Estates	14630 South Village Court	Family	499	7	County
Forest Park Mobile Village	18830 S Hwy 99E	Family	41	0	County
Totals			885	9	

¹¹ OCMC 15.52.

4. Demographic and Other Factors Affecting Residential Development in Oregon City

Demographic trends are important for a thorough understanding of the dynamics of the Oregon City housing market. Oregon City exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Oregon City at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare Oregon City to Clackamas County, the Portland region (defined as Clackamas, Multnomah, and Washington Counties), and Oregon. We also compare Oregon City to nearby cities where appropriate. Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the guidebook, the specific steps in the Housing Needs Analysis are:

1. Project the number of new housing units needed in the next 20 years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each plan designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4 in this list. Chapter 5 presents data to address steps 1, 5, and 6 in this list.

Demographic and Socioeconomic Factors Affecting Housing Choice¹²

Analysts typically describe housing demand as the *preferences* for different types of housing (e.g., single-family detached or apartment) and the *ability to pay* for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of Baby Boomers, people born from about 1946 to 1964, Millennials, people born from about 1980 to 2000, and Generation Z, people born between 1997 and 2012.¹³ (Generation X, the generation between Baby Boomers and Millennials, is a smaller age group and does not generally drive housing demand.)
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Household income** is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached, duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

¹² The research in this chapter is based on numerous articles and sources of information about housing, including:

Davis, Hibbits & Midghal Research, "Metro Residential Preference Survey," May 2014.

D. Myers and S. Ryu, *Aging Baby Boomers and the Generational Housing Bubble*, Journal of the American Planning Association, Winter 2008.

George Galster. *People Versus Place, People and Place, or More? New Directions for Housing Policy*, Housing Policy Debate, 2017.

Herbert, Christopher and Hrabchak Molinsky. "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade*, Urban Land Institute, 2010.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave*, Urban Land Institute, 2010.

Schuetz, Jenny. *Who is the new face of American homeownership?* Brookings, 2017.

The American Planning Association, "Investing in Place; Two generations' view on the future of communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

¹³ The range of years that define generations vary across sources. We have referenced the general age range for Millennials and Generation Z, and some years may overlap depending on the definition.

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Oregon City over the next 20 years.

National Trends¹⁴

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports and conclusions from *The State of the Nation's Housing* report from the Joint Center for Housing Studies of Harvard University. The Harvard report (2020) summarizes the national housing outlook as follows:

Given the profound impact of the pandemic on how US households live and work, there is plenty of reason to believe that it could bring meaningful changes to housing markets. With millions of people forced to work remotely, employers and employees alike may find this an attractive option even after the pandemic ends. If so, demand would likely increase for homes large enough to provide office space, as well as easy access to outdoor spaces to exercise and socialize. And if long commutes are no longer everyday requirements, many households may move to lower-density areas where housing is less expensive. However, a major shift in residential development patterns is far from certain. What is certain is that the need for more housing of all types, locations, and price points will persist. In the near term, the outlook for housing markets is bright, fueled by very low interest rates as well as unabated demand from more affluent households. If the pandemic persists, however, it will remain a serious drag on the labor market and wage growth, and ultimately on household formations. Still, the pandemic's negative impact on markets should be relatively muted given historically tight conditions on the supply side.

However, challenges to a strong domestic housing market remain. Rising mortgage rates, the tight credit market, and limited inventory of entry-level homes make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. *The State of the Nation's Housing* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the housing market are summarized below:

- **Bounce back in residential construction led by single-family starts.** New construction made a sharp comeback in summer 2020 led by single-family construction. Single-family starts in 2020 began at about a 900,000-unit annual rate (the fastest pace since the Great Recession), before dipping to a below 700,000-unit annual rate in April due to the COVID-19 pandemic. Then, single-family starts hit a 1.1-million-unit annual rate in September 2020—marking it as the strongest month for single-family homebuilding in

¹⁴ These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2020," (2) Urban Land Institute, "2021 Emerging Trends in Real Estate," and (3) the U.S. Census.

over 13 years. Multifamily unit starts also continued to climb, increasing by 7.5% from about 374,000 units in 2018 to about 402,000 units in 2019. Notably, 2019 marked the first year since 1988 that multifamily starts topped 400,000. In 2019, home sales averaged 3.9 months which is below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. *The State of the Nation's Housing* report cited lack of skilled labor, rising construction costs, land use regulations (particularly density restrictions), and development fees as constraints on new construction.

- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 64.6% in 2019. Trends suggest the recent homeownership increases are among householders of all age groups; however, new growth in homeownership since the post-Great Recession low of 2013 resulted from households with higher incomes. About 88% of net new growth (2013 to 2019) was among households with incomes of \$150,000 or more.
- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing in 2019 which is 5.6 million more households than in 2001. Renter households experienced cost-burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges continued to move up the income ladder, with the share of cost-burdened middle-income households increasing slightly from 2018 to 2019 even as the share of low-income households experiencing cost-burden declined slightly over the same period. Households under the age of 25 and over the age of 85 had the highest rates of housing cost-burden.
- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 12 million units between 2018 and 2028¹⁵. Much of the demand will come from Baby Boomers, Millennials,¹⁶ and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.
- **Growth in rehabilitation market.**¹⁷ Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (and 40% at least 50 years old), Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As

¹⁵ The Joint Center for Housing Studies of Harvard University. *The State of the Nation's Housing 2019*.

¹⁶ According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 to 2012 (inclusive). Read more about generations and their definitions here: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

¹⁷ These findings are copied from: Joint Center for Housing Studies. (2019). *Improving America's Housing*, Harvard University. Retrieved from: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended — generating 2.2% of national economic activity (in 2017).

Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Declining residential mobility.**¹⁸ Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While reasons for decline in residential mobility are uncertain, contributing factors include demographic, housing affordability, and labor-related changes. For instance, as Baby Boomers and Millennials age, mobility rates are expected to fall as people typically move less as they age. Harvard University's Research Brief (2020) also suggests that increasing housing costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include: the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.
- **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably: the aging of Baby Boomers, housing demand from Millennials and Generation Z, and growth of immigrants.
 - *Baby Boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the Baby Boomer generation may affect the housing market. In particular, Baby Boomers' may influence housing preference and homeownership trends. Preferences (and needs) may vary for Boomers' moving through their 60s, 70s, and 80s (and beyond). They will require a range of housing opportunities. For example, "aging baby boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities."¹⁹ Many seniors are also moving to planned retirement destinations earlier than expected as they experience the benefits of work-from-home trends (accelerated by COVID-19). Additionally, the supply of caregivers is decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinct housing choices. For

¹⁸ Frost, R. (2020). "Are Americans stuck in place? Declining residential mobility in the US." Joint Center for Housing Studies of Harvard University's Research Brief.

¹⁹ Urban Land Institute. Emerging Trends in Real Estate, United States and Canada. 2019.

instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.²⁰ A broader definition exists which defines aging in place as “remaining in the current community and living in the residence of one’s choice.”²¹ Some Baby Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multifamily housing or age-restricted housing developments, before they move into to a dependent living facility or into a familial home. Moreover, “the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses.”²²

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing — more so than older demographics.²³ However, as Millennials move into their early- to mid-thirties, postponement of family formation is ending and millennials are likely to prefer a wide range of housing types in urban or suburban areas, including detached, single family homes and multifamily housing types in walkable neighborhoods.

At the beginning of the 2007–2009 recession, Millennials only began to form their own households. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. As this generation continues to progress into their homebuying years, they may seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level, single-family homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, they only represented 24% of single-family units.

Millennials’ average wealth may remain far below Boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2020, Millennials comprised 38% of home buyers, while Gen Xers

²⁰ Vanleerberghe, Patricia, et al. (2017). The quality of life of older people aging in place: a literature review.

²¹ *Ibid.*

²² American Planning Association. Making Space for Tiny Houses, Quick Notes.

²³ According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household, and by 2008, 20% did (18% change).

comprised 23% and Boomers 33%.²⁴ “By the year 2061, it is estimated that \$59 trillion will be passed down from boomers to their beneficiaries,” presenting new opportunities for Millennials (as well as Gen X and Gen Z).²⁵

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early 20s and the youngest in their early childhood years. By 2040, Generation Z will be between 25 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues they look very much like Millennials. Generation Z was set to inherit a strong economy and record-low unemployment.²⁶ However, because the long-term economic impacts of COVID-19 are unknown, Generation Z may now be looking at an uncertain future.

While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations. A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close proximity). However, this cohort is smaller than Millennials (67 million vs. 72 million) which may lead to slowing real estate demand, including in city centers.

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, live in multigenerational housing for a variety of reasons. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was stanchied by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite a decline in immigration rates in 2019. The Census Bureau’s estimates of net immigration in 2019 indicate that 595,000 immigrants moved to the United States from abroad, down from 1.2 million immigrants in 2017–2018. However, as noted in *The State of the Nation’s Housing* (2020) report, “because the majority of immigrants do not immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time.”
- *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a

²⁴ National Association of Realtors. (2020). 2020 Home Buyers and Sellers Generational Trends Report, March 2020. Retrieved from: <https://www.nar.realtor/research-and-statistics/research-reports/home-buyer-and-seller-generational-trends>

²⁵ PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer. Retrieved from: <https://www.pnc.com/en/about-pnc/topics/pnc-pov/economy/wealth-transfer.html>

²⁶ Parker, K. & Igielnik, R. (2020). On the cusp if adulthood and facing an uncertain future: what we know about gen Z so far. Pew Research Center. Retrieved from: <https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/>

larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between White and Black households as well as the larger share of minority households that are cost burdened warrant consideration. White households had a 73% homeownership rate in 2019 compared to a 43% rate for Black households. This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Latinx households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to White households, leads to higher rates of cost burden for minorities —43% for Black, 40% for Latinx, 32% for Asian and 25% for White in 2019. As noted in *The State of the Nation's Housing* (2020) report, “the impacts of the pandemic have shed light on the growing racial and income disparities in the nation between the nation’s haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy.”

- **Changes in housing characteristics.** The U.S. Census Bureau’s Characteristics of New Housing Report (2019) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:²⁷
 - *Larger single-family units on smaller lots.* Between 1999 and 2019, the median size of new single-family dwellings increased by 13% nationally, from 2,028 sq. ft. to 2,301 sq. ft., and 14% in the western region from 2,001 sq. ft. in 1999 to 2,279 sq. ft. in 2019. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by more than half, from 16% in 1999 to 7% in 2019. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 25% of new one-family homes completed in 2019. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2009 and 2019, the percentage of lots less than 7,000 sq. ft. increased from 25% to 33%.
 - *Larger multifamily units.* Between 1999 and 2019, the median size of new multifamily dwelling units increased by 3.4% nationally. In the western region, the median size decreased by 1.9%. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 35% in 2019 and increased from 25% to 27% in the western region.
 - *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 96% in 2019. The share of new multifamily units with two or more bathrooms decreased from 55% of new multifamily units to

²⁷ U.S. Census Bureau, Highlights of Annual 2019 Characteristics of New Housing. Retrieved from: <https://www.census.gov/construction/chars/highlights.html>

45%. As of 2019, 92% of new single-family houses in the United States had garages for one or more vehicles (from 89% in 2000). Additionally, if work from home dynamics become a more permanent option, then there may be rising demand for different housing amenities such as more space for home offices or larger yards for recreation.

- *Shared amenities.* Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs and/or maintenance costs. Single-room occupancies (SROs), cottage clusters, cohousing developments, and multifamily products are common housing types that take advantage of this trend.²⁸ Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.²⁹

State Trends

In August 2019, the State of Oregon passed statewide legislation – Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required many Oregon communities to accommodate middle housing within single-family neighborhoods. “Medium Cities” – those with 10,000 to 25,000 residents outside the Portland metro area – are required to allow duplexes on each lot or parcel where a single-family home is allowed. “Large Cities” – those with over 25,000 residents and nearly all jurisdictions in the Portland metro urban growth boundary (UGB) – must meet the same duplex requirement as well as allow triplexes, fourplexes, townhomes, and cottage clusters in all areas that are zoned for residential use and allow single-family homes. Oregon City has recently made a variety of amendments to the development code to allow more housing types and is currently working through the process of making adjustment to comply with HB 2001 which will be implemented by July 2022.

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. It provides a range of housing choices at different price points within a community.

House Bill 2003 (HB2003) envisions Oregon’s housing planning system is reformed from a singular focus (on ensuring adequate available land) to a more comprehensive approach that also achieves these critical goals: (1) support and enable the construction of sufficient units to accommodate current populations and projected household growth and (2) reduce geographic

²⁸ Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: U.S. Department of Housing and Urban Development. (2001). *Understanding SRO*. Retrieved from: <https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf>

²⁹ Urbsworks. (n.d.). Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon. Retrieved from: https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

Saiz, Albert and Salazar, Arianna. (n.d.). Real Trends: The Future of Real Estate in the United States. Center for Real Estate, Urban Economics Lab.

disparities in access to housing (especially affordable and publicly supported housing). In that, HB 2003 required the development of a methodology for projecting *regional* housing need and allocate that need to local jurisdictions. It also expanded local government responsibilities for planning to meet housing need by requiring cities to develop and adopt Housing Production Strategies.³⁰

Prior to the passage of these bills, Oregon developed its 2016–2020 *Consolidated Plan* which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that “a growing gap between the number of Oregonians who need affordable housing, and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon.” It identified the following issues that describe housing need statewide:³¹

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, one in two Oregon households pays more than one-third of their income toward rent, and one in three pays more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K–12 homeless children increased by 12% from the 2013–2014 school year to the 2014–2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon’s economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.
- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinx, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of 20, many of whom have earned a college degree, or some level of higher education.

³⁰ This Housing Needs Analysis is not required to comply with HB 2003 because it will be adopted prior to January, 2022. The City is expected to comply with HB 2003 at the next HNA which is anticipated in six years.

³¹ These conclusions are copied directly from the report: Oregon’s 2016–2020 Consolidated Plan. Retrieved from: <http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf>.

- In 2019, minimum wage in Oregon³² was \$11.25, compared to \$12.50 in the Portland Metro, and \$11.00 for nonurban counties.

Oregon developed its *Statewide Housing Plan* in 2018. The Plan identified six housing priorities to address in communities across the State over the 2019 to 2023 period (summarized below). In August 2020, Oregon Housing and Community Services (OHCS) released a summary of their progress.³³ The following section includes summaries and excerpts from their status report:

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*

OHCS built internal organizational capacity through staff trainings on Equity and Racial Justice (ERJ) and hired an Equity, Diversity and Inclusion Manager. OHCS established a workgroup to support equity in their data system and approved an internal organizational structure to advance and support ERJ within all areas of OHCS. Now, OHCS is developing funding mechanisms to encourage culturally specific organizations to increase services to underserved communities and to increase the number and dollar amounts of contracts awarded to minority, women, and emerging small businesses (MWESBs).

- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.*

The Homeless Services Section (HSS) made progress in building a foundation for planning and engagement across intersecting economic, social, and health systems. The OHCS Veteran Leadership team established recurring information-sharing sessions with federal, state, and local partners. HSS convened Oregon Homeless Management Information System (HMIS) stakeholders to build recommendations and co-construct a path toward a new HMIS implementation and data warehouse. HSS established successful workflows to analyze demographic data of people entering/exiting the homeless service system.

- **Permanent Supportive Housing.** *Invest in permanent supportive housing (PSH), a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*

OHCS funded 405 of their 1,000 PSH-unit targets. Almost half of these units were the result of the NOFA tied to the first PSH Institute cohort.

³² The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. Retrieved from: <https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx>

³³ This section uses many direct excerpts from the OHCS Statewide Housing Plan Year One Summary August 2020 Report to HSC. Oregon Statewide Housing Plan, Status Reports. <https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf>

- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*

OHCS implemented a new electronic application and widespread adoption of system work modules. They also established a capacity building team to assess and recommend opportunities for growth in their development priorities and began training and technical assistance to potential PSH and rural developers. OHCS increased their units by 8,408 representing 22.8% of their 25,000 unit 5-year target.

- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*

OHCS pursued a strategy to align programs with the needs of communities of color, improved their Homeownership Center framework and Down Payment Assistance product, began developing their TBA program and focused on low-cost homeownership through manufactured housing. Additionally, they began developing the Restore Health and Safety program and re-opening the Oregon Homeownership Stabilization Initiative (OHSI) program. OHCS also supported the Joint Task Force on Racial Equity in Homeownership and advocating for additional funds to support communities of color. OHCS provided 678 mortgage lending products of their 6,500 5-Year goal with 170 going to households of color.

- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a full-time capacity building analyst who has conducted outreach to key stakeholders across the state representing rural communities and developed a strategy to address those needs. OHCS has funded 532 units in rural communities, out of a total of 2,543 units in the 5-year goal (21% of target).

Regional and Local Demographic Trends that May Affect Housing Need in Oregon City

Demographic trends that might affect the key assumptions used in the analysis of housing need is (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Oregon City's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Oregon City.

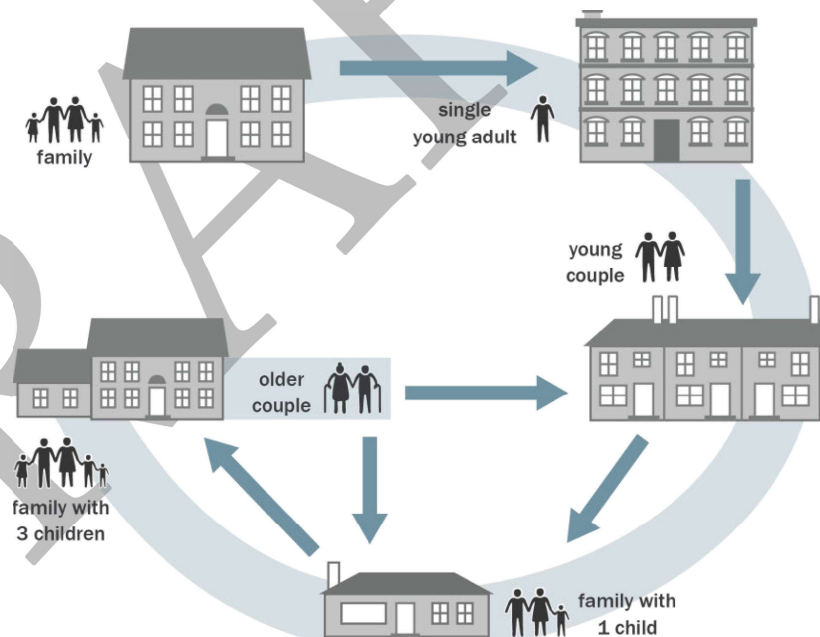
Housing needs and preferences may change over time, such as with changes in marital status and size of family. Changes in income, which may change over a person's life with age, strongly influence the types of housing selected.

Families of different sizes need different types of housing. Changes in income is also a key factor in housing demand.

This graphic illustrates an example of changes in housing needs across a person's life

Exhibit 19. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

Oregon City, like Wilsonville, has grown quickly over the last 30 years with its population more than doubling from 1990 to 2019.

Exhibit 20. Population, Oregon City, Gladstone, Wilsonville, Milwaukie, 1990-2019

Source: U.S. Decennial Census 1990, and Portland State University, Population Research Center.

	1990	2019	Change 1990 to 2019		
			Number	Percent	AAGR
Oregon City	14,698	35,570	19,242	131%	3.4%
Gladstone	10,152	11,905	1,353	13%	0.5%
Wilsonville	7,106	25,635	15,764	222%	4.8%
Milwaukie	18,692	20,535	1,813	10%	0.4%

Oregon City's population within the urban growth boundary is projected to grow by 6,410 people between 2019 and 2039, at an average annual growth rate of 0.8%.

Exhibit 21. Forecast of Population Growth, Oregon City, 2021–2041

Source: 2020-2050 Distributed Forecast (March 2021) Oregon Metro Research Center.

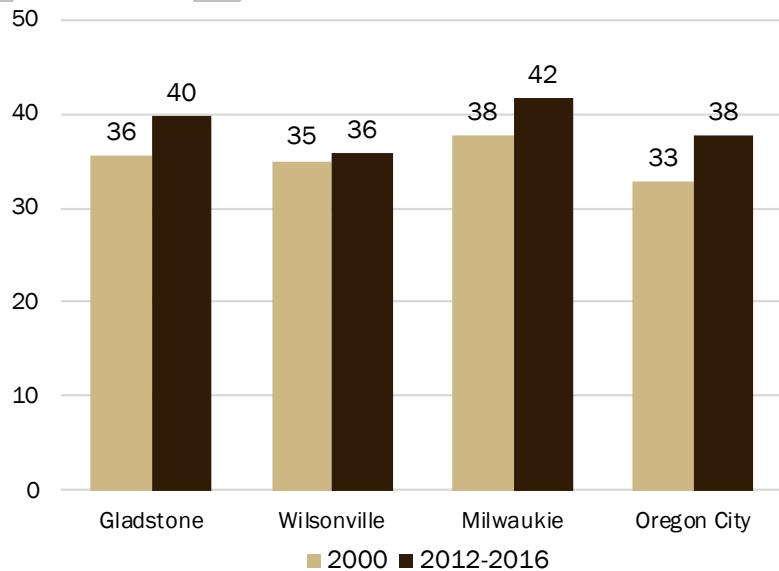


Aging Population

From 2000 to 2012-2016, Oregon City's median age increased by five years from 33 to 38.

Exhibit 22. Median Age, Years, Oregon City, Gladstone, Wilsonville, Milwaukie, 2000 to 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2012-2016 ACS, Table B01002.

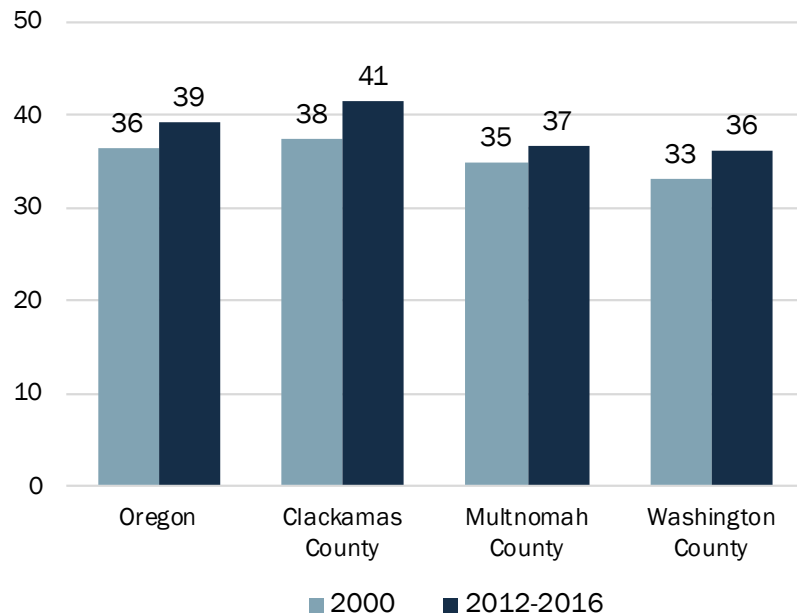


From 2000 to 2012-2016, Clackamas County's median age increased by three years.

The median age of Clackamas County residents is slightly higher than the media age of nearby regions (Clackamas and Washington County).

Exhibit 23. Median Age, Years, Oregon, Clackamas County, Multnomah County, Washington County, 2000 to 2012-2016

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2012-2016 ACS, Table B01002.

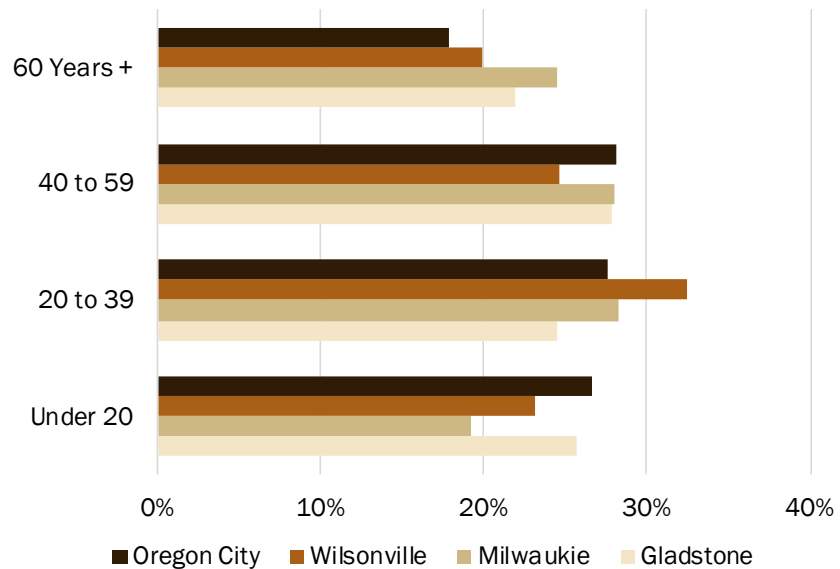


The majority of residents in Oregon City were between 20 to 59 years old.

Oregon City had a lower share (18%) of residents over 60 years of age than other comparator cities.

Exhibit 24. Population Distribution by Age, Oregon City, Gladstone, Wilsonville, Milwaukie, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS, Table B01001.

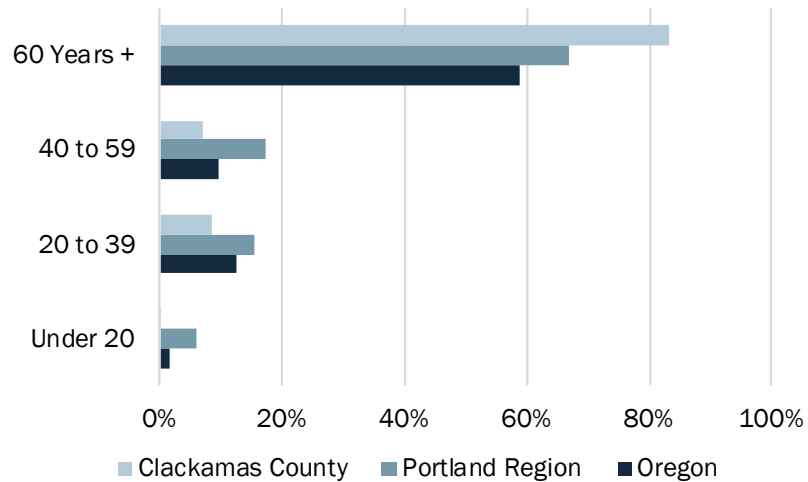


The senior population in Clackamas County (those aged 60 and older) grew faster than any other age cohort. From 2000 to the 2012-2016 period, the population aged 60 and older grew by 83% in Clackamas County, compared to 67% in the Portland Region, and 59% in Oregon. By 2040, people over 60 in Clackamas County will account for 27% of the population.

Between 2000 and 2012-2016, all age groups in Clackamas County grew in size. The most substantial change was growth in residents aged 60 and older.

Exhibit 25. Population Growth by Age, Clackamas County, Portland Region, Oregon, 2000 to 2012-2016

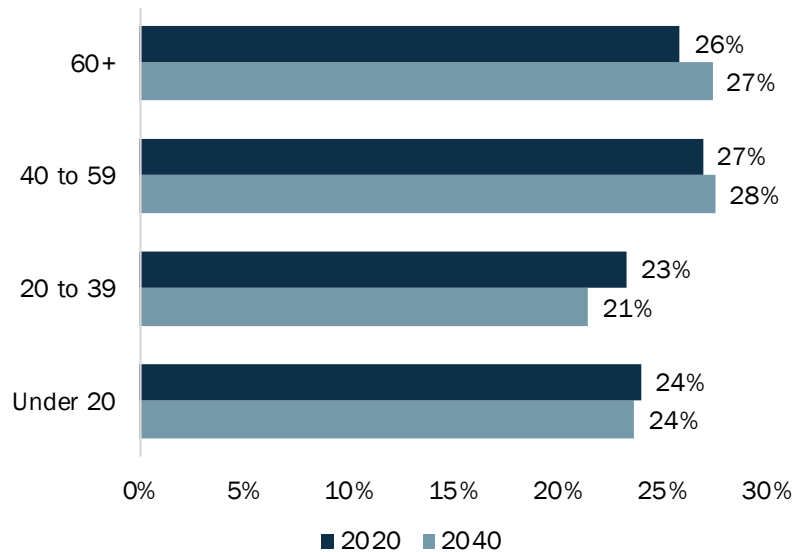
Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2012-2016 ACS, Table B01001.



By 2040, Clackamas County residents over the age of 40 will make up 55% of the County's total population.

Exhibit 26. Population Growth by Age Group, Clackamas County, 2020 to 2040

Source: Portland State University, Population Research Center, Clackamas County Forecast, June 2017.



Growth in Latinx Population

The U.S. Census Bureau forecasts that at the national level, the Latinx (e.g., Latino/a and Hispanic) population will continue growing faster than most other non-Latinx population over the planning period. The Latinx population will increase 93% from 2016 to 2060 and foreign-born Latinx population will increase by about 40% in that same time.³⁴

Continued growth in the Latinx population will affect Oregon City's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third generation Latinx immigrants, will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that, Latinx households are twice likely to include multiple generations households than the general populace.³⁵ In third and later generations of Hispanic or Latino immigrant households, size typically decreases and housing needs become similar to overall housing needs for households within the community.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals,³⁶ the Latinx population accounted for 31.4% of the nation's net new household formations in 2019, up 2.8 percentage points from 2017. The rate of homeownership for Latinx households increased from 45.6% in 2015 to 47.5% in 2019. In that time (2015 to 2019), Latinx households were the only demographic that increased their rate of homeownership.

³⁴ U.S. Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7, https://www.census.gov/content/dam/Census/library/publications/2018/demo/P25_1144.pdf

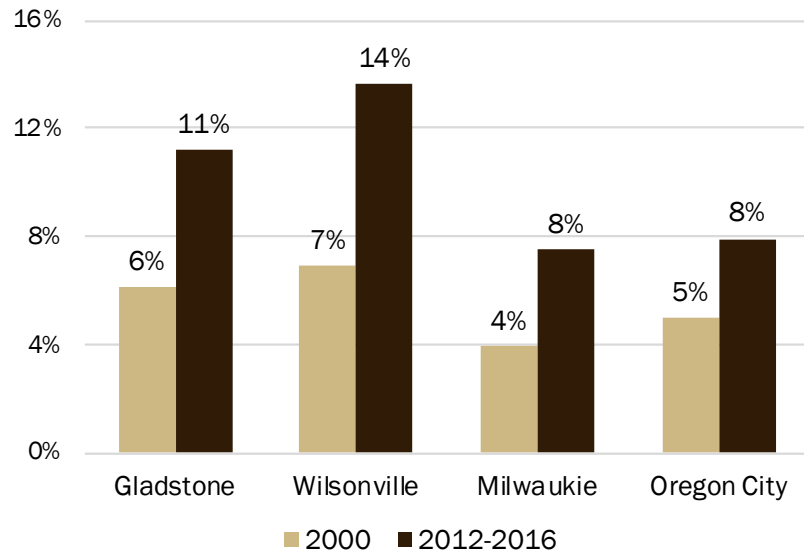
³⁵ Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2013, Appendix 8. Retrieved from: <http://www.pewsocialtrends.org/2013/02/07/appendix-1-detailed-demographic-tables/>.

National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report*. Retrieved from: <https://nahrep.org/shhr/>

³⁶ National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report*. Retrieved from: <https://nahrep.org/downloads/2018-state-of-hispanic-homeownership-report.pdf>

Between 2000 and 2012-2016, the share of the population that identified as Latinx increased by 3% in Oregon City.

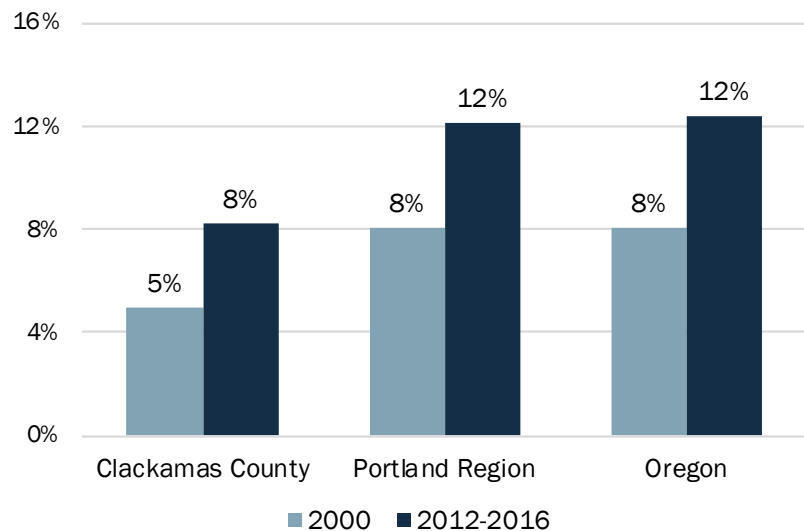
Exhibit 27. Latinx Population as a Percent of the Total Population, Oregon City, Gladstone, Wilsonville, Milwaukie, 2000 to 2012-2016
Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2012-2016 ACS Table B03002.



The share of Clackamas County's population that was Latinx increased by 3% between 2000 and 2012-2016.

Comparatively, the share of Latinx increased by 4% in the Portland Region and in Oregon.

Exhibit 28. Latinx Population as a Percent of the Total Population, Clackamas County, Portland Region, Oregon, 2000 to 2012-2016
Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2012-2016 ACS Table B03002.



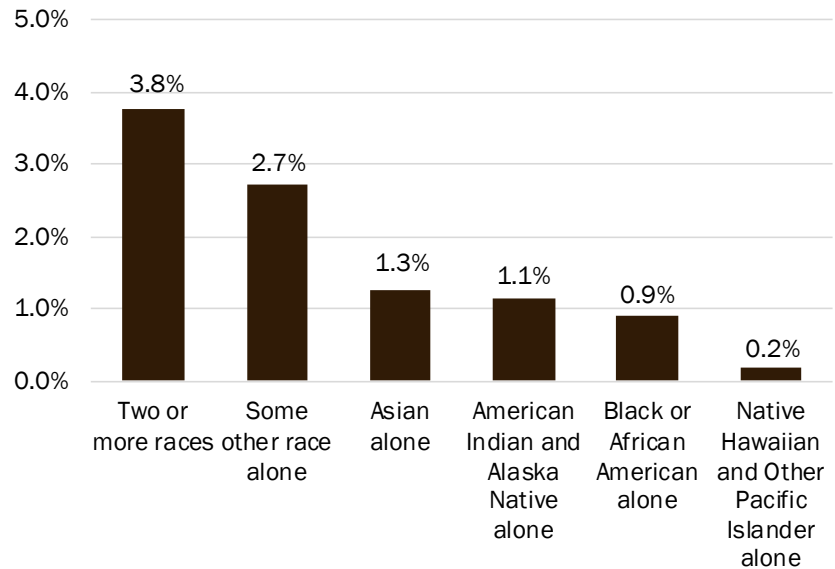
Racial Diversity

About 90% of Oregon City's population identified as White-alone.

The next largest population group identified as Two or More Races (3.8%).

Exhibit 29. Population by Race (excluding White Alone) as a Percent of Total Population, Oregon City, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B02001.

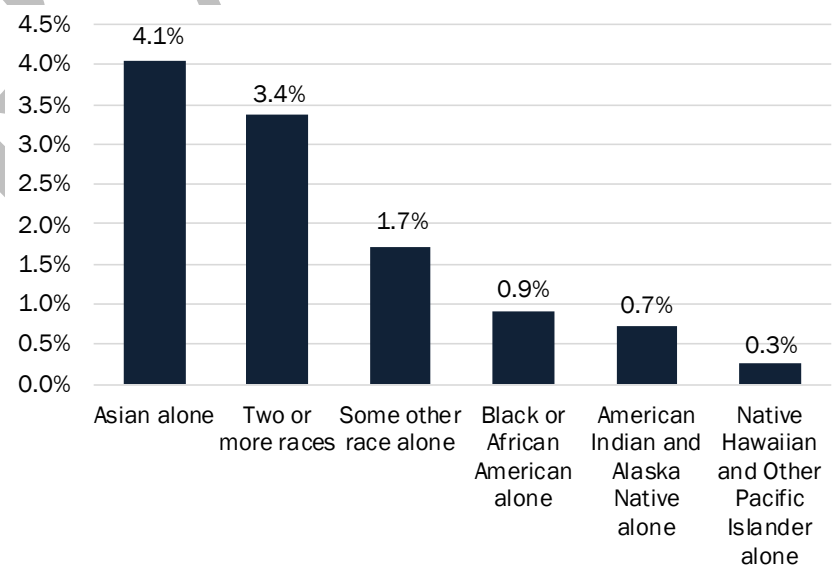


About 89% of Clackamas County's population identified as White-alone.

The next largest population group identified as Asian-alone (4.1%).

Exhibit 30. Population by Race (excluding White Alone) as a Percent of Total Population, Clackamas County, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Table B02001.

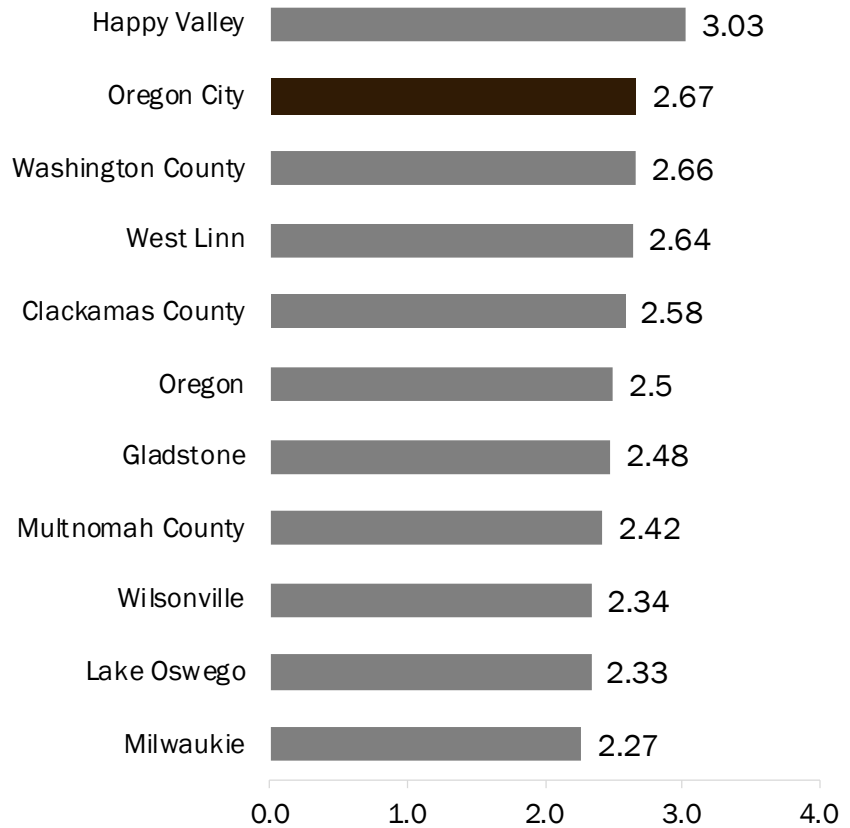


Household Size and Composition

In the 2013-2017 period, Oregon City's average household size was 2.67 persons per household.

Exhibit 31. Average Household Size, 2013-2017

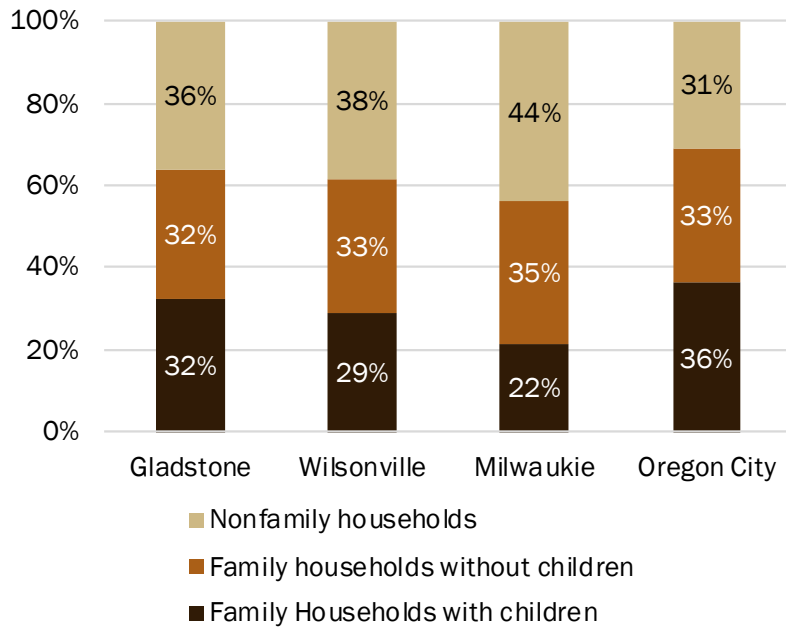
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25010.



In the 2012-2016 period, 36% of Oregon City households were non-family households (e.g., single-person households or households composed of roommates).

Exhibit 32. Household Composition, Oregon City, Wilsonville, Milwaukie, Oregon City, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table DP02.



Income of Residents

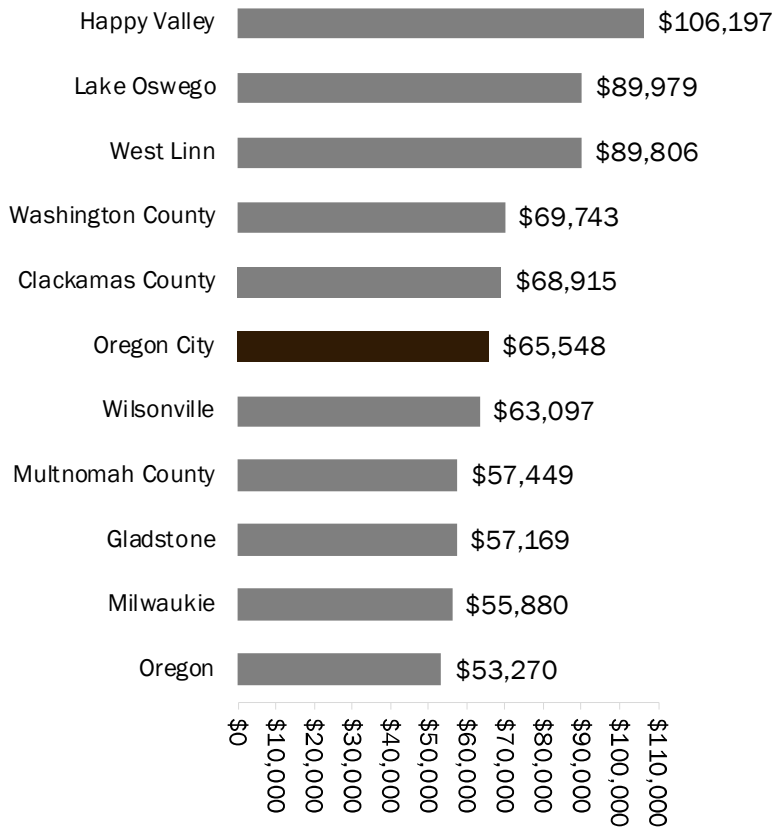
Income is a key determinant in housing choice and households' ability to afford housing.

In the 2012-2016 period, Oregon City's median household income (MHI) was \$65,548.

Oregon City's MHI was slightly below Clackamas County's MHI of \$68,915.

Exhibit 33. Median Household Income, 2012-2016

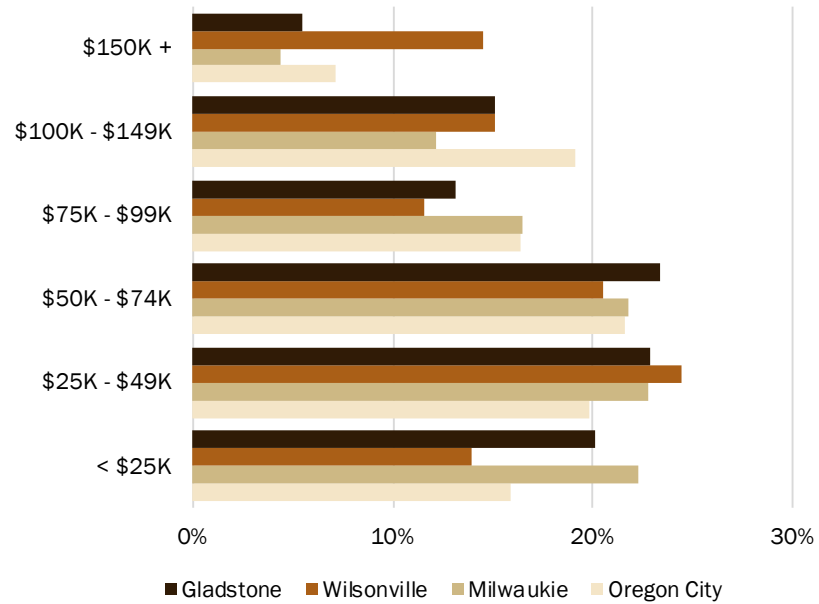
Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B25119.



In Oregon City, 26% of households earned \$100,000 or more.

Exhibit 34. Household Income, Oregon City, Gladstone, Wilsonville, Milwaukie, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B19001.



Commuting Trends

Oregon City is part of the complex, interconnected economy of Clackamas County and the greater Portland region.

Oregon City is part of an interconnected regional economy.

More than 12,000 people commute into Oregon City for work, and almost 14,000 people living in Oregon City commute out of the city for work.

About 2,000 people both live and work in the City.

Exhibit 35. Commuting Flows, Oregon City, 2015

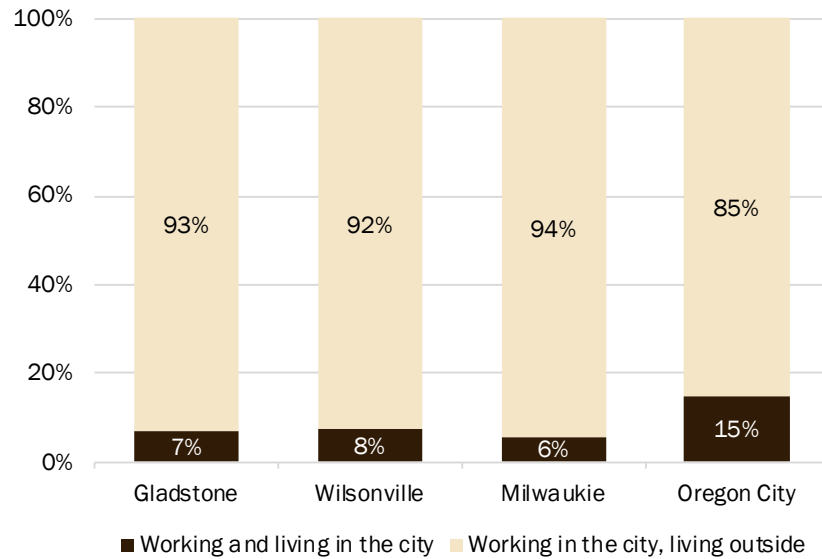
Source: U.S. Census Bureau, Census On the Map.



Of the people who work in Oregon City, 85% live outside of the city.

Exhibit 36. Commuting Flows of People Who Work in Oregon City, Gladstone, Wilsonville, Milwaukie, 2015

Source: U.S. Census Bureau, Census On the Map.

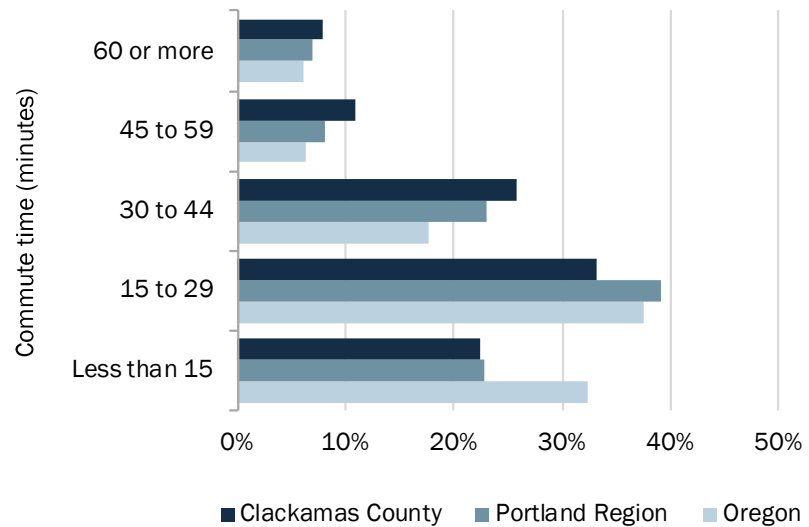


The majority of residents in Clackamas County, the Portland Region, and Oregon had a commute time that took less than 30 minutes.

In Clackamas County, 56% of residents had a commute time of less than 30 minutes, compared to 62% for the Portland Region and 70% for Oregon.

Exhibit 37. Commute Time by Place of Residence, Clackamas County, Portland Region, Oregon, 2012-2016

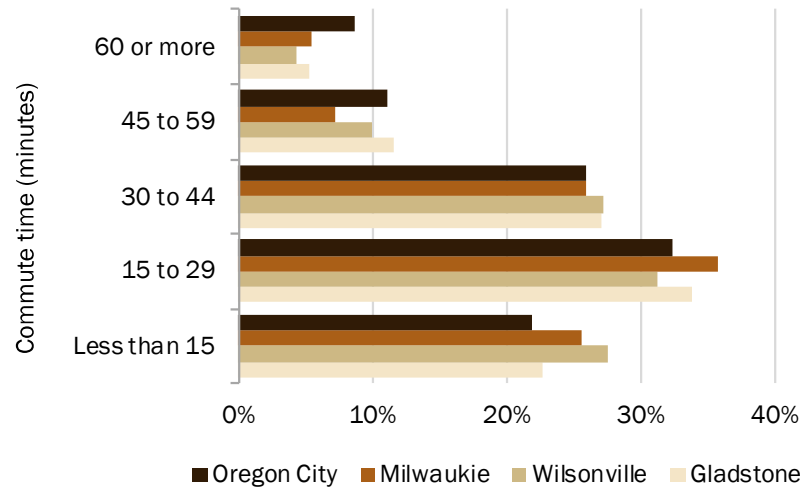
Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B08303.



The majority of residents in Oregon City had commute times of less than 30 minutes.

Exhibit 38. Commute Time by Place of Residence, Oregon City, Gladstone, Wilsonville, Milwaukie, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS 5-year estimate, Table B08303.



Regional and Local Trends Affecting Housing Affordability

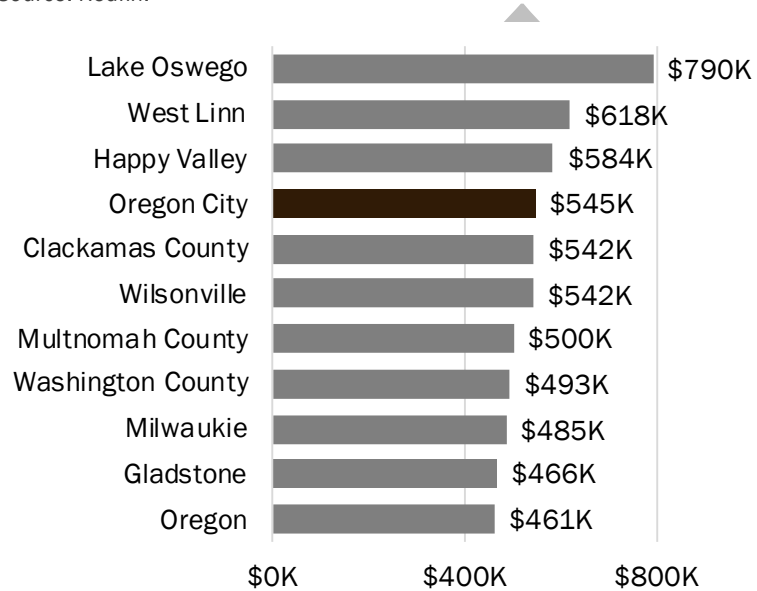
This section describes changes in sales prices, rents, and housing affordability by jurisdiction.

Changes in Housing Costs

In April 2021, Oregon City had a median home sales price of \$545k, which was below that of some other city comparators and similar to Clackamas County (\$542k), but well above the state's median of \$461k.

Exhibit 39. Median Home Sale Price, April 2021

Source: Redfin.

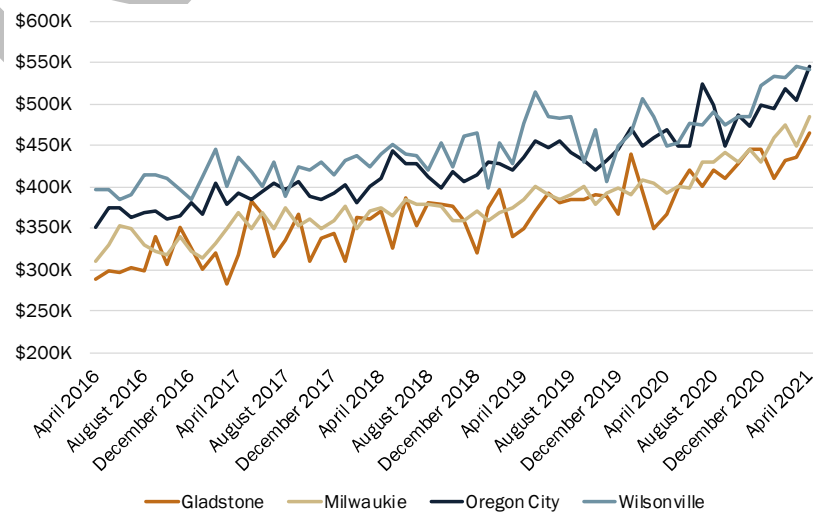


Median home sales prices in Oregon City have increased since April 2016.

In April of 2021, Oregon City had a median home sales price of \$545k.

Exhibit 40. Median Sales Price, Gladstone, Wilsonville, Milwaukie, Oregon City, April 2016 – April 2021

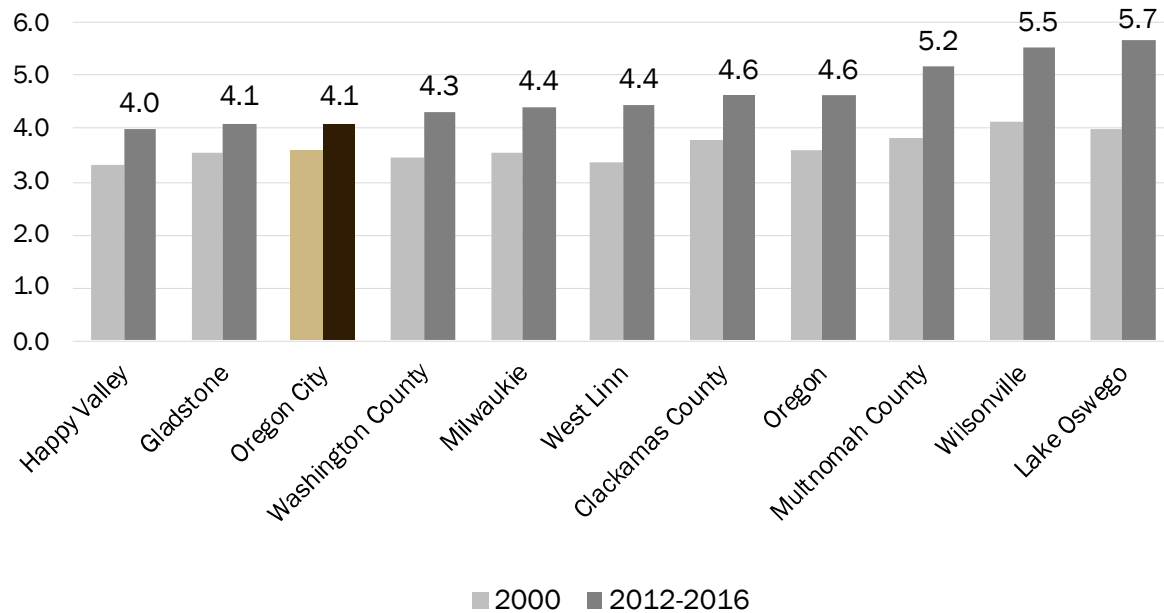
Source: Redfin.



Since 2000, housing costs in nearly all Clackamas County geographies increased faster than incomes. Oregon City's median housing value to household income increased from 3.6 to 4.1.

Exhibit 41. Ratio of Median Housing Value to Median Household Income, 2000 to 2012-2016³⁷

Source: U.S. Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012-2016 ACS, Tables B19013 and B25077.



³⁷ This ratio compares the median value of housing in Clackamas County (and other places) to the median household income.

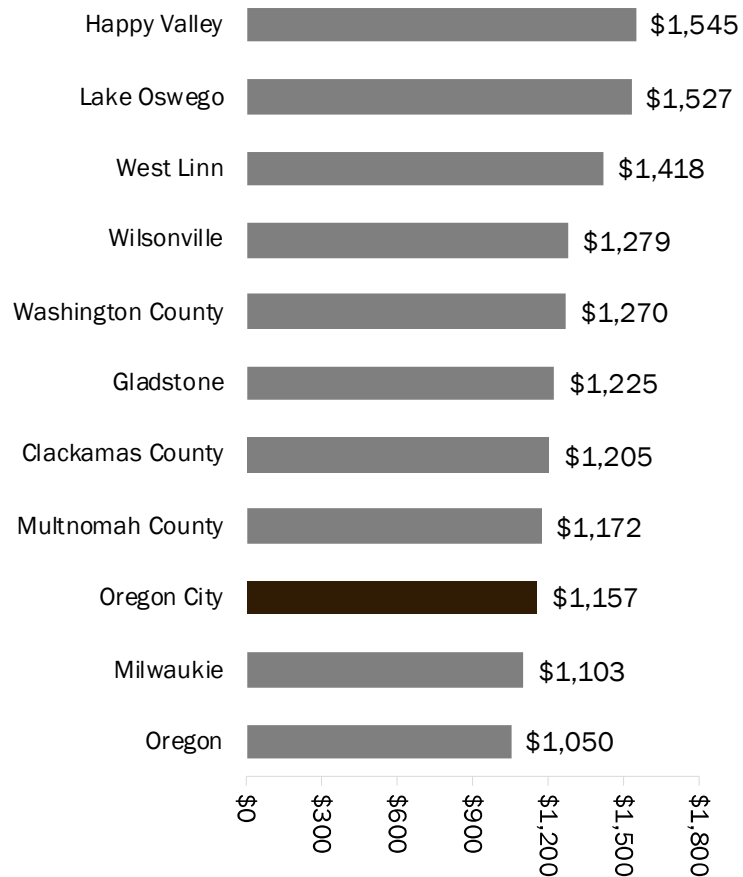
Rental Costs

The median gross rent in Oregon City was \$1,157.

In the 2014-2018 period, rent in Oregon City was comparable to the median rent for Clackamas County as a whole.

Exhibit 42. Median Gross Rent, Oregon City and Comparison Areas, 2014-2018

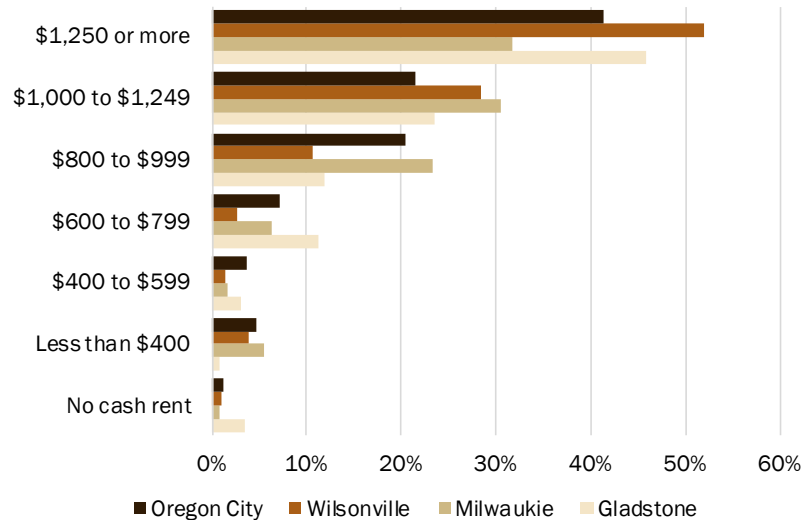
Source: U.S. Census Bureau, 2014-2018 ACS 5-year estimate, Table B25064.



In Oregon City, nearly two-thirds of renters paid more than \$1,000 a month in rent.

Exhibit 43. Gross Rent, Oregon City, Gladstone, Wilsonville, Milwaukie, 2014-2018

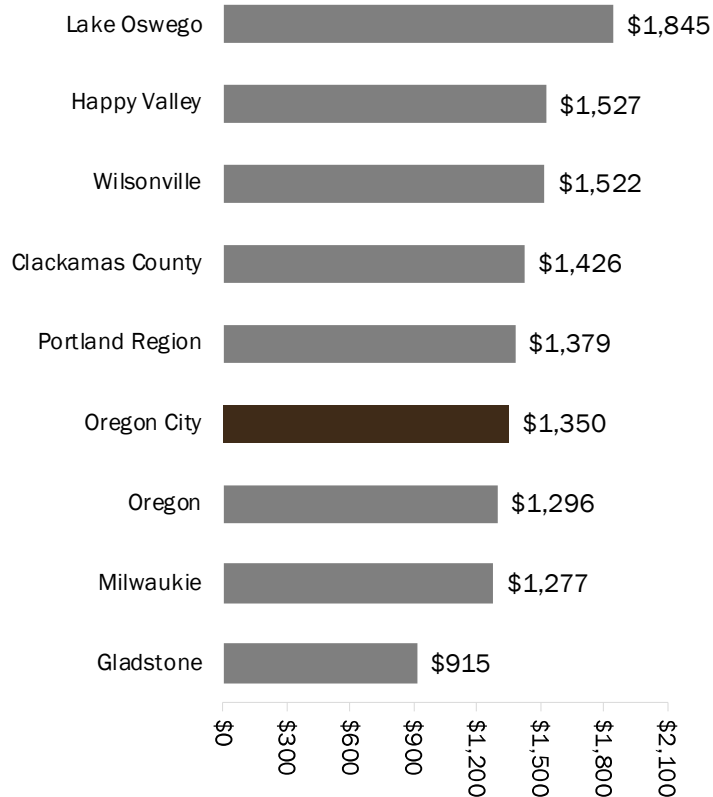
Source: U.S. Census Bureau, 2014-2018 ACS Table B25063.



Oregon City's average multifamily rent was slightly lower than Clackamas County's average rent.

Exhibit 44. Average Effective Multifamily Rent, Oregon City and Comparison Areas, June 2021

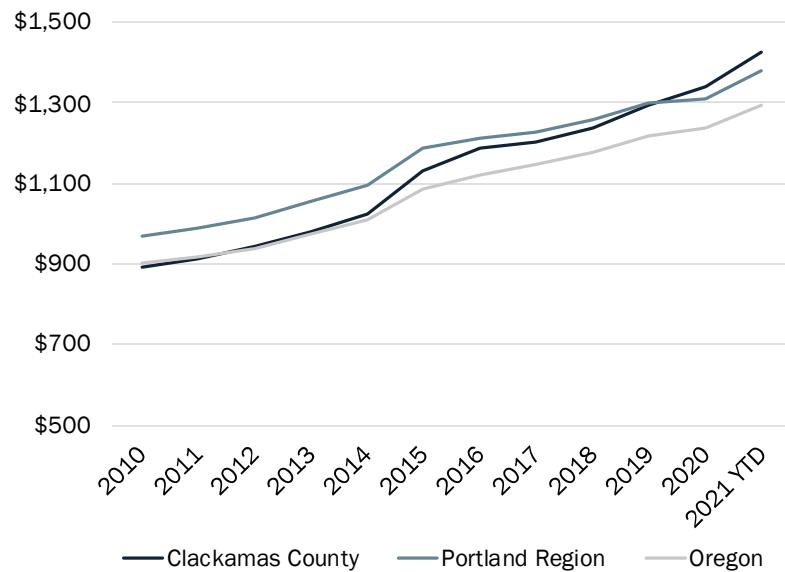
Source: Costar.



From 2010 to June 2021, average effective rents per unit increased from \$894 to \$1,436 in Clackamas County, \$970 to \$1,379 in the Portland Region, and \$903 to \$1,296 in Oregon.

Exhibit 45. Average Effective Multifamily Rent, Clackamas County, Portland Region, Oregon, 2010 through June 2021

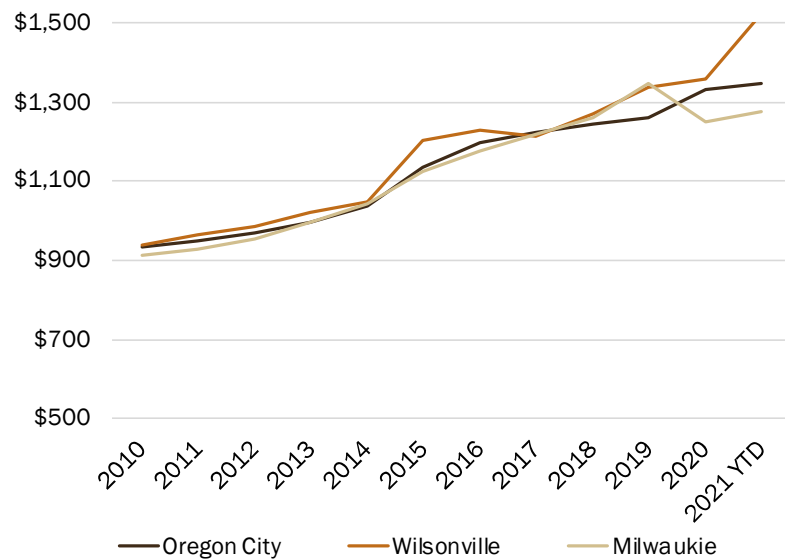
Source: Costar.



From 2010 to 2021, average effective rent per unit increased from \$933 to \$1,350 in Oregon City, \$940 to \$1,522 in Wilsonville, and \$914 to \$1,277 in Milwaukie.

Exhibit 46. Average Effective Multifamily Rent, Oregon City, Wilsonville, Milwaukie, 2010 through June 2021

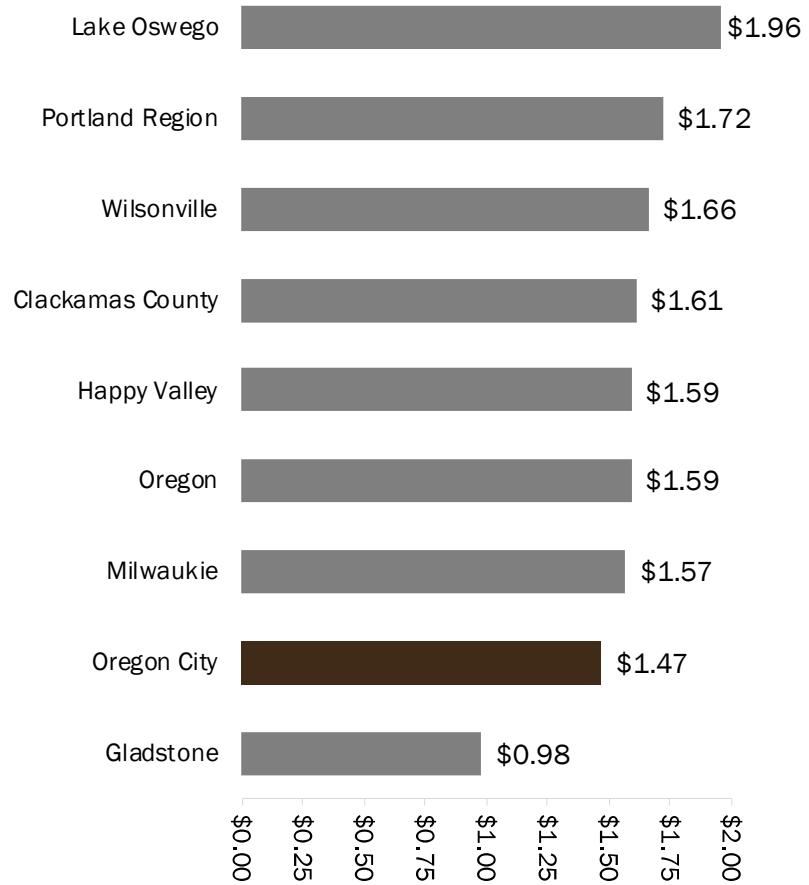
Source: Costar.



In June 2021, Oregon City's average effective multifamily rent per sq. ft. was \$1.47.

Exhibit 47. Average Effective Multifamily Rent per Square Foot, Oregon City and Comparison Areas, June 2021

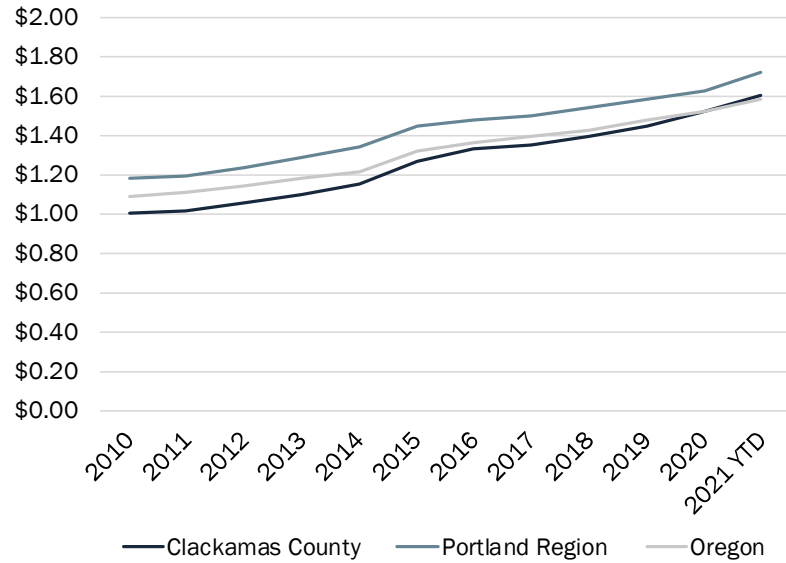
Source: Costar.



From 2010 to June 2021, average effective rent per square foot increased from \$1.00 to \$1.61 in Clackamas County, \$1.18 to \$1.72 in the Portland Region, and \$1.09 to \$1.59 in Oregon.

Exhibit 48. Average Effective Multifamily Rent per Square Foot, Clackamas County, Portland Region, Oregon, 2010 through June 2021

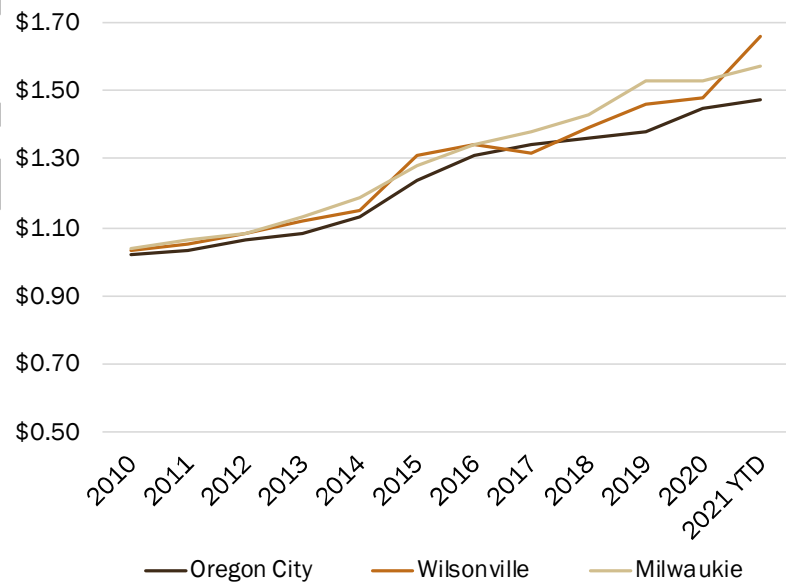
Source: Costar.



From 2010 to June 2021 average effective rent per square foot increased from \$1.02 to \$1.47 in Oregon City, \$1.03 to \$1.66 in Wilsonville, and \$1.04 to \$1.57 in Milwaukie.

Exhibit 49. Average Effective Multifamily Rent per Square Foot, Oregon City, Wilsonville, Milwaukie, 2010 through June 2021

Source: Costar.



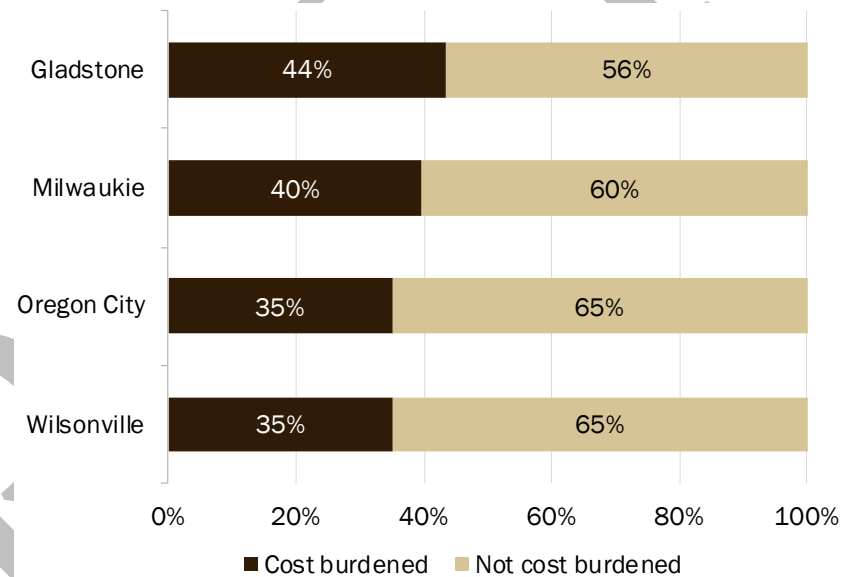
Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden," and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator for housing affordability is consistent with the Goal 10 requirement to provide housing that is affordable to all households in a community.

Over a third of Oregon City's residents were cost burdened in the 2012-2016 period.

Exhibit 50. Housing Cost Burden by Tenure, Oregon City, Gladstone, Wilsonville, and Milwaukie, 2012-2016

Source: U.S. Census Bureau, 2012-2016 ACS Tables B25091 and B25070.

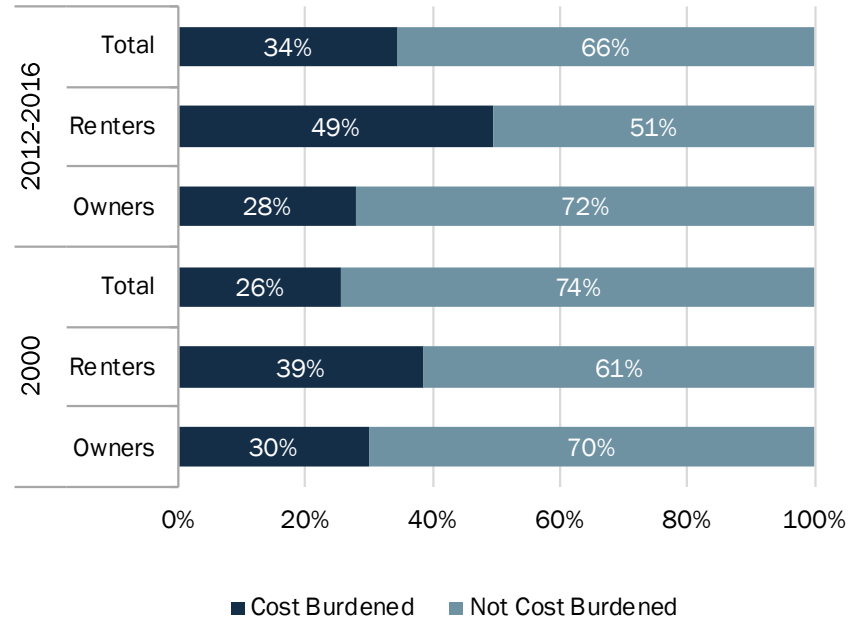


Across Clackamas County, renters were more likely to be cost burdened than homeowners.

Between the 2000 and 2012-2016 time period, the share of total cost-burdened households rose from 26% in 2000 to 34% in 2012-2016.

Exhibit 51. Housing Cost Burden by Tenure, Clackamas County, 2000, 2012-2016

Source: U.S. Census Bureau, 2000 Census Table H069, 2012-2016 ACS Tables B25091 and B25070.

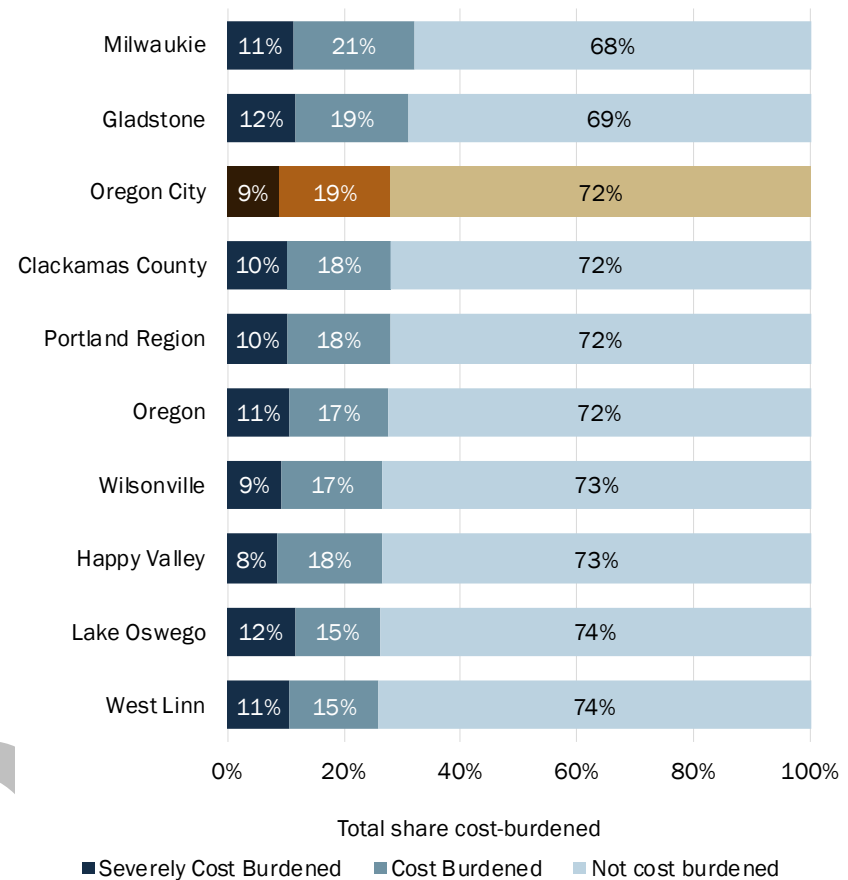


Nearly 30% of Oregon City's cost burdened homeowner households were cost burdened, spending more than 30% or more of their income on housing costs.

Nine percent of the city's homeowner households were severely cost burdened, spending 50% or more of their income on housing costs.

Exhibit 52. Cost Burden Rates for Homeowner Households, 2012-2016

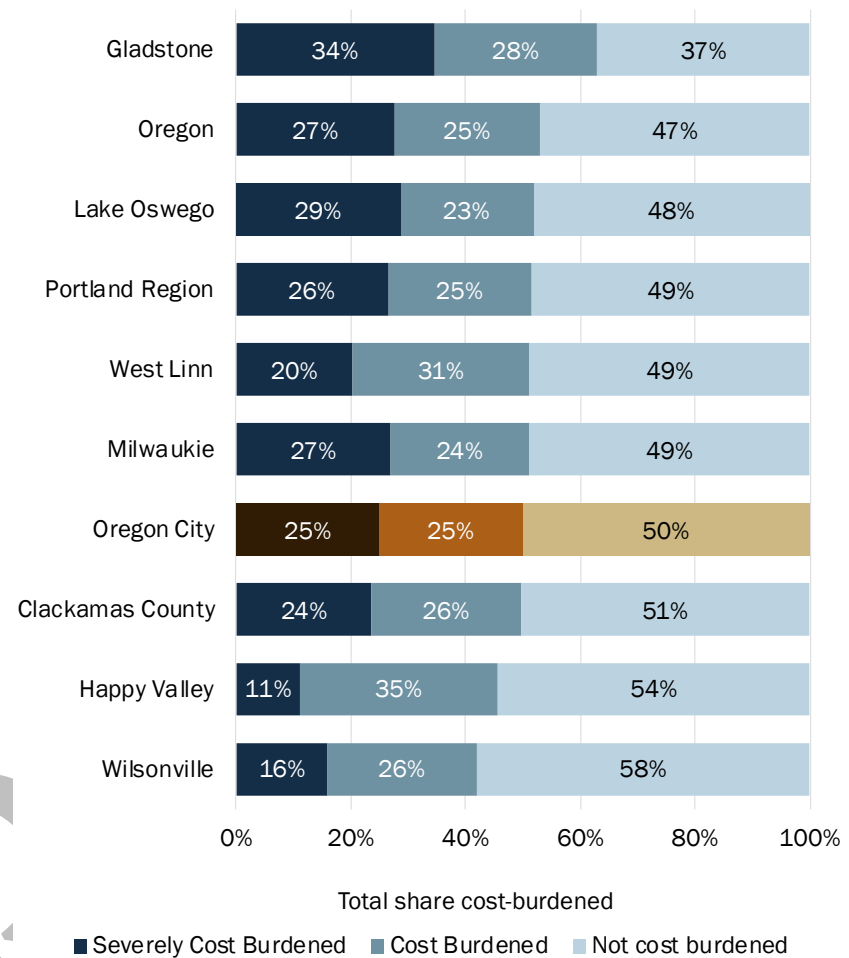
Source: U.S. Census Bureau, 2012-2016 ACS Table B25091.



Half of Oregon City's renter households were cost burdened, spending 30% of their income on housing costs.

Twenty-five percent of the city's renter households were severely cost burdened, spending 50% or more of their income on housing costs.

Exhibit 53. Cost Burden Rates for Renter Households, 2012-2016
Source: U.S. Census Bureau, 2012-2016 ACS Table B25070.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the household's housing costs exceed 30% of the household's income. The remaining 70% of income is expected to be spent on non-discretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary non-discretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost burden indicator.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair Market Rent for a 2-bedroom apartment in Clackamas County is \$1,495.

Exhibit 54. HUD Fair Market Rent (FMR) by Unit Type, Clackamas County,³⁸ 2020

Source: U.S. Department of Housing and Urban Development.

\$1,192	\$1,289	\$1,495	\$2,157	\$2,625
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least \$28.75 per hour to afford a two-bedroom unit in Clackamas County.

Before taxes, a full-time job at \$28.75 per hour is an annual salary of \$59,800.

Exhibit 55. Affordable Housing Wage, Clackamas County, 2020

Source: U.S. Department of Housing and Urban Development. Oregon Bureau of Labor and Industries.

\$28.75 per hour

Affordable Housing Wage for two-bedroom Unit in Clackamas County

³⁸ HUD reports 2020 fair market rents and median family income from the Portland-Vancouver-Beaverton MSA for Clackamas County.

Exhibit 56 shows housing affordability based on incomes for Clackamas County. The regional Median Family Income (MFI) is used by HUD as a way to understand the differences in housing affordability in different places across the nation. In Clackamas County (and the rest of the Portland region), the MFI for a family of four is \$92,000. A household earning the median family income (\$92,000) can afford a monthly rent of about \$2,300 or a home roughly valued between \$322,000 and \$368,000.

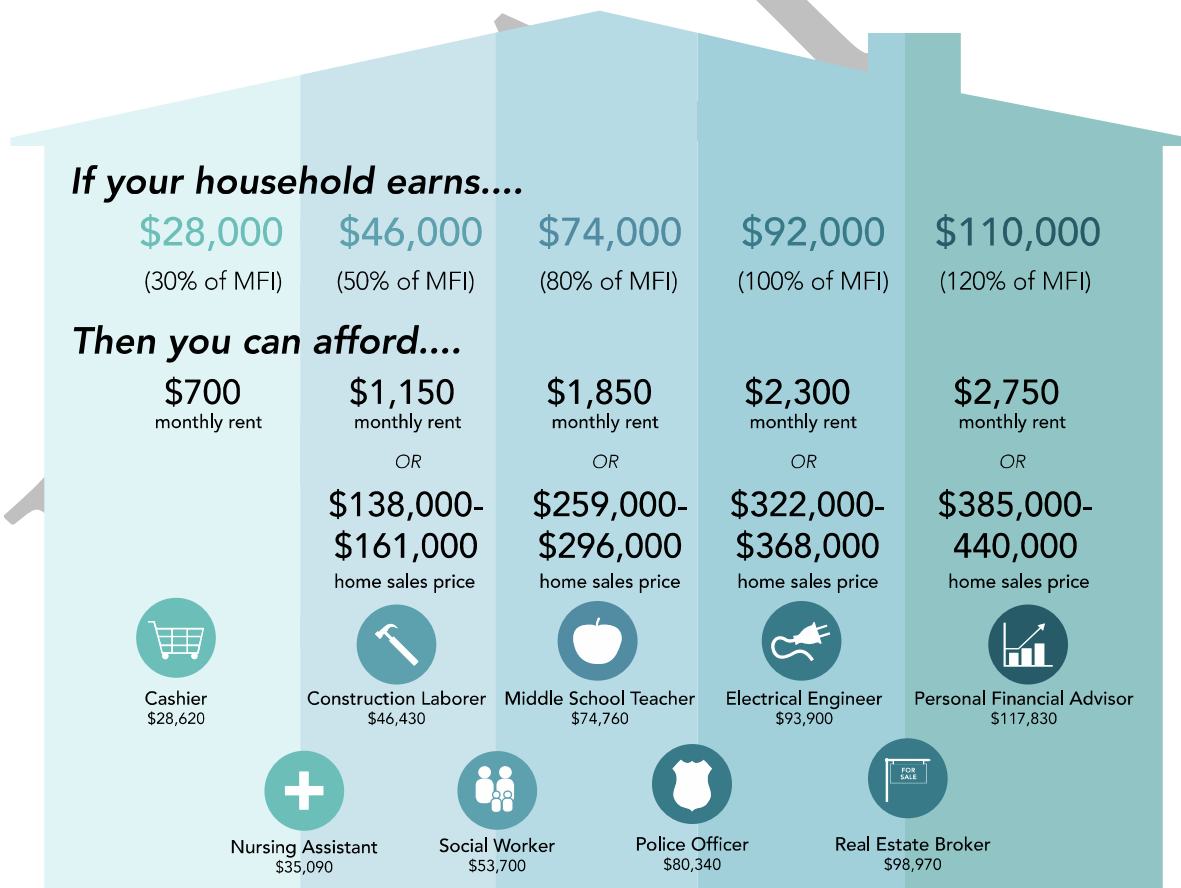
A household would need to have income of about \$136,000, or 148% of MFI for Clackamas County to afford a house at the Oregon City's median home sale price of \$545,000. About 18% of households in Oregon City can afford housing at this cost.

A household would need to have income of about \$60,000 (about 65% of MFI) to afford the average asking rent for multifamily housing of nearly \$1,350, plus basic utilities like power, heat, and water. About 64% of households in Oregon City can afford housing at this cost.

Exhibit 56. Financially Attainable Housing, by Median Family Income (MFI) for Clackamas County (\$92,100), Clackamas County, 2020

Source: U.S. Department of Housing and Urban Development 2020. U.S. Census Bureau, 2014-2018 ACS Table 19001.

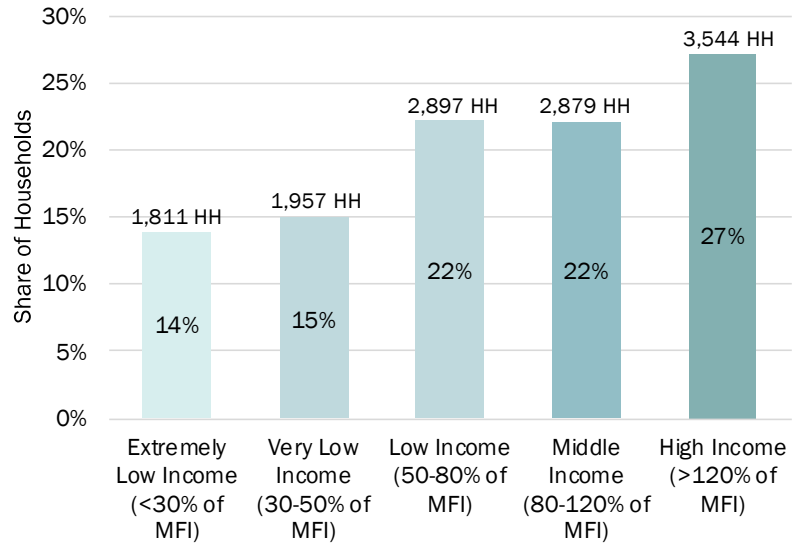
Note: MFI is Median Family Income; Clackamas County MFI is determined by HUD for the Portland MSA.



In Oregon City, about half (51%) of all households in Oregon City earned 80% or more of Clackamas County's median family income.

Exhibit 57. Share of Households, by Median Family Income (MFI) for Clackamas County (\$92,100), Oregon City, 2020

Source: U.S. Department of Housing and Urban Development, Clackamas County, 2020. U.S. Census Bureau, 2014-2018 ACS Table 19001.



Nearly a third (32%) of Clackamas County households earned 120% or more of median family income of \$92,100.

Exhibit 58. Share of Households, by Median Family Income (MFI) for Clackamas County (\$92,100), 2020

Source: U.S. Department of Housing and Urban Development, Clackamas County, 2020. U.S. Census Bureau, 2014-2018 ACS Table 19001.

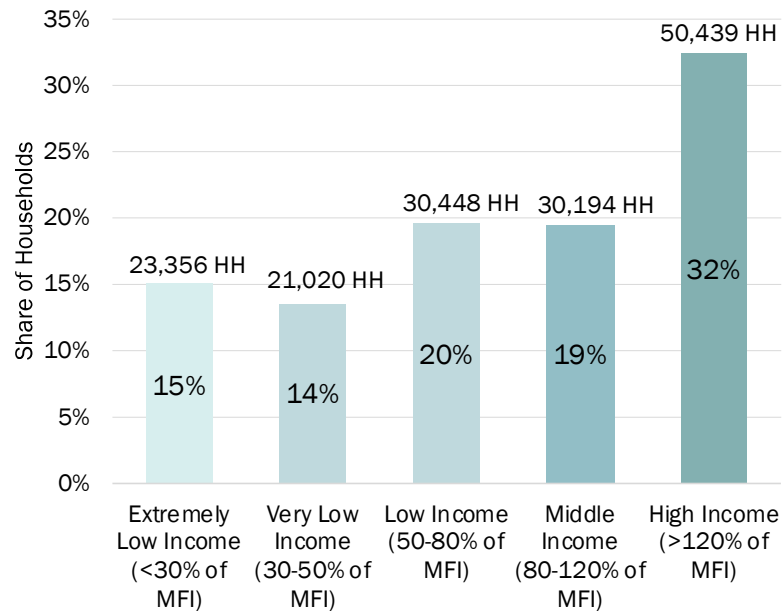
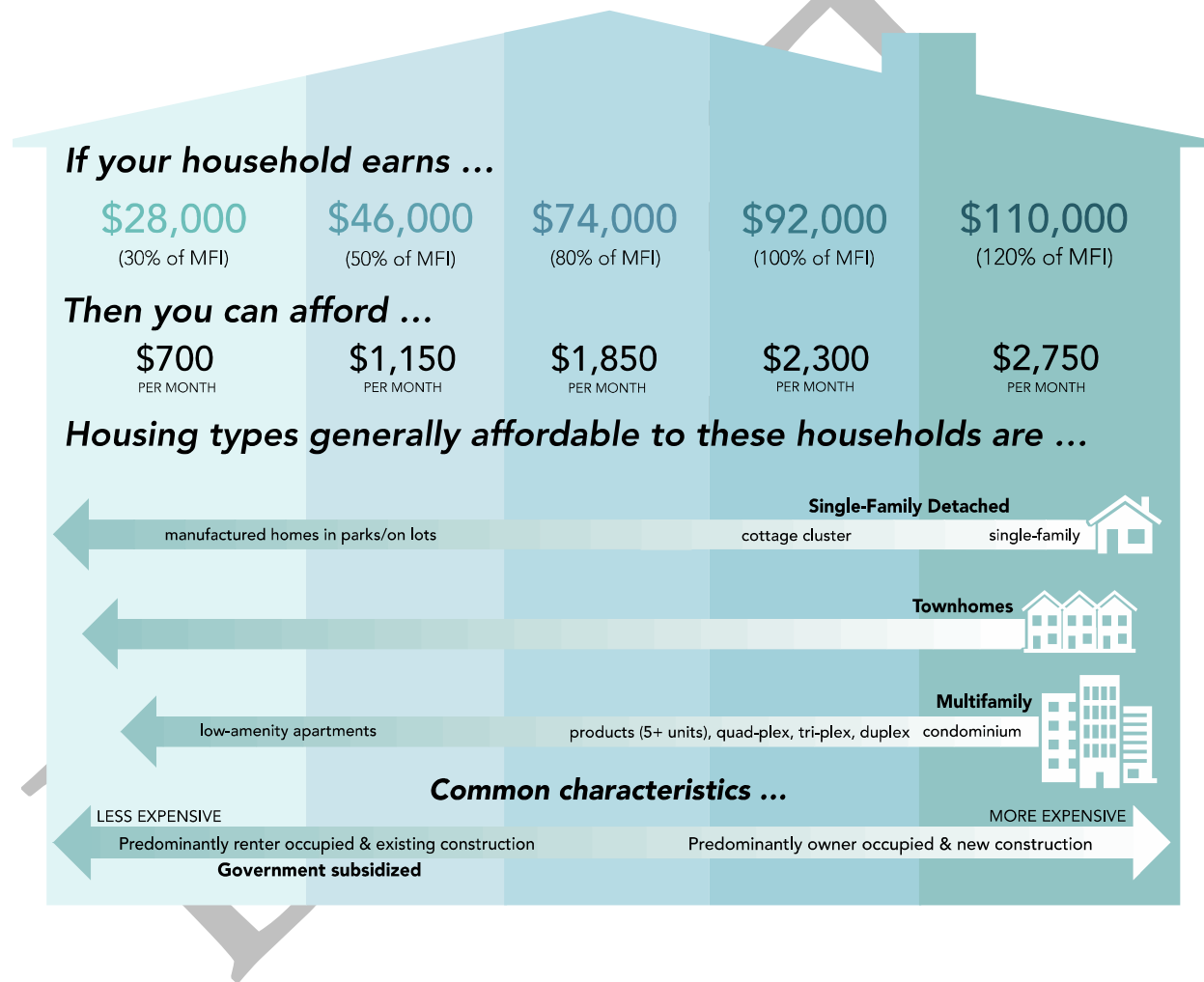


Exhibit 59 illustrates the types of financially attainable housing by income level. Generally speaking, lower-income households will be renters occupying existing housing. Newly built housing will be a combination of renters (most likely in multifamily housing) and homeowners. The types of housing affordable for the lowest-income households are limited to government-subsidized housing, manufactured housing, lower-cost single-family housing, and multifamily housing. The range of financially attainable housing increases with increased income.

Exhibit 59. Types of Financially Attainable Housing by Median Family Income (MFI) for Clackamas County (\$92,100), Oregon City, 2020

Source: U.S. Department of Housing and Urban Development, Clackamas County, 2020. Note: MFI is Median Family Income; Clackamas County MFI is determined by HUD for the Portland MSA.



5. Housing Need in Oregon City

Project New Housing Units Needed in the Next 20 Years

The results of the Housing Needs Analysis are based on (1) Metro's official household forecast for growth in Oregon City over the 20-year planning period, (2) information about Oregon City's housing market relative to Clackamas County and the Portland region, and (3) the demographic composition of Oregon City's existing population and expected long-term changes in the demographics of Clackamas County.

Forecast for Housing Growth

A 20-year household forecast (in this instance for 2021 to 2041) is the foundation for estimating the number of new dwelling units needed. The forecast for Oregon City is based on Metro's 2050 Household Distributed Forecast, 2021. Oregon City's city limits and UGB areas³⁹ will grow from 14,778 households in 2021⁴⁰ to 22,213 households in 2041, an increase of 7,435 households.⁴¹

Oregon City will have demand for 7,435 new dwelling units over the 20-year period, with an annual average growth of 372 dwelling units.

Exhibit 60. Forecast of Demand for New Dwelling Units, Oregon City Planning Area, 2021 to 2041

Source: Metro's 2050 Household Distributed Forecast, March 2021.
Calculations by ECONorthwest.

Variable	New Dwelling Units (2021-2041)		
	City Limits	UGB Areas	Oregon City Planning Area (Total)
Household Forecast 2021	13,796	982	14,778
Household Forecast 2041	19,588	2,625	22,213
Total New Dwelling Units (2021-2041)	5,792	1,643	7,435
Annual Average of New Dwelling Units	290	82	372

³⁹ The UGB areas include the forecasted household growth in TAZs 726, 733, and 740.

⁴⁰ Metro's 2050 Household Distributed Forecast shows that in 2020 the Oregon City city limits and UGB areas had 14,492 households. The Metro forecast shows these areas growing to 24,207 households in 2045, an average annual growth rate of 2.1% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2021 (14,778 households) and 2041 (22,213 households).

⁴¹ This forecast is based on Oregon City city limits' and UGB areas' official household forecast from Metro for the 2021 to 2041 period.

Housing Units Needed

Exhibit 60 and Exhibit 61 presents a forecast of new housing in Oregon City's Planning Area for the 2021 to 2041 period. This section determines the mix and density needed to meet State requirements (OAR 660-007) and meet the housing needs of Oregon City residents.

The preliminary conclusion for Oregon City is that, over the next 20-years, the need for new housing developed in Oregon City will generally include a wider range of housing types and housing that is more affordable. This conclusion is based on the following findings:

- **Oregon City's housing mix, like Clackamas County's, is predominately single-family detached.** In the 2015-2019 period, 73% of Oregon City's housing was single-family detached, 7% was single-family attached, 6% was duplexes, triplexes, and quadplexes, and 13% was multifamily.
- **Demographic changes across the Portland Region (and in Oregon City) suggest increases in demand for single-family attached housing and multifamily housing.** The key demographic trends that will affect Oregon City's future housing needs are:
 - *The Baby Boomer's population is continuing to age.* The changes that affect Oregon City's housing demand as the population ages are that household sizes and homeownership rates decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a Continuum of Care from independent living to nursing home care, may grow in Oregon City.
 - *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As Millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2020 and 2040, Millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract these younger households will depend on the City's availability of affordable renter and ownership housing. It will also depend on the location of new housing in Oregon City as many Millennials prefer to live in more walkable neighborhoods.⁴² The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.⁴³ Housing preferences for Generation Z are not yet known but it is reasonable that they will also need affordable housing, both for rental and later in life for ownership.
 - *Latinx population will continue to grow.* Latinx population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing.

⁴² Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Stochak, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

⁴³ Ibid.

Growth in the Latinx population will drive demand for housing for families with children. Latinx households are disproportionately cost burdened when compared to the statewide average, in part because of lower household incomes. Growth in Latinx households will also drive demand for affordable housing, both for ownership and renting, both for smaller units for one- and two-person households but also for larger family households, including multigenerational households.

- **About 35% of Oregon City’s households are cost burdened (paying 30% or more of their household income on housing costs).**⁴⁴ About 50% of Oregon City’s **renters** are cost burdened and about 28% of Oregon City’s **homeowners** are cost burdened. Cost burden rates in Oregon City are very similar to those in the Portland Region.
- **About 33% of Oregon City’s households are renters, 58% of whom live in multifamily housing.** Median rents in Oregon City are \$1,053 per month, compared to the \$1,091 median rent for Clackamas County as a whole.
 - A household earning 50% of Clackamas County’s median family income (\$46,000) could afford about \$1,150 per month in rent, compared with the average effective rent of \$1,350. However, about 19% of Oregon City’s housing stock is multifamily (2+ units), compared to 32% of the housing in the Portland Region. The comparatively small share of multifamily units may constrain opportunities to rent in Oregon City.
- **Housing sales prices increased in Oregon City over the last three years at a slightly faster rate than entire County.** From April 2016 to April 2021, the median housing sale price increased by \$194,600 (65%), from \$352,000 to \$545,000.⁴⁵ At the same time, the median housing home sale price in Clackamas County increased by \$171,700 (56%), from \$371,000 to \$542,000.⁴⁶ Oregon City has a lower average rent than other nearby jurisdictions, but the city’s home prices are higher than most jurisdictions, Clackamas County, and the Portland Region overall.
 - A household earning 100% of Clackamas County’s median family income could afford a home valued between about \$322,000 to \$368,000, which is less than the median home sales price of about \$545,000 in Oregon City. A household can start to afford median home sale prices at about 148% of Oregon City’s median household income.

These factors suggest that Oregon City needs a broader range of housing types with a wider range of price points than are currently available in Oregon City’s housing stock. This includes providing opportunity for development of housing types such as: smaller single-family

⁴⁴ The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden,” and households paying more than 50% of their income on housing experience “severe cost burden.”

⁴⁵ Redfin

⁴⁶ Redfin.

detached housing (e.g., cottages or small-lot single-family detached units), townhouses, duplexes and quad-plexes, small apartment buildings, and larger apartment buildings.

Exhibit 61 presents a forecast for housing growth in the Oregon City's city limits during the 2021 to 2041 period. The projection is based on the following assumptions:

- Metro's growth forecast show that Oregon City will need 7,435 new dwelling units over the 20-year period.
- The assumptions about the mix of housing in Exhibit 61 are consistent with the requirements of OAR 660-007⁴⁷:
 - **About 50% of new housing will be single-family detached, in medium and low-density areas**, a category which includes manufactured housing and cottage clusters. In 2015-2019, 73% of Oregon City's housing was single-family detached. Single-family detached housing includes traditional single-family detached units, manufactured homes (on individual lots and in parks), accessory dwelling units, and other detached housing types such as cottage housing.
 - **Nearly 20% of new housing will be single-family attached units in low, medium, and high-density areas.** In 2015-2019, 7% of Oregon City's housing was single-family attached. Single-family attached housing includes townhouses and row houses.
 - **About 10% of new housing will be duplexes, triplexes, and quadplexes in low, medium, and high-density areas.** In 2015-2019, 6% of Oregon City's housing was duplexes, triplexes, and quadplexes.
 - **About 30% of new housing will be in multifamily buildings with five or more units in high density and mixed-use areas.** In 2015-2019, 13% of Oregon City's housing was multifamily in structures with five or more units.

The City recently updated its zoning code to allow for a greater variety of housing types and remove and reduce barriers within the development regulations for missing middle housing. Corner duplexes, internal conversions, accessory dwelling units, and cottage clusters are allowed outright in low density areas. Duplexes, tri-plexes, quad-plexes, and single-family attached units are also permitted outright in medium density areas. Duplexes, tri-plexes, quad-plexes, attached housing, and internal conversions are processed with clear and objective standards in the same manner as a detached single-family home. In addition, the code redefined multifamily housing from structures with three or more units, to structures with five or more units per lot. The City is currently going through a process to review the zoning code for compliance with HB 2001, which will result in additional opportunities for housing types.

⁴⁷ OAR 660-007-0030(1) requires that most Metro cities "...provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing..."

Oregon City will have demand for 7,435 new dwelling units over the 20-year period, 50% of which are forecast to be single-family detached housing.

Exhibit 61. Forecast of Demand for New Dwelling Units, Oregon City Planning Area, 2021 to 2041

Source: Calculations by ECONorthwest. DU = Dwelling Unit

Variable	Mix of New Housing Units (2021-2041)
Needed new dwelling units (2021-2041)	7,435
Single-family detached	
Percent single-family detached DU	50%
<i>equals</i> Total new single-family detached DU	3,717
Single-family attached	
Percent single-family attached DU	20%
<i>equals</i> Total new single-family attached DU	1,487
Duplex, Triplex, Quadplex	
Percent duplex, triplex, quadplex	10%
<i>equals</i> Total new duplex, triplex, quadplex DU	744
Multifamily (5 or more units)	
Percent multifamily	20%
Total new multifamily DU	1,487
<i>equals</i> Total new dwelling units (2021-2041)	7,435

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; it assumes they will be replaced at the same site and will not create additional demand for residential land.

Exhibit 62 allocates housing to plan designations in Oregon City. The allocation is based, in part, on the types of housing allowed in the zones of each plan designation.

Exhibit 62 shows:

- **Low Density Residential (R-10, R-8, R-6)** land will accommodate new single-family detached housing, accessory dwelling units, internal conversions, corner duplexes, and cluster housing. Single-family attached are allowed with a Master Plan. The City will review allowing duplexes, triplexes, and quadplexes in these zones, as part of complying with HB 2001.
- **Medium Density Residential (R-3.5, R-5)** land will accommodate new single-family detached housing, accessory dwelling units, internal conversions, duplexes, corner duplexes, single-family attached, tri-plexes, quad-plexes, and cluster housing. Multifamily is allowed in a Master Plan.
- **High Density Residential (R-2)** land will accommodate accessory dwelling units for existing single-family detached units, internal conversions, duplexes, corner duplexes, single-family attached units, triplexes, quadplexes, cluster housing, and multifamily housing.

- **Mixed Use (MUD, MUC 1, MUC 2, NC, HC, WFDD)** land, depending on the zone, will accommodate townhouses, duplexes, triplexes, quadplexes, multifamily with five or more units, and live/work units.

Exhibit 62. Allocation of Housing by Housing Type and Plan Designation, Oregon City Planning Area, 2021 to 2041

Source: ECONorthwest.

Housing Type Allocations	Plan Designations				Total
	Low Density	Medium Density	High Density	Mixed Use	
Dwelling Units					
Single-family detached	2,007	1,710	-	-	3,717
Single-family attached	74	967	446	-	1,487
Duplex, Triplex, Quadplex	35	333	153	223	744
Multifamily (5+ units)	-	149	678	660	1,487
Total	2,116	3,159	1,277	883	7,435
Percent of Units					
Single-family detached	27%	23%	0%	0%	50%
Single-family attached	1%	13%	6%	0%	20%
Duplex, Triplex, Quadplex	0%	4%	2%	3%	10%
Multifamily (5+ units)	0%	2%	9%	9%	20%
Total	28%	42%	17%	12%	100%

Exhibit 63 converts between net acres and gross acres⁴⁸ to account for land needed for rights-of-way by plan designation in Oregon City, based on Metro's methodology of existing rights-of-way.⁴⁹

- **Low Density Residential:** Average density in this plan designation was historically 5.3 dwelling units per net acre. The density shown for low density residential in Exhibit 63 includes a 3% increase (5.4 dwelling units per net acre) from the historic density, consistent with the density changes allowed for complying with HB 2001.⁵⁰ This results in assuming a 5.4 future density in tax lots smaller than 0.38 acres, as no land is needed for rights-of-ways based on Metro's assumptions. For lots between 0.38 and 1.0 acres the

⁴⁸ OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" "...consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads." While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

⁴⁹ Metro's methodology about net-to-gross assumptions are that: (1) tax lots under 3/8 acre assume 0% set aside for future streets; (2) tax lots between 3/8 acre and 1 acre assume a 10% set aside for future streets; and (3) tax lots greater than an acre assumes an 18.5% set aside for future streets. The analysis assumes an 18.5% assumption for future streets.

⁵⁰ Oregon City plans to comply with HB2001 and has recently made a variety of amendments to the development code to allow more housing types. The City is currently working through the process of making adjustment to comply with HB 2001 which will be implemented by July 2022.

future density will be 4.9 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 4.4 dwelling units per gross acre.

- **Medium Density Residential:** Average density in this plan designation was historically 10.7 dwelling units per net acre. The density shown for medium density residential in Exhibit 63 includes a 3% increase (11.0 dwelling units per net acre) from the historic density, consistent with the density changes allowed for complying with HB 2001.⁵¹ This results in assuming a 11.0 future density in tax lots smaller than 0.38 acres, as no land is needed for rights-of-ways based on Metro's assumptions. For lots between 0.38 and 1.0 acres the future density will be 9.9 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 9.0 dwelling units per gross acre.
- **High Density Residential:** Average density in this plan designation was historically 21.8 per net acre. For lots smaller than 0.38 acres, the future density will be 21.8 dwelling units per gross acre. For lots between 0.38 and 1.0 acres the future density will be 19.6 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 17.8 dwelling units per gross acre.
- **Mixed Use:** Average density in this plan designation was historically 19.8 dwelling units per net acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro's assumptions. For lots between 0.38 and 1.0 acres the future density will be 17.9 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 16.2 dwelling units per gross acre.

Exhibit 63. Future Housing Densities and Land for Rights-of-Way, Oregon City Planning Area

Source: ECONorthwest. Note: DU is dwelling unit.

Plan Designation	Tax Lots Smaller than 0.38 acre			Tax Lots ≥ 0.38 and ≤ 1.0 acre			Tax Lots larger than 1.0 acre		
	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)	Net Density (DU/net acre)	% for Rights-of-Way	Gross Density (DU/gross acre)
Low Density Residential	5.4	0%	5.4	5.4	10%	4.9	5.4	18.5%	4.4
Medium Density Residential	11.0	0%	11.0	11.0	10%	9.9	11.0	18.5%	9.0
High Density Residential	21.8	0%	21.8	21.8	10%	19.6	21.8	18.5%	17.8
Mixed Use	19.8	0%	19.8	19.8	10%	17.9	19.8	18.5%	16.2

⁵¹ Oregon City plans to comply with HB2001 and has recently made a variety of amendments to the development code to allow more housing types. The City is currently working through the process of making adjustment to comply with HB 2001 which will be implemented by July 2022.

Housing Need by Income Level

The next step in the housing needs analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

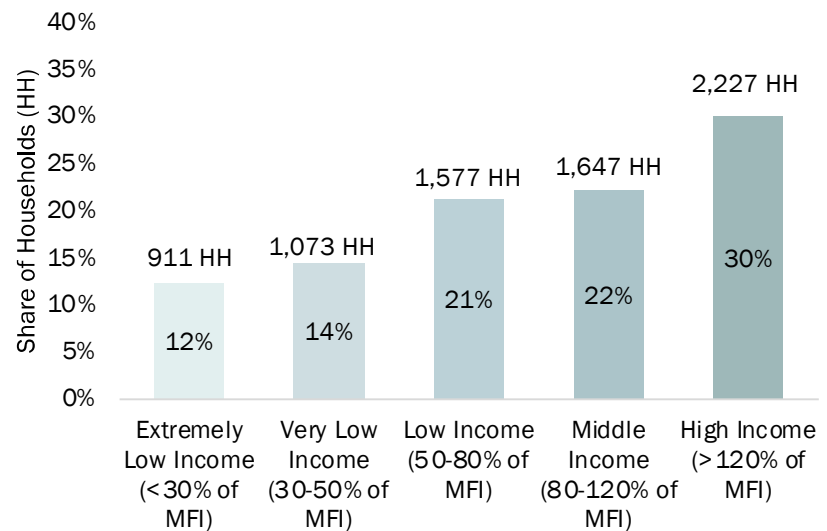
Exhibit 64 based on American Community Survey data about income levels for existing households in Oregon City. Income is categorized into market segments consistent with HUD income level categories, using Clackamas County's 2020 Median Family Income (MFI) of \$92,100. Exhibit 64 is based on current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

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About 26% of Oregon City's future households will have income below 50% of Clackamas County's median family income (less than \$46,000 in 2020 dollars) and about 43% will have incomes between 50% and 120% of the county's MFI (between \$46,000 and \$110,000).

Exhibit 64. Future (New) Households, by Median Family Income (MFI) for Clackamas County (\$92,100), Oregon City Planning Area, 2021 to 2041

Source: U.S. Department of Housing and Urban Development. U.S. Census Bureau, 2015-2019 ACS Table 19001.



⁵² For example, 30% of Oregon City's households had income above 120% of the Clackamas County Median Family Income in 2015-2019. This analysis assumes that 30% of the 7,435 new households that grow in Oregon City 2021-2041 will have incomes over 120% of the Clackamas County Median Family Income.

Need for Government Assisted, Farmworker, and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-assisted housing, farmworker housing, manufactured housing on lots, and manufactured housing in parks (communities).

- **Government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single family detached, apartments, etc.). Oregon City allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Oregon City will continue to allow government housing in all of its residential plan designations. Because government assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can also apply to all housing types and the City allows development of farmworker housing in all residential plan designations, with the same development standards as market-rate housing. This analysis assumes that Oregon City will continue to allow this housing in all of its residential plan designations. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** Oregon City allows manufactured homes on lots in the zones which single-family detached housing is allowed. Oregon City does not have special siting requirements for manufactured homes. Since manufactured homes are subject to the same siting requirements as site-built homes, it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in communities.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,⁵³ Oregon City has four manufactured home parks within city limits,⁵⁴ with 345 spaces. Oregon City has two manufactured home parks within the UGB,⁵⁵ with 540 spaces.⁵⁶ The proposed code amendments will allow an opportunity for new manufactured housing parks to be created as well as expansion of existing facilities.

⁵³ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

⁵⁴ Clairmont, Mt. Pleasant, Cherry Lane, and Char Diaz Estate

⁵⁵ Forest Park, Country Village

⁵⁶ City of Oregon City, with space count from Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

ORS 197.480(2) requires Oregon City to project need for manufactured dwelling communities based on: (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high density residential.

- Exhibit 60 shows that Oregon City will need 7,435 dwelling units over the 2021 to 2041 period.
- Analysis of housing affordability shows that about 27% of Oregon City's new households will be extremely- or very-low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing in communities accounts for about 2.5% (about 345 dwelling units) of Oregon City's current housing stock.
- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces.
- The households most likely to live in manufactured homes in parks are those with incomes between \$27,630 and \$46,050 (between 30% to 50% of MFI), which include 14% of Oregon City's households. However, households in other income categories may live in manufactured homes in parks
- The national and state trends of the closure of manufactured home parks, and the fact that no new manufactured home parks have opened in Oregon in over the last 15 years, demonstrate that development of new manufactured home parks in Oregon City is unlikely. However, some existing parks in Oregon City have expanded to increase the number of spaces in the park.
- If the City does have need for a new manufactured home park, that would be for about 145 new units (2.5% of new units), which at about 10 to 12 dwelling units per acre (based on standards for single-family dwellings in the R-3.5 zone) will need 12 to 15 acres of land. Oregon City can accommodate this in their existing vacant buildable land base in the Medium Density Residential plan designation.
- Our conclusion from this analysis is that development of new manufactured home parks in Oregon City (and most of the Portland Region) over the planning period is unlikely. It is, however, likely that manufactured homes will continue to locate on individual lots in Oregon City, and existing parks may reconfigure to accommodate more units. The forecast of housing assumes that no new manufactured home parks will be opened in Oregon City over the 2021 to 2041 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.
- Over the next 20 years (or longer) one or more manufactured home parks may close in Oregon City. This may be a result of manufactured home park landowners selling

or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

- In addition to statewide regulation of the closure of manufactured home parks designed to lessen the financial difficulties of this closure for park residents, Oregon City also has locally adopted manufactured home park closure regulations. In the case of manufactured home park closures, the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate density housing (e.g., duplexes or 3-4 plexes) in the Low-Density and Medium-Density zones, designating more land for multifamily housing, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary zoning policy, or partnering with a developer of government-subsidized affordable housing.

6. Oregon City's Residential Land Sufficiency

This section presents an evaluation of the sufficiency of vacant residential land in Oregon City to accommodate expected residential growth over the 2021 to 2041 period. This section includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Oregon City's ability to accommodate needed new housing units for the 2021 to 2041 period, based on the analysis in the housing needs analysis.

Capacity Analysis

The comparison of supply (buildable land) and demand (population and growth leading to demand for more residential development) allows the determination of land sufficiency.

There are two ways to calculate estimates of supply and demand into common units of measurement to allow their comparison: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that all land has different characteristics – factors such as zone, slope, parcel size, and shape can affect the land's ability to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the city limits to accommodate new housing. This analysis, sometimes called a "capacity analysis,"⁵⁷ can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

Oregon City Capacity Analysis Results for Vacant and Partially Vacant Land

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities by the housing type categories shown in Exhibit 63.

Exhibit 65 shows that **vacant land in Oregon City's Planning Area has capacity to accommodate approximately 7,266 new dwelling units**, based on the following assumptions:

- **Vacant and partially vacant buildable residential land.** The capacity estimates start with the number of buildable acres in residential plan designations and zones that allow residential uses.

⁵⁷ There is ambiguity in the term *capacity analysis*. It would not be unreasonable for one to say that the "capacity" of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: "estimating how many new dwelling units the vacant residential land in the city limits is likely to accommodate." That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as "capacity analysis," so we use that shorthand occasionally in this memorandum.

- **Residential densities.** The capacity analysis assumes development will occur at historical densities. Those densities were derived from the densities shown in Exhibit 63.
- **Average net density.** Exhibit 65 shows capacity and densities in gross acres. OAR 660-007 requires that Oregon City provide opportunity for development of housing at an overall average density of eight dwelling units per net acre. The average net density of buildable residential land in Exhibit 65 is 9.5 dwelling units per net acres and 8.0 dwelling units per gross acre.
- **Capacity on mixed use land.** The estimate of capacity includes land in the mixed use plan designations (including zones that allow residential uses). Because not all mixed use land will develop as a residential use, we assumed that 70% of the buildable land in the mixed use plan designation will develop as residential.

Exhibit 65. Estimate of Residential Capacity on Unconstrained Vacant and Partially Vacant Buildable Land, Oregon City Planning Area, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Plan Designation	Tax Lots Smaller than 0.38 acre			Tax Lots ≥ 0.38 and ≤ 1.0 acre			Tax Lots larger than 1.0 acre			Total, combined	
	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Density Assumption (DU/gross acre)	Capacity (Dwelling Units)	Buildable Acres	Capacity (Dwelling Units)
Low Density Residential	77	5.4	415	95	4.9	465	281	4.4	1,236	453	2,116
Medium Density Residential	23	11.0	253	39	9.9	386	280	9.0	2,520	342	3,159
High Density Residential	1	21.8	21	1	19.6	19	60	17.8	1,068	62	1,108
Mixed Use	3	19.8	55	7	17.9	125	43	16.2	703	53	883
Total	104	-	744	142	-	995	664	-	5,527	910	7,266

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Oregon City is to compare the demand for housing by plan designation (Exhibit 62) with the capacity of land by plan designation (Exhibit 65).

Exhibit 66 shows that Oregon City has sufficient land to accommodate development all plan designations.

- Low density residential and medium density residential plan designations have enough land to accommodate growth, with no surplus or deficit of capacity.
- High density residential does not enough land to accommodate growth, with a deficit of 169 dwelling units of capacity, or 8 acres.
- Mixed use has enough land to accommodate growth, assuming that 70% of the buildable land in this plan designation will develop with residential uses.

Exhibit 66. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Oregon City, City Limits, 2021 to 2041

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

Plan Designation	Capacity (Dwelling Units)	Demand (Dwelling Units)	Comparison (Capacity minus Demand)	Land Surplus or Deficit (Gross Acres)
Low Density Residential	2,116	2,116	0	0
Medium Density Residential	3,159	3,159	0	0
High Density Residential	1,108	1,277	(169)	(8)
Mixed Use	883	883	0	0
Total	7,266	7,435		

Findings and Recommendations

The key findings of the Oregon City Housing Needs Analysis are that:

- **Finding: Growth in housing will be driven by growth in households.** The number of households in Oregon City's Planning Area is forecast to grow from 14,778 households to 22,213 households, an increase of 7,435 households between 2021 and 2041.
- **Finding: Oregon City is planning for growth of 7,435 new dwelling units.** To accommodate the 7,435 dwelling units over the 20-year planning period, Oregon City will average 372 new dwelling units annually, and will plan for more single-family attached and multifamily dwelling units in the future to meet the city's housing needs. Historically, about 73% of Oregon City's housing was single-family detached. New housing in Oregon City is forecast to be 50% single-family detached, 20% single-family attached, 10% duplexes, triplexes, and quadplexes, and 20% multifamily. This housing mix both meets the requirements for housing mix for cities in Metro (OAC 660-007) and is supported by the changes in the housing market described below.

The factors driving the shift in types of housing needed in Oregon City include changes in demographics and decreases in housing affordability. The aging of senior populations and the household formation of young adults will drive demand for renter and owner-occupied housing, such as small single-family detached housing, townhouses, duplexes, and apartments/condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.

- **Recommendation:** Oregon City should monitor land available in all plan designations, as there is no surplus (or deficit) of land in the low and medium density residential plan designations. Additionally, the City may look for opportunities for redevelopment on underutilized land to address the deficit of high density residential land and limited capacity of mixed use land.
- **Oregon City is meeting Metro's requirements for net density and housing mix.** OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Oregon City's average density target is eight dwelling units per net buildable acre. Based on the findings in Chapter 6, Oregon City is exceeding this average density target at an average net density of 9.5 dwelling units per net acre.

OAR 660-007 also requires that cities within the Metro UGB "provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing." Chapter 5 shows that for the 2021-2041 planning period Oregon City is assuming that 20% of new dwelling units will be single-family attached, 10% of new units will be duplexes, triplexes, or quadplexes, and 20% of new units will be multifamily.

- **Recommendation:** Oregon City should continue to monitor future development to evaluate resulting densities and housing mix in comparison to the planned units described in this report.
- **Finding: Oregon City has unmet need for affordable housing.** About 34% of Oregon City's households are cost burdened, with 50% of renters cost burdened and 28% of owners cost burdened. Oregon City's level of cost burden is similar to other communities in Clackamas County. Oregon City's unmet housing needs include:

Renter housing. The average asking rent for multifamily housing in Oregon City in 2021 was about \$1,350, which is affordable to households earning about 60% of the median family income (about \$55,200). About one-third of Oregon City's households have incomes below this level and cannot afford the average rent. As shown in the rates of cost burden, many of these renter households are cost burdened. Oregon City will continue to have unmet renter housing needs, both for existing households and for new households.

Owner-occupied housing. The median home sales price in April 2021 was about \$545,000, which is affordable to households earning about 148% of the median family income (about \$136,300). Oregon City is one of the less affordable cities for homeownership in the Portland region, households at middle and high incomes (between \$74,000 to \$110,000) are less able to afford housing in Oregon City. One way to increase the supply of affordable owner-occupied housing is to increase opportunities for development of the middle-income housing described above.

- **Recommendation:** Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions, 1,545 of the forecasted new households will have incomes of \$46,000 (in 2020 dollars) or less (50% of MFI income or less). These households cannot afford market-rate housing without government subsidy. Another 1,228 new households will have incomes between \$46,000 and \$74,000 (50% to 80% of MFI).
- Oregon City will need to provide opportunities for affordable housing development for both rental and ownership over the 20-year period, and the City should look for opportunities for affordable housing development for all housing types.
- **Finding: Oregon City will need to meet the requirements of House Bill 2001.** The legislature passed House Bill 2001 in the 2019 Legislative Session. The bill requires cities within the Metro UGB to allow "middle" housing types in low-density residential zones. The bill defines middle housing types as duplexes, triplexes, quadplexes, cottage clusters, and townhouses.
 - **Recommendation:** The City should continue the process of developing and adopting zoning code to comply with these requirements.
 - **Finding: Oregon City is currently in the process of a Comprehensive Plan Update.** This 2021 HNA report presents updated information related to Oregon City's Housing

Element of the Comprehensive Plan. Additionally, changes in Oregon City's demographics have presented a need for a greater variety of housing types. In 2019, Oregon City participated in a preliminary housing needs analysis process through the development of the Clackamas County Housing Needs Analysis. This report builds on the information presented for Oregon City in that project and provides updated data where necessary.

- **Recommendation:** Oregon City should adopt this HNA report as an appendix to the Comprehensive Plan. HB 2003 requires that Oregon City update its HNA every six years to analyze what housing is needed for current and future residents for a 20-year period.

Oregon City has identified a project to start within a year to look at non-zoning strategies to support the development of housing (including affordable housing). This initial study will allow the consideration of additional tools and partnerships in advance of a Housing Production Strategy (HPS) according to the guidance in HB 2003. An HPS includes consideration of additional information about the housing needs of underserved communities and engagement with underserved communities about potential approaches to meeting their needs.

Overall, Oregon City has worked to increase the supply of housing over the past few years by removing and reducing barriers in the zoning code and allowing a wider variety of housing types throughout the City. Though there is no need to rezone land for housing based on this analysis, the City should continue to watch the supply of housing and look for opportunities to increase types of housing and affordability. Affordability of housing will continue to be challenging for many in Oregon City over the long-run.

Appendix A: Buildable Lands Inventory Methodology

A key initial component of the Housing Needs Analysis is conducting a buildable lands inventory (BLI). This appendix summarizes the methods ECONorthwest used to conduct the residential BLI for Oregon City.

Oregon Administrative Rules provide guidance on conducting residential BLIs:

OAR 660-008-0005(2):

“Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. Publicly owned land is generally not considered available for residential uses. Land is generally considered “suitable and available” unless it:

- (a) Is severely constrained by natural hazards as determined under Statewide Planning Goal 7;*
- (b) Is subject to natural resource protection measures determined under Statewide Planning Goals 5, 6, 15, 16, 17 or 18;*
- (c) Has slopes of 25 percent or greater;*
- (d) Is within the 100-year flood plain; or*
- (e) Cannot be provided with public facilities.*

The methods used for conducting the Oregon City BLI are consistent with Oregon statutes. The Oregon City BLI presented in this analysis aligns with the methods and definitions in the 2019 Clackamas County Regional Housing Needs Analysis, with updated classifications to reflect development since 2019.

Methodology

The BLI is based on the data and methods used by Metro. Metro is required to complete a BLI for land within the regional UGB every six years. The agency finished an updated BLI (based on 2016 data) in November 2018 for the 2018 Urban Growth Report (UGR). The methods used for inventorying lands in Oregon City attempt to be consistent with Metro’s results while also updating the results to account for new development since the 2019 BLI was completed for the Clackamas County Regional Housing Needs Analysis and other local conditions, such as unique environmental constraints.

Study Area

The BLI for the Oregon City (city limits and UGB areas) includes all residential land designated in the Comprehensive Plan.⁵⁸ ECONorthwest used the tax lot shapefile from Metro's 2018 BLI (2016 tax lot base data), with attention to lots that subdivided since 2016 based on local staff identification. City staff then reviewed these areas and identified lots that should be excluded or included for their jurisdiction based on future planning or errors in GIS data.

Inventory Steps

The BLI consists of several steps:

1. Generating UGB "land base"
2. Classifying land by development status
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

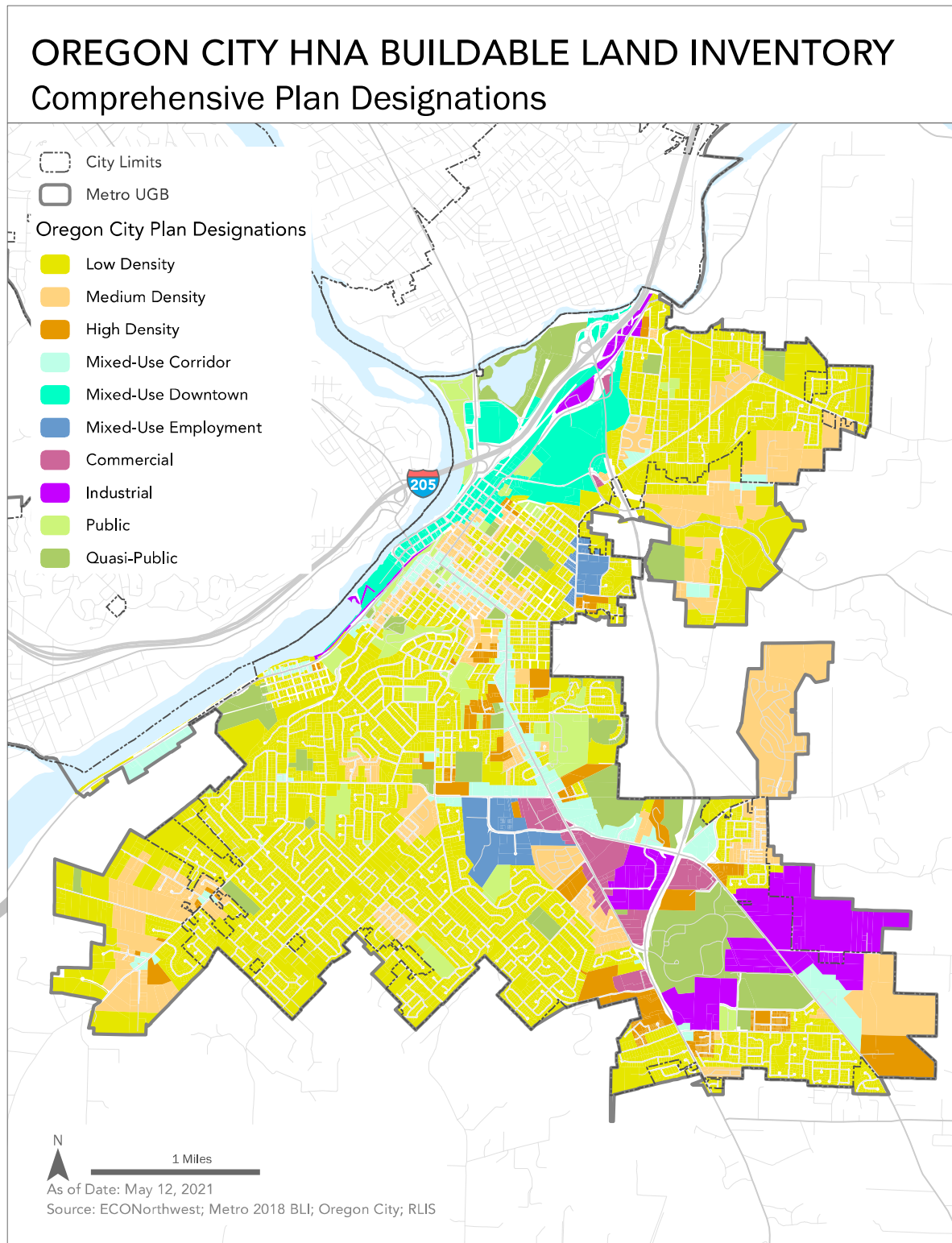
Step 1: Generate "Land Base"

Per Goal 10 this involves selecting all of the tax lots with residential and other nonemployment plan designations where residential uses are planned for and allowed by the implementing zones.

Exhibit 67 shows the residential plan designations included in the BLI.

⁵⁸ ECONorthwest reviewed local plan information for Oregon City based on 2020 RLIS data. Residential comprehensive plan designations remained the same since the 2019 BLI.

Exhibit 67. Residential Land Base by Plan Designation, Oregon City, City Limits and UGB Areas, 2020
Source: ECONorthwest.



Step 2: Classify Lands

In this step, ECONorthwest classified each tax lot with a plan designation that allow residential uses into one of four mutually exclusive categories based on development status:

- Vacant
- Partially vacant
- Public
- Developed

ECONorthwest used the classifications determined through Metro's model, as outlined below.

Development Status	Definition	Statutory Authority
Vacant	Tax lots designated as vacant by Metro based on the following criteria: 1) Fully vacant based on Metro aerial photo 2) Tax lots with less than 2,000 square feet developed AND developed area is less than 10% of lot 3) Lots 95% or more vacant from GIS vacant land inventory	OAR 660-008-0006(2) (2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available, and necessary for residential uses.
Partially Vacant	Single-family tax lots that are 2.5 times larger than the minimum lot size and a building value less than \$300,000 or lots that are 5 times larger than the minimum lots size (no threshold for building value). These lots are considered to still have residential capacity. For this analysis, we are classifying these lots as partially vacant. We assume that 0.25 acres of the lot is developed, and the remaining land is available for development, less constraints.	OAR 660-008-0006(2)
Public	Lands in public ownership are considered unavailable for residential development. This includes lands in federal, state, county, or city ownership. These lands are identified using Metro's definitions and categories.	OAR 660-008-0005(2) - Publicly owned land is generally not considered available for residential uses.
Developed	Lands not classified as vacant, partially vacant, or public are considered developed.	OAR 660-008-0006(2) (2) "Buildable Land" means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available, and necessary for residential uses.

Step 3: Identify Constraints

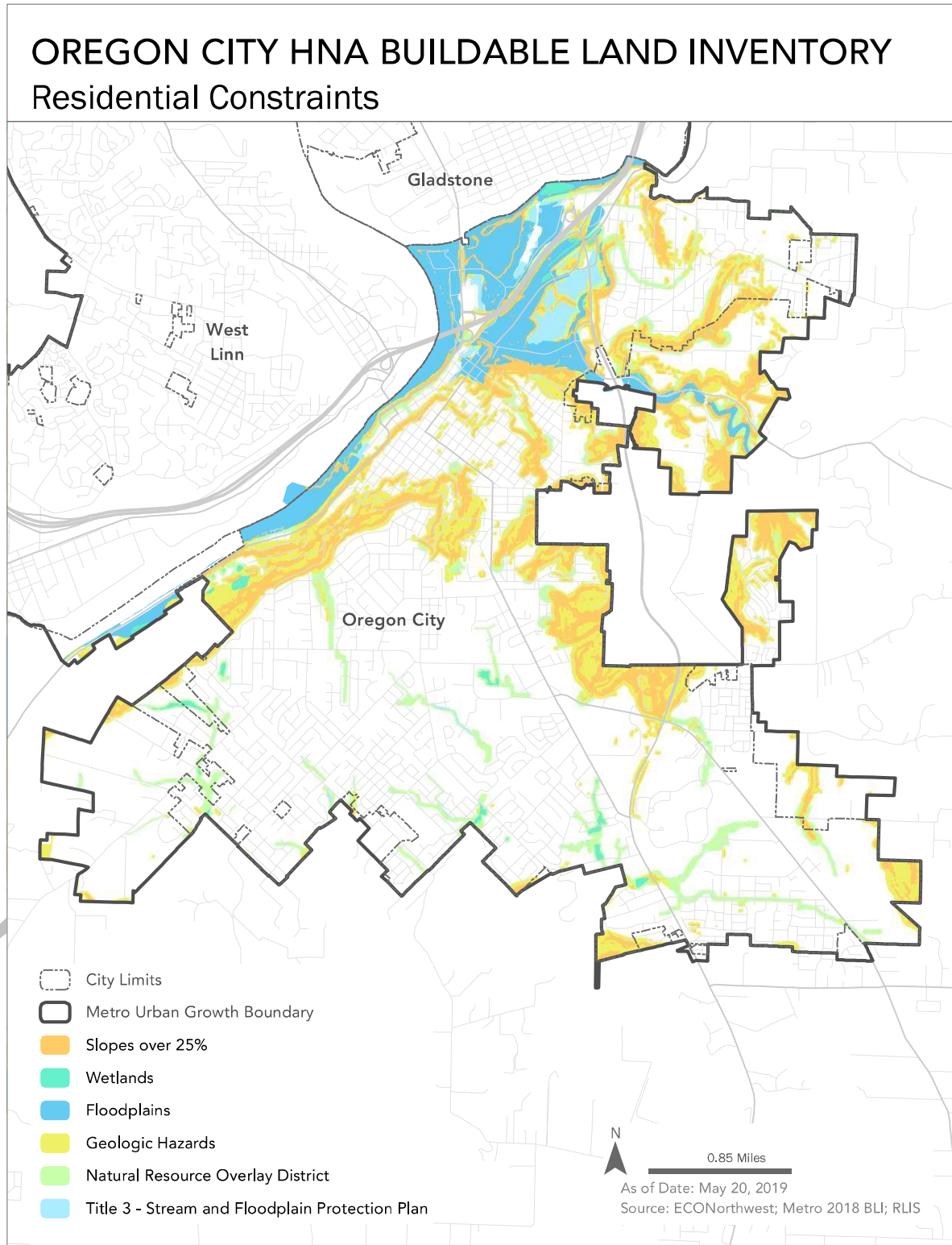
Consistent with OAR 660-008-0005(2) guidance on residential buildable lands inventories, ECONorthwest deducted certain lands with development constraints from vacant lands. Unless cities identified alternative constraints (as identified below), the constraints we used are summarized in the table below.

Constraint	Statutory Authority	Threshold	File name
Goal 5 Natural Resource Constraints			
Regulated wetlands	OAR 660-008-0005(2)	Regulated wetlands	RLIS Wetlands layer
Natural Resources Overlay District	OAR 660-008-0005(2)	Areas in the natural resource overlay district	Overlay district layer
Landslide Hazards	OAR 660-008-0005(2)	Areas in the geologic hazards overlay	Overlay zone layer
Natural Hazard Constraints			
Floodways	OAR 660-008-0005(2)	Lands within FEMA FIRM identified floodway	Title 3 floodplain/floodway layer
100-Year Floodplain	OAR 660-008-0005(2)	Lands within FEMA FIRM 100-year floodplain	Title 3 floodplain/floodway layer
Steep Slopes	OAR 660-008-0005(2)	Slopes greater than 25%	slopes25_Area

These areas are considered as prohibitive constraints (unbuildable) as shown in Exhibit 68. These areas are deducted from lands that are identified as vacant to determine the buildable portion of vacant lots. In addition, we applied any local specific environmental constraints identified by cities that also prohibit the development of vacant lots. These local constraints should clearly limit development potential in the local development code.

The lack of access to water, sewer, power, road or other key infrastructure cannot be considered a prohibitive constraint unless it is an extreme condition. These tax lots are currently unserved but could potentially become serviced over the twenty-year planning period.

Exhibit 68. Residential Development Constraints, Oregon City, City Limits and UGB Areas, 2020



Step 4: Verification

ECONorthwest used a multistep verification process to review development status in Oregon City. The first verification step included a “rapid visual assessment” of land classifications using GIS and recent aerial photos. The rapid visual assessment involved reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. We reviewed all tax lots included in the inventory using the rapid visual assessment methodology. The second round of verification involved City staff verifying the rapid visual assessment output. We amended the BLI based on City staff review and comments, and the 2020 BLI update (since the 2019 BLI) considered areas developed in the past year based on permit information and local confirmation from City staff.

Step 5: Tabulation and Mapping

The results are presented in tabular and map format in Chapter 2.



LAND USE APPLICATION FORM

Type I (OCMC 17.50.030.A) ☐ Compatibility Review ☐ WRG ☐ Comm. Fac ☐ Lot Line Adjustment ☐ Non-Conforming Use Review ☐ Natural Resource (NROD) ☐ Verification ☐ Minor Site Plan & Design Review ☐ Extension of Approval ☐ Historic Review – Remodel ☐ Detailed Dev. Plan (DDP)	Type II (OCMC 17.50.030.B) ☐ Master Plan / PUD / GDP or Amendment ☐ Detailed Development Plan (DDP) ☐ Floodplain Review ☐ Geologic Hazard Overlay ☐ Minor Partition (<4 lots) ☐ Minor Site Plan & Design Review ☐ Non-Conforming Use Review ☐ Site Plan and Design Review / DDP ☐ Subdivision (4+ lots) ☐ Minor Variance ☐ Natural Resource (NROD) Review ☐ Public Improvement Modification ☐ Willamette Greenway ELD Process (OCMC 17.50.030.E) ☐ Expedited Land Division	Type III / IV (OCMC 17.50.030.C & D.) ☐ Annexation ☐ Code Interpretation / Similar Use ☐ Master Plan / PUD / GDP Amendment ☐ Conditional Use ☐ Comprehensive Plan / Legislative Amendment (Code /Map) ☐ Detailed Development Plan DDP ☐ Historic Review ☐ Municipal Code Amendment ☐ Parking Adjustment ☐ Variance ☐ Sign Variance ☐ Natural Resource (NROD) Review ☐ Zone Change (Text/Map) ☐ Willamette Greenway Legislative Action (OCMC 17.50.170) ☒ Legislative
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File Number(s):	Application Date:
Project Name: Oregon City Housing Needs Analysis	
Proposed Land Use or Activity: Adoption of a Housing Needs Analysis	# of Lots Proposed (If Applicable): N/A
Physical Address(es) of Site: citywide	
Clackamas County Map and Tax Lot Number(s): N/A	

Applicant(s)

Applicant(s) Signature:		
Applicant(s) Name Printed: City of Oregon City		Date:
Mailing Address: PO Box 3040, Oregon City, Oregon 97045		
Phone:	Fax:	Email:

Property Owner(s) – See reverse for more than two Owners

Property Owner #1 Same as Above		
Property Owner#1 Signature: <i>A. Konkol</i>		
Property Owner#1 Name Printed: A. Konkol		Date: 9-16-21
Mailing Address: 625 Center St		
Ownership Address:		
Phone: 503 657 0891	Fax:	Email:

Property Owner #2		
Property Owner#2 Signature		
Property Owner#2 Name Printed:		Date:
Mailing Address:		
Ownership Address:		
Phone:	Fax:	Email:

Representative(s)

Representative(s) Signature		
Representative(s) Name Printed:		Date:
Mailing Address:		
Phone:	Fax:	Email:

All signatures represented must have the full legal capacity and hereby authorize the filing of this application and certify that the information and exhibits herewith are correct and indicate the parties willingness to comply with all code requirements.

LEGISLATIVE APPLICATION FOR HOUSING NEEDS ANALYSIS UPDATED 2021

I. BACKGROUND:

Do we have enough opportunities to accommodate our future housing needs?

The enclosed Housing Needs Analysis (HNA) includes housing data and forecasts on demographic and socioeconomic trends to understand how much housing will be need in the future and if we have enough available land to accommodate the community's needs. This technical analysis will help the community understand whether Oregon City has enough land to accommodate growth over the next 20 years and if any housing policy changes are needed.

The housing forecast will repeal and replace the Housing Technical Report (2002) which was adopted in 2004 as an ancillary document to the Comprehensive Plan.

The *Oregon City 2021-2041 Housing Needs Analysis* presents a forecast of future housing growth in Oregon City for the 2021-2041 period. It includes an inventory of buildable residential land within Oregon City and in areas of future expansion for the city (only including areas within the Metro urban growth boundary). The *Housing Needs Analysis* presents information about residential development trends and housing affordability within Oregon City.¹ It provides a foundation for future housing policy decisions.

How will the information be Used?

The City anticipates using the study to inform housing policies and actions in the upcoming Comprehensive Plan Update process (OC 2040). OC 2040 will develop policies to respond to the unmet housing needs identified in the *Housing Needs Analysis*, which are primarily around need for affordable housing and meeting a small deficit (8 acres) of land in the High Density plan designation. In short, the *Housing Needs Analysis* provides the factual basis for understanding housing needs in Oregon City and the OC 2040 project will include development of polices to address these housing needs.

II. DECISION-MAKING CRITERIA

The remainder of this staff report provides additional findings to demonstrate that the proposed annexation code amendments are consistent with applicable approval criteria.

Chapter 17.68 - Zoning Changes and Comprehensive Plan Amendments

17.68.010 - Initiation of the amendment.

A text amendment to the comprehensive plan, or an amendment to the zoning code or map or the Comprehensive Plan map, may be initiated by:

- A. A resolution request by the City Commission;*
- B. An official proposal by the Planning Commission;*
- C. An application to the Planning Division; or.*
- D. A Legislative request by the Planning Division.*

All requests for amendment or change in this title shall be referred to the Planning Commission.

¹ The UGB areas include the buildable lands inventory and forecasted household growth in TAZs 726, 733, and 740.

Finding: The proposal qualifies as initiated as a legislative request by the Planning Division at the direction of the City Commission.

17.68.015 –Procedures.

Applications shall be reviewed pursuant to the procedures set forth in Chapter 17.50.

17.50.170 - Legislative hearing process.

A. Purpose. Legislative actions involve the adoption or amendment of the city's land use regulations, comprehensive plan, maps, inventories and other policy documents that affect the entire city or large portions of it. Legislative actions which affect land use shall begin with a public hearing before the planning commission.

B. Planning Commission Review.

1. Hearing Required. The planning commission shall hold at least one public hearing before recommending action on a legislative proposal. Any interested person may appear and provide written or oral testimony on the proposal at or prior to the hearing. The community development director shall notify the Oregon Department of Land Conservation and Development (DLCD) as required by the post-acknowledgment procedures of ORS 197.610 to 197.625, as applicable.

C. City Commission Review.

1. City Commission Action. Upon a recommendation from the planning commission on a legislative action, the city commission shall hold at least one public hearing on the proposal. Any interested person may provide written or oral testimony on the proposal at or prior to the hearing. At the conclusion of the hearing, the city commission may adopt, modify or reject the legislative proposal, or it may remand the matter to the planning commission for further consideration. If the decision is to adopt at least some form of the proposal, and thereby amend the city's land use regulations, comprehensive plan, official zoning maps or some component of any of these documents, the city commission decision shall be enacted as an ordinance.

2. Notice of Final Decision. Not later than five days following the city commission final decision, the community development director shall mail notice of the decision to DLCD in accordance with ORS 197.615(2).

Finding: This legislative action will follow the procedures found in OCMC 17.50.170 including meetings with the Citizen Involvement Committee, Planning Commission, and City Commission.

17.68.020 - Criteria.

The criteria for comprehensive plan amendment or text or map amendment in the zoning code are set forth as follows:

A. The proposal shall be consistent with the applicable goals and policies of the comprehensive plan;

Finding: This legislative action is consistent with the applicable goals and policies of the comprehensive plan as detailed in the responses below. Therefore, the proposed amendments are consistent with Criterion (A).

Conformity of the proposal with the city's comprehensive plan;

Goal 1: Citizen Involvement

Goal 1.1 – Citizen Involvement Program

Policy 1.1.1 *Utilize neighborhood associations as the vehicle for neighborhood-based input to meet the requirements of the Land Conservation and Development Commission (LCDC) Statewide Planning Goal 1, Citizen Involvement. The Citizen Involvement Committee (CIC) shall serve as the officially recognized citizen committee needed to meet LCDC Statewide Planning Goal 1.*

Finding: Neighborhood Associations were sent an invitation to comment on the draft HNA as well as an excerpt of the vacant and partially vacant unconstrained map for land within their neighborhood association boundaries for comment on September 15th. In addition, the Citizen Involvement Committee will be provided a presentation at their October 4th meeting.

Goal 1.2 *Community and Comprehensive Planning Ensure that citizens, neighborhood groups, and affected property owners are involved in all phases of the comprehensive planning program.*

Finding: The City of Oregon City held public meetings presenting the results of the *Housing Needs Analysis* report on July 28, 2021, with the OC 2040 Project Advisory Team (PAT) , and on September 7, 2021, with the Oregon City Planning Commission and City Commission. Both meetings provided opportunity to learn about the analysis, ask questions, and provide input into the outcomes of the analysis. A project website was established and emailed notice of the draft HNA was sent to the Development Stakeholders Group, neighborhood associations, and Citizen Involvement Committee on September 15th. Notice of the application was provided in the October citywide utility bill.

Policy 1.2.1 *Encourage citizens to participate in appropriate government functions and land-use planning.*

Finding: The City of Oregon City held public meetings presenting the results of the *Housing Needs Analysis* report on July 28, 2021, with the OC 2040 Project Advisory Team (PAT) , and on September 7, 2021, with the Oregon City Planning Commission and City Commission. Both meetings provided opportunity to learn about the analysis, ask questions, and provide input into the outcomes of the analysis. A project website was established and emailed notice of the draft HNA was sent to the Development Stakeholders Group, neighborhood associations, and Citizen Involvement Committee on September 15th. Notice of the application was provided in the October citywide utility bill.

Goal 1.4 – Community Involvement

Provide complete information for individuals, groups, and communities to participate in public policy planning and implementation of policies.

Finding: The City of Oregon City held public meetings presenting the results of the *Housing Needs Analysis* report on July 28, 2021, with the OC 2040 Project Advisory Team (PAT), and on September 7, 2021, with the Oregon City Planning Commission and City Commission. Both meetings provided opportunity to learn about the analysis, ask questions, and provide input into the outcomes of the analysis. The draft *Housing Needs Analysis* was made available on the OC 2040 PAT web page and again in the joint Oregon City Planning Commission and City Commission packet. A project website was established and emailed notice of the draft HNA was sent to the Development Stakeholders Group, neighborhood associations, and Citizen Involvement Committee on September 15th. Notice of the application was provided in the October citywide utility bill.

Policy 1.4.1 *Notify citizens about community involvement opportunities when they occur.*

Finding: Opportunities to become involved in the PAT meeting was noticed a week in advance of the meeting and the joint Oregon City Planning Commission and City Commission was also noticed. A project website was established and emailed notice of the draft HNA was sent to the Development Stakeholders Group, neighborhood associations, and Citizen Involvement Committee on September 15th. Notice of the application was provided in the October citywide utility bill.

Comprehensive Plan Section 2 Land Use

Goal 2.1 Efficient Use of Land

Ensure that property planned for residential, commercial, office, and industrial uses is used efficiently and that land is developed following principles of sustainable development.

Finding: The *Housing Needs Analysis* developed an inventory of buildable land where housing is allowed with clear and objective standards. The inventory included all land in residential plan designations, as well as land in the Mixed Use Corridor, Mixed Use Downtown, and General Commercial designations. The inventory identified vacant and partially vacant land, excluding land with development constraints that prohibit development. These development constraints included: land within floodplains and flood ways, land within natural resource protection areas, land with slopes over 25%, and land in geologic hazards.

The *Housing Needs Analysis* forecast the future of Oregon City's housing mix in accordance with the requirements of OAR 660-007-0030 (1), which says that Oregon City must "...provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing..." The *Housing Needs Analysis* assumes that 50% of new housing in Oregon City will be single-family detached, 20% will be single-family attached, 10% will be duplex/triplex/quadplex, and 20% will be multifamily with 5 or more units per structure. In 2015-2019, 73% of Oregon City's housing was single-family detached, 7% was single-family attached, 6% was duplex/triplex/quadplex, and 13% was multifamily with 5 or more units per structure

The *Housing Needs Analysis* analyzed development densities for development occurring over the 2000 to 2020 period. The *Housing Needs Analysis* analyzed assumed new development would occur at the same densities as it had in the past, with an increase of 3% in densities in residential plan designations to account for implementation of House Bill 2001, as allowed by ORS 197.296 (6) (b). The overall average density for development that occurred between 2000 and 2020 was 6.6 dwelling units per acre. Given the existing base of buildable residential land in Oregon City and the assumptions above about housing mix and density, the *Housing Needs Analysis* shows that Oregon City is planning for an overall average of 9.5 dwelling units per net acre.

Through these measures residential land is used efficiently and developed sustainably.

Goal 2.4 Neighborhood Livability

Provide a sense of place and identity for residents and visitors by protecting and maintaining neighborhoods as the basic unit of community life in Oregon City while implementing the goals and policies of the other sections of the Comprehensive Plan.

Finding: The *Housing Needs Analysis* builds from existing master plans, such as the Park Place, Thimble Creek, and South End master plans. These plans determined the facilities, connectivity, land uses, and

commercial centers in Oregon City. The *Housing Needs Analysis* uses densities from historical development and the densities currently allowed within these master plans and the City's Comprehensive Plan and zoning code.

The *Housing Needs Analysis* accounts for environmental constraints, which reduce the amount of buildable land. These constraints include Goal 5 Natural Resources Constraints (such as regulated wetlands, natural resources overlay district, and landslide hazards) and Natural Hazard Constraints (such as floodways, 100-year floodplain, and steep slopes).

This criterion is met through use of historical development policies, current densities allowed within the master plans and the City's Comprehensive Plan and zoning code, and with exclusion of environmental constraints from the inventory of buildable land. The HNA will not result in any change to the development code or automatic zoning changes.

Goal 2.5 Retail and Neighborhood Commercial

Policy 2.5.4 *Encourage the development of successful commercial areas organized as centers surrounded by higher density housing and office uses, rather than as commercial strips adjacent to low-density housing.*

Finding: The *Housing Needs Analysis* assumes that residential development will occur on 70% of vacant unconstrained buildable land in the Mixed Use Plan Designation at a density of 19.8 dwelling unit per net acre, consistent with historical development densities in Mixed Use over the 2000 to 2020 period. The *Housing Needs Analysis* assumes that Mixed Use areas will develop with a mixture of residential and commercial uses, both in vertical mixed use buildings and as a mixed use district.

Goal 2.7 Oregon City Comprehensive Plan Land-Use Map

Maintain the Oregon City Comprehensive Plan Land-Use Map as the official long-range planning guide for land-use development of the city by type, density and location.

Finding: The *Housing Needs Analysis* uses information about housing mix and density based both on historical development patterns for the 2000 to 2020 period and the uses currently allowed in the *Oregon City Comprehensive Plan*. The buildable lands inventory identifies vacant, unconstrained buildable land based on the *Oregon City Comprehensive Plan Land-Use Map*.

Policy 2.7.1 *Maintain a sufficient land supply within the city limits and the Urban Growth Boundary to meet local, regional, and state requirements for accommodating growth.*

Finding: The *Housing Needs Analysis* finds that Oregon City² has sufficient residential capacity vacant, unconstrained buildable land in the following designations: Low Density Residential, Medium Density Residential, and Mixed Use. The *Housing Needs Analysis* finds that Oregon City has a deficit for about 169 dwelling units or 8 acres of land in the High Density Residential designation.

The *Housing Needs Analysis* recommends that Oregon City monitor land available in all plan designation and may look for opportunities for redevelopment on underutilized land to address the minor deficit of

² Oregon City includes land within the city limits and UGB areas adjacent to Oregon City that are expected to annex into Oregon City in the future. The UGB areas include the buildable lands inventory and forecasted household growth in TAZs 726, 733, and 740.

high density residential land. Through the OC 2040 project, the City will identify opportunities to meet the identified land deficit in the High Density Residential designation.

Goal 3: Agricultural Lands

Finding: Goal 3 is not applicable.

Goal 4: Forest Lands

Finding: Goal 4 is not applicable.

Goal 5: Open Spaces, Scenic and Historic Areas, and Natural Resources

Finding: Goal 5 requires the City to inventory, protect and conserve natural, scenic and historic resources within the City. The buildable land inventory conducted as part of the *Housing Needs Analysis* addresses areas that the City has identified as natural resources through its Goal 5 inventory, regional inventories of natural resources, and associated development code requirements intended to protect, conserve or minimize impacts to these resources. The BLI identifies these areas as “constrained” consistent with City development code standards and policies and assumes no for future housing in these areas. Through this analysis process and continued implementation of the City’s policies and standards associated with natural resource protection, City staff find the requirements of Goal 5 have been met.

Goal 6: Quality of Air, Water, and Land Resources

Finding: Goal 6 requires local comprehensive plans and implementing measures to be consistent with state and federal regulations. By complying with applicable air, water and land resource quality policies in the Oregon City Comprehensive Plan, City staff find the requirements of Goal 6 have been properly addressed.

Goal 7: Natural Hazards

Finding: Goal 7 requires that jurisdictions apply appropriate safeguards when planning development in areas that are subject to natural hazards such as flood hazards.

The identified natural hazards in Oregon City are flooding and landslide hazards. Land within the floodway is considered unsuitable for urban development. The alternatives analysis considered lands within the 100-year floodplain, steep slopes, and areas with landslide hazards to be unbuildable and excluded from the inventory of vacant, unconstrained buildable land. The requirements of Goal 7 have been properly addressed.

Goal 8: Parks and Recreation

Finding: Goal 8 is not applicable.

Goal 9: Economic Development

Finding: Goal 9 is not applicable.

Goal 10: Housing

Policy 10.1.1 Maintain the existing residential housing stock in established older neighborhoods by maintaining existing Comprehensive Plan and zoning designations where appropriate.

Finding: The *Housing Needs Analysis* assumes that vacant, unconstrained buildable land in existing residential Comprehensive Plan Designations will develop at densities consistent with historical development in each designation and the densities currently allowed within these master plans and the City's Comprehensive Plan and zoning code. The *Housing Needs Analysis* does not pose changes to the existing Comprehensive Plan or zoning maps. This criterion is met.

Policy 10.1.3 *Designate residential land for a balanced variety of densities and types of housing, such as single-family attached and detached, and a range of multi-family densities and types, including mixed-use development.*

Finding: The Oregon City *Comprehensive Plan Land-Use Map* has designated land for a balanced variety of densities and housing types. No changes to the map are proposed. This criterion is met.

Policy 10.1.4 *Aim to reduce the isolation of income groups within communities by encouraging diversity in housing types within neighborhoods consistent with the Clackamas County Consolidated Plan, while ensuring that needed affordable housing is provided.*

Finding: The *Housing Needs Analysis* forecasts increases in housing diversity of housing types in Oregon City as follows: 50% of new housing will be single-family detached (compared with 73% of existing housing stock); 20% of new housing will be single-family attached (compared with 7% of existing housing stock); 10% of new housing will be duplex/triplex/quadplex (compared with 6% of existing housing stock); and 20% of new housing will be multifamily with five or more units per structure (compared with 13% of existing housing stock).

The *Housing Needs Analysis* finds that Oregon City has unmet need for affordable housing. About 34% of households in Oregon City are cost burdened (i.e., spending 30% or more of their income on housing costs), with 50% of renter households cost burdened. As the City grows through 2041, the need for affordable housing will grow with population, with about 26% of new households needing housing affordable to households earning less than 50% of Clackamas County's Median Family Income (\$46,000) and 21% of new households needing housing affordable to households earning between 50% and 80% of Clackamas County's Median Family Income (\$46,000 to \$74,000).

The lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. The *Housing Needs Analysis* recommends that Oregon City should provide opportunities for affordable housing development for both rental and ownership over the 20-year period, and the City should look for opportunities for affordable housing development for all housing types.

Through the OC 2040 project, Oregon City will develop policies to respond to the unmet need for affordable housing to respond to the needs identified in the *Housing Needs Analysis*. This criterion is met.

Goal 10.2 *Supply of Affordable Housing Provide and maintain an adequate supply of affordable housing.*

Finding: The *Housing Needs Analysis* identifies need for additional affordable housing and recommends the City should develop policies to support production of affordable housing. Through the OC 2040 project, Oregon City will develop policies to respond to the unmet need for affordable housing to respond to the needs identified in the *Housing Needs Analysis*.

Policy 10.2.1 Retain affordable housing potential by evaluating and restricting the loss of land reserved or committed to residential use. When considering amendments to the Comprehensive Plan Land-Use Map, ensure that potential loss of affordable housing is replaced.

Finding: The *Housing Needs Analysis* does not propose actions that will result in loss of land for residential uses or changes to the *Comprehensive Plan Land-Use Map*. This criterion is not applicable.

Goal 11: Public Facilities

Finding: Goal 11 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Goal 12: Transportation

Finding: Goal 12 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Goal 13 – Energy

Finding: Goal 13 is not applicable.

Section 14 Urbanization

Finding: Goal 14 is not applicable as no change is proposed to the Metro Urban Growth Boundary.

Goal 14.1 Urban Growth Boundary Establish, and amend when appropriate, the Urban Growth Boundary in the unincorporated area around the city that contains sufficient land to accommodate growth during the planning period for a full range of city land uses, including residential, commercial, industrial, and institutional.

Policy 14.1.1 The Urban Growth Boundary shall conform to Title 11 of the Code of the Metropolitan Service District and will provide sufficient land to accommodate 20-year urban land needs, resulting in efficient urban growth and a distinction between urban uses and surrounding rural lands, and promoting appropriate infill and redevelopment in the city

Section 15 Willamette River Greenway

Finding: Goal 15 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Statewide Planning Goals

Goal 1 Citizen Involvement

Finding: Goal 1 calls for the opportunity for citizens to be involved in all phases of the planning process. The public was provided the opportunity to be involved in the decision-making process regarding the *Housing Needs Analysis* through public meetings (in-person and by video conference), including: (1) the OC 2040 Project Advisory Team (PAT) on July 28, 2021 and (2) a joint work session with the Oregon City Planning Commission and City Commission September 7, 2021. Notice of the project was sent to the neighborhood associations, Citizen Involvement Committee, and the Development Stakeholders Group. The Citizen Involvement Committee will hear a presentation on October 4th.

A project website was established and emailed notice of the draft HNA was sent to the Development Stakeholders Group, neighborhood associations, and Citizen Involvement Committee on September 15th. Notice of the application was provided in the October citywide utility bill.

Goal 2 Land Use Planning

Finding: Goal 2 outlines the basic procedures of Oregon’s statewide planning program, stating that land use decisions must be made in accordance with comprehensive plans and that effective implementation ordinances must be adopted.

In the process of developing the housing needs analysis, the City inventoried existing residential land uses, projected suitable land needs by land use classifications, and compared these needs with buildable land within Oregon City. The *Housing Needs Analysis* finds that Oregon City has sufficient residential capacity vacant, unconstrained buildable land in the following designations: Low Density Residential, Medium Density Residential, and Mixed Use. The *Housing Needs Analysis* finds that Oregon City has a deficit for about 169 dwelling units or 8 acres of land in the High Density Residential designation. The requirements of Goal 2 are met.

Goal 3: Agricultural Lands

Finding: Goal 3 is not applicable.

Goal 4: Forest Lands

Finding: Goal 4 is not applicable.

Goal 5: Open Spaces, Scenic and Historic Areas, and Natural Resources

Finding: Goal 5 requires the City to inventory, protect and conserve natural, scenic and historic resources within the City. The buildable land inventory conducted as part of the *Housing Needs Analysis* addresses areas that the City has identified as natural resources through its Goal 5 inventory, regional inventories of natural resources, and associated development code requirements intended to protect, conserve or minimize impacts to these resources. The BLI identifies these areas as “constrained” consistent with City development code standards and policies and assumes no for future housing in these areas. Through this analysis process and continued implementation of the City’s policies and standards associated with natural resource protection, the requirements of Goal 5 have been met.

Goal 6: Quality of Air, Water, and Land Resources

Finding: Goal 6 requires local comprehensive plans and implementing measures to be consistent with state and federal regulations. By complying with applicable air, water and land resource quality policies in the Oregon City Comprehensive Plan, the requirements of Goal 6 have been properly addressed.

Goal 7: Natural Hazards

Finding: Goal 7 requires that jurisdictions apply appropriate safeguards when planning development in areas that are subject to natural hazards such as flood hazards.

The identified natural hazards in Oregon City are flooding and landslide hazards. Land within the floodway is considered unsuitable for urban development. The alternatives analysis considered lands within the 100-year floodplain, steep slopes, and areas with landslide hazards to be unbuildable and excluded from the inventory of vacant, unconstrained buildable land. The requirements of Goal 7 have been properly addressed.

Goal 8 Recreational Needs

Finding: Goal 8 is not applicable.

Goal 9 Economic Development

Finding: Goal 9 is not applicable.

Goal 10 Housing

Finding: Goal 10 requires the City to maintain and plan for an adequate supply of land to accommodate 20 years of future growth, providing flexibility in housing location, type, and density to ensure the availability and prices of housing units are commensurate with the needs and financial capabilities of Oregon households. Comprehensive plans are required to include an analysis of local housing needs by type and affordability, an assessment of housing development potential, and an inventory of residential land; contain policies for residential development and supportive services based on that analysis that increase the likelihood that needed housing types will be developed; and provide for an adequate supply of a variety of housing types consistent with identified policies and meeting minimum density and housing mix requirements (established by OAR 660, Division 007).

The *Housing Needs Analysis*, which is proposed to be adopted as an ancillary document to the Comprehensive Plan, provides information about the factors that could affect housing development, including demographics, affordability trends, workforce housing availability, market health, and regulatory structure. The *Housing Needs Analysis* includes the City's buildable lands inventory for residential within Oregon City and UGB areas outside of the city limits but within the UGB.³

The *Housing Needs Analysis* finds that Oregon City has sufficient residential capacity vacant, unconstrained buildable land in the following designations: Low Density Residential, Medium Density Residential, and Mixed Use. The *Housing Needs Analysis* finds that Oregon City has a deficit for about 169 dwelling units or 8 acres of land in the High Density Residential designation.

The *Housing Needs Analysis* is intended to identify unmet housing needs. Future policy work, in the OC 2040 project, will identify remedies to the unmet housing needs. The *Housing Needs Analysis* recommends that Oregon City monitor land available in all plan designation and may look for opportunities for redevelopment on underutilized land to address the minor deficit of high density residential land. Through the OC 2040 project, Oregon City will develop policies to respond to the unmet need for affordable housing to respond to the needs identified in the *Housing Needs Analysis* and the identified land deficit in the High Density Residential designation.

The proposed HNA will repeal and replace the 2002 housing analysis which was adopted in 2004 as an ancillary document to the Comprehensive Plan. This criterion is met.

Consistency with the Metropolitan Planning Rule

Cities within the Portland Metropolitan region must comply with two requirements related to the capacity of buildable land. Both requirements are found in Oregon Administrative Rule (OAR) 660-007. The two rules state that:

³ The UGB areas include the forecasted household growth in TAZs 726, 733, and 740.

- *Jurisdictions other than small developed cities must either designate sufficient buildable land to 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. (OAR 660-007-0030 (1))*
- *Clackamas and Washington Counties, and the cities of Forest Grove, Gladstone, Milwaukie, Oregon City, Troutdale, Tualatin, West Linn and Wilsonville must provide for an overall density of eight or more dwelling units per net buildable acre. (OAR 660-007-0035 (2))*

Oregon City is in compliance with both these requirements.

- The *Housing Needs Analysis* forecasts increases in housing diversity of housing types in Oregon City as follows: 50% of new housing will be single-family detached (compared with 73% of existing housing stock); 20% of new housing will be single-family attached (compared with 7% of existing housing stock); 10% of new housing will be duplex/triplex/quadplex (compared with 6% of existing housing stock); and 20% of new housing will be multifamily with five or more units per structure (compared with 13% of existing housing stock).
- The *Housing Needs Analysis* shows that Oregon City is planning for an overall average of 9.5 dwelling units per net acre, as a result of the existing base of buildable residential land in Oregon City and the assumptions above about housing mix and density.

This criterion is met.

Goal 11 Public Facilities and Services

Finding: Goal 11 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Goal 12 Transportation

Finding: Goal 12 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Goal 13 Energy Conservation

Finding: Goal 13 is not applicable.

Goal 14 Urbanization

Finding: Goal 14 is not applicable as no change is proposed to the Metro Urban Growth Boundary, which Oregon City is within.

Goal 15 Willamette River Greenway

Finding: Goal 15 is not applicable as no changes are proposed to the *Comprehensive Plan Land-Use Map* or zoning map and future development densities are consistent with historical or currently allowed development densities.

Goal 16 Estuarine Resources

Finding: Goal 16 is not applicable.

Goal 17 Coastal Shorelands

Finding: Goal 17 is not applicable.

Goal 18 Beaches and Dunes

Finding: Goal 18 is not applicable.

Goal 19 Ocean Resources

Finding: Goal 19 is not applicable.

Chapter 17.50 Administration and Procedures**17.50.050 – Pre-application conference.**

- A. *Pre-application Conference. Prior to a Type II – IV or Legislative application, excluding Historic Review, being deemed complete, the applicant shall schedule and attend a pre-application conference with City staff to discuss the proposal, unless waived by the Community Development Director. The purpose of the pre-application conference is to provide an opportunity for staff to provide the applicant with information on the likely impacts, limitations, requirements, approval standards, fees and other information that may affect the proposal.*
- 1. To schedule a pre-application conference, the applicant shall contact the Planning Division, submit the required materials, and pay the appropriate conference fee.*
 - 2. At a minimum, an applicant should submit a short narrative describing the proposal and a proposed site plan, drawn to a scale acceptable to the City, which identifies the proposed land uses, traffic circulation, and public rights-of-way and all other required plans.*
 - 3. The Planning Division shall provide the applicant(s) with the identity and contact persons for all affected neighborhood associations as well as a written summary of the pre-application conference.*
- B. *A pre-application conference shall be valid for a period of six months from the date it is held. If no application is filed within six months of the conference or meeting, the applicant shall schedule and attend another conference before the City will accept a permit application. The Community Development Director may waive the pre-application requirement if, in the Director's opinion, the development has not changed significantly and the applicable municipal code or standards have not been significantly amended. In no case shall a pre-application conference be valid for more than one year.*
- C. *Notwithstanding any representations by City staff at a pre-application conference, staff is not authorized to waive any requirements of this code, and any omission or failure by staff to recite to an applicant all relevant applicable land use requirements shall not constitute a waiver by the City of any standard or requirement.*

Finding: The proposed Legislative application held a pre-application conference (PA 21-36) on September 1st including discussion of the review process and applicable criteria.

17.50.055 - Neighborhood association meeting.

Neighborhood Association Meeting. The purpose of the meeting with the recognized neighborhood association is to inform the affected neighborhood association about the proposed development and to receive the preliminary responses and suggestions from the neighborhood association and the member residents.

- A. *Applicants applying for annexations, zone change, comprehensive plan amendments, conditional use, Planning Commission variances, subdivision, or site plan and design review (excluding minor site plan and design review), general development master plans or detailed development plans applications shall schedule and attend a meeting with the City-recognized neighborhood association in whose territory the application is proposed no earlier than one year prior to the date of application. Although not required for other projects than those identified above, a meeting with the neighborhood association is highly recommended.*
- B. *The applicant shall request via email or regular mail a request to meet with the neighborhood association chair where the proposed development is located. The notice shall describe the proposed project. A copy of this notice shall also be provided to the chair of the Citizen Involvement Committee.*
- C. *A meeting shall be scheduled within thirty days of the date that the notice is sent. A meeting may be scheduled later than thirty days if by mutual agreement of the applicant and the neighborhood association. If the neighborhood association does not want to, or cannot meet within thirty days, the applicant shall host a meeting inviting the neighborhood association, Citizen Involvement Committee, and all property owners within three hundred feet to attend. This meeting shall not begin before six p.m. on a weekday or may be held on a weekend and shall occur within the neighborhood association boundaries or at a City facility.*
- D. *If the neighborhood association is not currently recognized by the City, is inactive, or does not exist, the applicant shall request a meeting with the Citizen Involvement Committee.*
- E. *To show compliance with this section, the applicant shall submit a copy of the email or mail notice to the neighborhood association and CIC chair, a sign-in sheet of meeting attendees, and a summary of issues discussed at the meeting. If the applicant held a separately noticed meeting, the applicant shall submit a copy of the meeting flyer, postcard or other correspondence used, and a summary of issues discussed at the meeting and submittal of these materials shall be required for a complete application.*

Finding: The criterion is not applicable to the Legislative application proposed, however, the Citizen Involvement Committee will hear a presentation of the Housing Needs Analysis on October 4th.

Metro Requirements

The Metro UGMFP provides tools to meet regional goals and objectives adopted by Metro Council, including the 2040 Growth Concept and the Regional Framework Plan. Under the Metro Charter, the City of Oregon City's Comprehensive Plan and implementing ordinances are required to comply and be consistent with the UGMFP. The UGMFP consists of 11 code titles with policies and compliance procedures for the following topics:

- Title 1: Housing Capacity
- Title 3: Water Quality and Flood Management (not applicable)
- Title 4: Industrial and Other Employment Areas (not applicable)
- Title 6: Centers, Corridors, Station Communities and Main Streets (not applicable)
- Title 7: Housing Choice
- Title 8: Compliance Procedures
- Title 10: Definitions (not applicable)
- Title 11: Planning for New Urban Areas (not applicable)

- Title 12: Protection of Residential Neighborhoods (not applicable)
- Title 13: Nature in Neighborhoods (not applicable)
- Title 14: Urban Growth Boundary (not applicable)

Metro requires “substantial compliance” with requirements in the UGMFP. Per the definition in Title 10, “substantial compliance” means that the City’s Comprehensive Plan conforms with the purposes of the performance standards in the functional plan “on the whole.” Any failure to meet individual performance standard requirements is considered technical or minor in nature.

The findings below address applicable Titles of the UGMFP. Based on the findings described below, the proposed Comprehensive Plan Amendment substantially complies with all applicable titles of the UGMFP.

Title 1: Housing Capacity

Finding: Title 1 of the UGMFP is intended to promote efficient land use within the Metro urban growth boundary (UGB) by increasing the capacity to accommodate housing. Title 1 requires the City to adopt minimum residential development density standards by March 2011. If the City did not adopt a minimum density by March 2011, the City must adopt a minimum density that is at least 80 percent of the maximum density. Title 1 also provides measures to decrease development capacity in selected areas by transferring the capacity to other areas of the community. This may be approved as long as the community’s overall capacity is not reduced.

Oregon City has established minimum densities in its Zoning Code (Title 17: Zoning of the Oregon City Municipal Code) for each residential base zone. These minimum and maximum densities comply with Title 1 for all zones where residential dwelling units are authorized.

The *Housing Needs Analysis* replaces the existing factual basis in the Oregon City Comprehensive Plan and does not reduce densities or make any changes to land use designations or zoning. The *Housing Needs Analysis* assumes increases in housing diversity, with an increase in the share of new housing that will be attached or multifamily housing types. The *Housing Needs Analysis* assumes no decrease in densities and an overall increase in average density resulting from the increase in future share of attached and multifamily housing types. Further, Metro’s 2019 Compliance Report (the most recent report available) concludes that Oregon City is in compliance for the City’s Title 1 responsibilities.

Based on the findings above, the *Housing Needs Analysis* is consistent with Title 1.

Title 7: Housing Choice

Finding: Title 7 of Metro’s Urban Growth Management Functional Plan is designed to ensure the production of affordable housing in the Metro UGB. Each city and county within the Metro region is encouraged to voluntarily adopt an affordable housing production goal. Each jurisdiction within the Metro region is required to ensure that their comprehensive plans and implementing ordinances include strategies to:

- Ensure the production of a diverse range of housing types;
- Maintain the existing supply of affordable housing, increase opportunities for new affordable housing dispersed throughout their boundaries; and

- Increase opportunities for households of all income levels to live in affordable housing (3.07.730).

The *Housing Needs Analysis* assumes that diversity of housing types will increase in Oregon City. The *Housing Needs Analysis* shows that Oregon City has sufficient residential capacity vacant, unconstrained buildable land in the following designations: Low Density Residential, Medium Density Residential, and Mixed Use. The *Housing Needs Analysis* finds that Oregon City has a deficit for about 169 dwelling units or 8 acres of land in the High Density Residential designation. The *Housing Needs Analysis* recommends that Oregon City monitor land available in all plan designation and may look for opportunities for redevelopment on underutilized land to address the minor deficit of high density residential land.

The *Housing Needs Analysis* finds that Oregon City has unmet need for affordable housing. About 34% of households in Oregon City are cost burdened (i.e., spending 30% or more of their income on housing costs), with 50% of renter households cost burdened. As the City grows through 2041, the need for affordable housing will grow with population, with about 26% of new households needing housing affordable to households earning less than 50% of Clackamas County's Median Family Income (\$46,000) and 21% of new households needing housing affordable to households earning between 50% and 80% of Clackamas County's Median Family Income (\$46,000 to \$74,000).

The *Housing Needs Analysis* is intended to identify unmet housing needs. Future policy work, in the OC 2040 project, will identify remedies to the unmet housing needs. The *Housing Needs Analysis* recommends that Oregon City should provide opportunities for affordable housing development for both rental and ownership over the 20-year period, and the City should look for opportunities for affordable housing development for all housing types. Through the OC 2040 project, Oregon City will develop policies to respond to the unmet need for affordable housing. In addition, Metro's 2019 *Compliance Report* concludes that Oregon City is in compliance for the City's Title 7 responsibilities.

Based on the findings above, the *Housing Needs Analysis* is consistent with Title 7.

Title 8: Compliance Procedures

Finding: Title 8 establishes a process for ensuring compliance with requirements of the UGMFP. An amendment to the City comprehensive plan or land use regulations is deemed to comply with the UGMFP only if the City provided notice to Metro as required by section 3.07.820(a). The City of Oregon City will provide Metro with a copy of the draft *Housing Needs Analysis* via Oregon Department of Land Conservation and Development's Plan Amendments (PAPA) website at least 35 days prior to the first evidentiary hearing.

Based on the findings above, the Comprehensive Plan Amendment is consistent with Title 8.

Date/Name	Issue/Comment/Concern	Has this been addressed? How?
10/24/2021 Housing Land Advocates (HLA) and the Fair Housing Council of Oregon (FHCO)	Support for the proposal and thorough report containing detailed Goal 10 findings.	N/A
9/16/21 Amy Wilhite	Concern about properties ability to develop on the north side of Caulfield Road with a powerline easement as well as a question about how the study will be adjusted as the process progresses.	The powerlines were not included in the model assumptions of constraints, but the process included staff review of the model output and now the community as well to make sure the output looks right. A map showing the high voltage lines as a reference in the area did not include unreasonable assumptions of additional development in the powerlines except for the one lot which may have a challenge partitioning an additional lot. The powerlines also affected the land in the South End Concept Plan but the density assumptions resulting from the study were reasonable and similar to those anticipated in the South End Concept Plan. The purpose of the buildable lands inventory is to provide an estimate of potential capacity for accommodating new housing under current zoning and within the context of development trends over the last 10+ years. This is not an estimate of maximum capacity but capacity for development of new housing given the types of development that Oregon City has seen in the recent past and within current city policies. While the buildable lands inventory was completed on a lot-by-lot basis, the amount and type of development the City is likely to see is meant to be a city-wide estimate. The map will be reassessed after we receive more public input to determine if the Buildable Lands Inventory (BLI) needs to be recalculated. At this time staff does not recommend recalculating the BLI.
10/5/21 Mike Roberts	Identification that the proposal does not conflict with Building Department interests.	N/A



October 24, 2021

Oregon City Planning Commission
625 Center Street
Oregon City, OR 97045

RE: GLUA 21-00057 and LEG 21-00004

Amend the Oregon City Comprehensive Plan by repealing a 2002 housing study and adopting a 2021 Housing Needs Analysis as an ancillary document.

Dear Commissioners:

This letter is submitted jointly by Housing Land Advocates (HLA) and the Fair Housing Council of Oregon (FHCO). Both HLA and FHCO are non-profit organizations that advocate for land use policies and practices that ensure an adequate and appropriate supply of affordable housing for all Oregonians.

Both HLA and FHCO support GLUA 21-00057 and LEG 21-00004, and commend the staff for their thorough report containing detailed Goal 10 findings. This staff report will be used as a positive example to assist other cities and jurisdictions. Good luck with the continuation of this project!

Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink that reads "Allan Lazo". The signature is fluid and cursive.

Allan Lazo
Executive Director
Fair Housing Council of Oregon

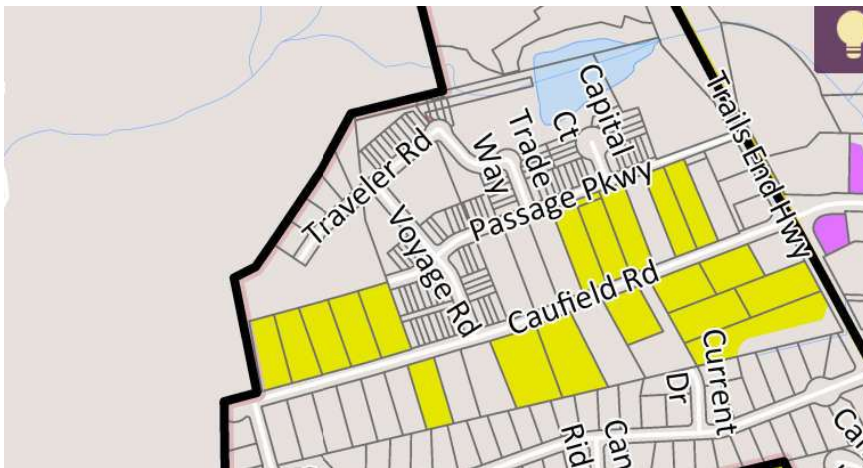
Cc: Gordon Howard, DLCD

Laura Terway

From: Laura Terway
Sent: Friday, September 24, 2021 4:01 PM
To: Amy
Subject: RE: Draft Oregon City Housing Needs Analysis
Attachments: Standard%20-%208.5x11%20Landscape[2].pdf

Amy,

Thanks for your question about the powerlines, it was a good one! The powerlines were not included in the model assumptions of constraints, but the process included staff reviewing the model output and now the community as well to make sure the output looks right. I have included a map showing the high voltage lines as a reference. For your neighborhood association, there were no unreasonable assumptions of additional development in the powerlines except for the lot at the very end of Caufield Road (furthest from the HWY 213) which I will communicate to the consultant with. In addition we will look at a few of the lots at the end of South End Road a little closer too. Thanks again!



From: Amy <awillhit@yahoo.com>
Sent: Friday, September 17, 2021 11:55 AM
To: Laura Terway <lterway@orc.org>
Subject: Re: Draft Oregon City Housing Needs Analysis

Sounds great! Thanks for all you do.

Amy

On Friday, September 17, 2021, 9:43 AM, Laura Terway <lterway@orc.org> wrote:

Amy,

Thanks for taking a look at the map! I have already starting looking into the matter and will get back to you next week.

The map will be revised after we receive more public input. The intention is to make all the map changes at once and recalculate the results at that time. We will generally know if the comments are significant enough to alter the results in advance. Thanks again and have a great weekend!

Laura Terway, AICP

Community Development Director

City of Oregon City

503.496.1553

From: Amy <awillhit@yahoo.com>
Sent: Thursday, September 16, 2021 1:30 PM
To: Laura Terway <lterway@orccity.org>
Subject: Re: Draft Oregon City Housing Needs Analysis

Hi Laura,

One thing I noticed from the map is that the big power lines run through many of the properties on the North side of Caufield Rd, so I don't believe they could be divided in to buildable lots. I dont remember if that was addressed at the Sept 7 meeting when I watched it. Are there other lots highlighted here that might not be buildable? If so, will those be looked at and the map adjusted as we move forward?

Thanks and Happy Thursday,

Amy

On Thursday, September 16, 2021, 11:47 AM, Laura Terway <lterway@orccity.org> wrote:

Good Afternoon Gaffney Lane Neighborhood Association,

Do we have enough opportunities to accommodate our future housing needs?

The City is working on a Housing Needs Analysis (HNA) which includes maps, housing data, and forecasts on demographic and socioeconomic trends to understand how much housing will be need in the future. This technical analysis will help us understand whether Oregon City has enough land to accommodate growth over the next 20 years and if any housing policy changes are needed.

A draft study found that Oregon City should plan for growth of 7,435 new dwelling units over the next 20 years. Much of the growth in housing will be driven by growth in households. The City will meet Metro's requirements for net density and housing mix, but has a slight shortage of land for high-density housing and an unmet need for affordable housing.

The HNA includes a map identifying land with minimal constraints, such as vacant or a portion of the land is vacant and could be residential use, if the property owner chooses to do so. The map is a tool to visualize and identify an approximation of future housing opportunities. The draft map for the land within your neighborhood association may be found [here](#).

You are invited to:

- Watch a presentation on the draft Housing Needs Analysis at the September 7, 2021 City Commission/Planning Commission Work Session [here](#) (starts about 14 minutes into video).
- Join or watch the presentation to the Citizen Involvement Committee 7 p.m., October 4, 2021. Details about the meeting will be posted a week in advance [here](#).
- Send your comments to me at terway@orc.org or chat more about the project by calling 503.496.1553.

The Planning Commission and City Commission will review the proposed Housing Needs Analysis prior to adoption. Please do not hesitate to reach out with any questions or concerns. Find more information on the project page [here](#).



What's your Vision for Oregon City?

Laura Terway, AICP

Community Development Director - Planning & Building Departments

She/Her/Hers

695 Warner Parrott Road (PO Box 3040), Oregon City, Oregon 97045
Direct 503.496.1553 Office 503.722.3789

www.oregoncity.org | webmaps.oregoncity.org | www.rediscoverthefalls.com

Think **GREEN** before you print.

This e-mail is subject to the State Retention Schedule and may be made available to the public.

COVID-19 (Coronavirus) Information

**LAND USE APPLICATION TRANSMITTAL – RESPONSE FORM**Date: 10/5/21Land Use Application File Number: GLUA-21-00057 & LEG-21-00004NAME: Michael G. RobertsAGENCY: City of Oregon CityEMAIL ADDRESS: mroberts@orccity.org

The land use application material is referred to you for your information, study and official comments. Your recommendations and suggestions will be used to guide the Planning staff when reviewing this proposal. If you wish to have your comments considered and incorporated into the staff report, please return a copy of this form to facilitate the processing of this application and to ensure prompt consideration of your recommendations.

Please check the appropriate spaces below.

☒	The proposal does not conflict with our interests.
☐	The proposal conflicts with our interests for the reasons attached. (Please attach additional information)
☐	The proposal would not conflict our interests if the changes noted below or attached are addressed.

Please add any specific comments below or attach a separate document with more information.

CONTACT THE PLANNING DIVISION IF YOU HAVE ANY QUESTIONS ABOUT THIS APPLICATION

Housing Resource Document for the City of Oregon City Comprehensive Plan

Prepared For:

City of Oregon City
PO Box 3040
320 Warner Milne Road
Oregon City, OR 97045

Prepared By:

David Evans and Associates, Inc
2100 SW River Parkway
Portland, OR 97201

October, 2002

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1 Introduction

Adequate, affordable housing is one of the most important elements of any community. Housing provides our daily shelter as well as supplying a personal identity to a neighborhood and the community at large. An adequate supply of affordable housing and a variety of housing options to meet the needs of Oregon City residents are important components of a thriving community. Ensuring that all residents are able to secure housing and offering housing choices that attract new residents are ways to build a community's future.

We are largely a nation of homeowners. According to the 2000 Census, nationwide, approximately 66 percent of all households own their homes. In the Portland Metropolitan Area,¹ about 62 percent of all households are owner-occupied; Oregon City is very similar at 60 percent. For the homeowner and the renter, housing costs are a significant economic investment. Housing also plays a vital role in the national economy by generating jobs. For local government, housing is a primary source of income (property taxes) and the major recipient of expenditures to provide public facilities and services (water, sewer, transportation, police and fire).

Oregon City is unique in the region for its role in Oregon history and for the age and diversity of its housing stock. In Oregon City, housing has always been at the center of the community. Many older homes and buildings have historical significance. Therefore, housing planning in the city is aimed at both development of new housing units and preservation or careful redevelopment of older historic housing units. This requires a keen understanding of the current housing stock. Because Oregon City, like many other communities in the Willamette Valley, has grown quickly in the last decade, more units are needed to accommodate new residents, or residents wishing to move into another type of housing.

The Housing Element covers:

- Demographics that gives an overview of Oregon City residents compared to the region;
- Housing Stock that describes the current number of housing units
- Projected Land Capacity that describes the amount of vacant, partially vacant and potentially redevelopable residential land and its projected housing capacity; and
- Land Needs/Surplus that describes the needed housing mix and land needs be housing type.

2 Existing Conditions

2.1 Demographics

2.1.1 Population Trends

Oregon City has experienced population booms and busts over its long history. In the last twenty years Oregon City, like many communities in the Willamette Valley, has seen more accelerated

¹ The Portland Metropolitan Area includes the Multnomah, Clackamas, and Washington Counties, unless otherwise noted. The U.S. Census Bureau considers the three-county area a Primary Statistical Area.

growth, growing faster in the 1990's than in the 1980's. Table 1 illustrates the rate of growth for several communities in the Willamette Valley. Oregon City grew very little in the 1980's, when recession and lack of employment opportunities drew few new residents. In the 1990's, Oregon City began to grow at a much faster rate than it had in the 1980's, and along with other cities in the Willamette Valley, far surpassed the growth rates seen in the 1980's. In the 1990's, Oregon City was one of the fastest growing cities in the Willamette Valley, increasing its size by nearly 82 percent between 1990 and 2000. Clackamas County and the state also grew at much faster rates in the 1990's, increasing in population by approximately 24 percent and 22 percent, respectively.

Table 1. Population Change of Oregon City and other Willamette Valley Jurisdictions

Jurisdiction	1980	1990	% change (1980-1990)	AAGR (1980-1990)	2000	2001	% change (1990-2001)	AAGR (1990-2001)
Oregon	2,633,156	2,842,321	7.9%	0.8%	3,421,399	3,471,000	22.1%	1.8%
Clackamas Co.	241,919	278,850	15.3%	1.4%	338,391	345,150	23.8%	2.0%
Oregon City	14,673	14,698	0.2%	0.0%	25,754	26,680	81.5%	5.6%
Albany	26,511	29,540	11.4%	1.1%	40,852	41,650	41.0%	3.2%
Dallas	8,530	9,422	10.5%	1.0%	12,459	12,650	34.3%	2.7%
Forest Grove	11,499	13,559	17.9%	1.7%	17,708	18,380	35.6%	2.8%
Gladstone	9,500	10,152	6.9%	0.7%	11,450	11,438	12.7%	1.1%
Gresham	33,005	68,249	106.8%	7.5%	90,205	91,420	34.0%	2.7%
Lebanon	10,413	10,950	5.2%	0.5%	12,950	13,190	20.5%	1.7%
McMinnville	14,080	17,894	27.1%	2.4%	26,499	27,500	53.7%	4.0%
Milwaukie	17,931	18,670	4.1%	0.4%	20,550	20,490	9.7%	0.8%
Newberg	10,394	13,086	25.9%	2.3%	18,064	18,280	39.7%	3.1%
Salem	89,233	107,793	20.8%	1.9%	136,924	139,320	29.2%	2.4%
Tualatin	7,483	14,664	96.0%	7.0%	22,791	23,270	58.7%	4.3%
West Linn	11,358	16,389	44.3%	3.7%	22,261	23,090	40.9%	3.2%
Woodburn	11,196	13,404	19.7%	1.8%	20,100	20,410	52.3%	3.9%

Source: U.S. Census (1980, 1990, and 2000 Decennial Census); Portland State University Population Research Center, 2001

2.1.2 Age

The age of a population is a factor in determining what types of housing units are needed. Younger residents are likely to live with families or in apartments. When residents begin to have children, housing needs change from smaller units to single-family homes with rooms for the children to play. When residents no longer need the large house because their children have left, housing needs change again, often when the care of a larger home is burdensome or when more medical care is necessary. Currently, the highest percentage of residents in Oregon City and the Portland Metro area are between 25 and 54, the ages when residents are starting families or have older children still living at home (Table 2). Many residents in this age bracket earn more money as they become established in their careers and are able to afford more expensive housing. Oregon City has a slightly younger population than the Portland Metro area, with a median age of 32.7 compared to the Portland Metro area at 34.9. Oregon City has a higher percentage of residents under 10 than the Portland Metro area, indicating that many Oregon City residents have young families.

Table 2. Age

	Oregon City		Portland PMSA	
Age	Number	Percentage	Number	Percentage
Under 5	2,160	8.4%	108,004	6.9%
5 to 9	2,019	7.8%	109,949	7.0%
10 to 14	1,763	6.8%	108,194	6.9%
15 to 19	1,740	6.8%	105,762	6.7%
20 to 24	1,913	7.4%	107,383	6.8%
25 to 34	4,239	16.5%	249,314	15.9%
35 to 44	4,135	16.1%	259,557	16.5%
45 to 54	3,433	13.3%	233,748	14.9%
55 to 59	1,145	4.4%	74,198	4.7%
60 to 64	696	2.7%	51,236	3.3%
65 to 74	1,147	4.5%	80,269	5.1%
75 to 84	931	3.6%	62,108	3.9%
85 and older	433	1.7%	23,049	1.5%
Median Age	32.7		34.9	

Source: 2000 Decennial Census, Profile of Selected Economic Characteristics

2.1.3 Race

Oregon City is less diverse in its racial and ethnic composition than the state or the Portland Metro area; over 90 percent of Oregon City's population is white. Table 3 includes the percentage of residents by race for Oregon, Metropolitan Portland, and Oregon City. Oregon City's minority population is composed primarily of Hispanics or Latinos, with smaller numbers of residents identifying themselves as two or more races. Asian residents make up just over one percent of the city's population. This is less than the Portland Metro area where nearly five percent of the population is Asian. In Oregon City, as in the state and the Portland Metro area, the largest minority group is Hispanic or Latino.

Table 3. Race as a Percentage of Population

	Oregon	Oregon City	Portland MSA
White (%)	83.5%	90.8%	81.6%
Black/African Am.(%)	1.6%	0.6%	2.6%
Am. Indian, Eskimo, Aleut (%)	1.2%	0.9%	0.8%
Asian (%)	2.9%	1.1%	4.5%
Hawaiian/ other Pacific Islander (%)	0.2%	0.1%	0.3%
Some other race (%)	0.1%	0.0%	0.1%
Two or more races (%)	2.4%	2.2%	2.7%
Hispanic/Latino(%)	8.0%	5.0%	7.4%

Source: U.S. Census Bureau, 2000 (SF-1).

Note: The total percentage of Oregon City residents does not equal 100 percent due to rounding.

2.1.4 Group Quarters

Group quarters are not considered standard housing units because the units do not have individual kitchens, but this is still an important source of housing for certain populations. The population in group quarters is broken into institutionalized (prisons, nursing homes, hospitals, etc.) and non-institutionalized (college dormitories, halfway homes, etc.) populations. In Oregon City, about 91 percent of the population in group quarters is institutionalized, either in correctional institutions (61 percent), nursing homes, or assisted living facilities (39 percent). Table 4 shows the total number of people (institutionalized and non-institutionalized) living in group quarters. Oregon City has a higher percentage of its total population in group quarters (3.5 percent) than the Portland Metro Area (1.8 percent). The number of residents seeking housing in groups quarters (nursing or residential care facilities) is likely to increase as the population ages over the next 20 years.

Table 4. Number and Percentage of People in Group Quarters

Area	1990		2000		1990-2000 Change	
	Number	% of Total Population	Number	% of Total Population	Number	Percent Change
Oregon City						
Group Quarters	362	2.5%	903	3.5%	541	149.45%
Total Population	14,698	100.0%	25,754	100.0%	11,056	75.22%
Portland PMSA						
Group Quarters	23,080	1.9%	28,939	1.8%	5,859	25.39%
Total Population	1,239,842	100.0%	1,572,771	100.0%	332,929	26.85%

Source: U.S. Census Bureau, 1990 (STF 1); 2000 Decennial Census, Profile of Selected Economic Characteristics

2.1.5 Poverty

Oregon City residents who fall below the federal poverty level have a more difficult time securing adequate housing than those with higher incomes. Table 5 shows the poverty rate for all residents in Oregon City by relationship. Overall, the percentage of individuals below the poverty level in Oregon City is lower than the Portland Metro area, although female householder families are having a harder time making ends meet. The percentage of all families in poverty in Oregon City (6.5 percent) is slightly higher than families in poverty in the Portland Metro area (6.2 percent).

Female-headed households are much more likely to live in poverty than other families. The percentage of female-headed households in Oregon City in poverty is significantly higher than the Portland Metro area, with nearly 25 percent of female-headed households in Oregon City living in poverty. This compares to just over 20 percent in the Portland Metro area as a whole. The biggest concern is female-headed households with children under five. Over 41 percent live below the poverty line in Oregon City compared to about 39 percent for the Portland Metro area.

Table 5. Poverty in Oregon City (2000)

Category	Oregon City	Percent of Population	Portland PMSA	Percent of Population
Individuals	2,173	8.9	147,501	9.5
Persons 18 years and older	1,404	7.8	103,152	8.9
Persons 65 years and older	167	7.5	11,877	7.4
All families	438	6.5	24,605	6.2
With related children under 18	368	10.1	19,860	9.6
With related children under 5	183	11.7	10,939	13
All female householder families	293	24.9	11,529	20.2
With related children under 18	271	32.5	10,569	26.8
With related children under 5	118	41.4	5,355	39.1

Source: 2000 Decennial Census, Profile of Selected Economic Characteristics

2.2 Households

While population characteristics are important, the characteristics of households define residential need. A household is all people living in a residential unit. A single person living alone in an apartment is considered a household, as is a family with children.

The U.S Census distinguishes between family and non-family households. Family households are made up of people related by blood or marriage. Non-family households are made up unrelated individuals (roommates). In 1990, Oregon City had 5,479 households with almost 70 percent in family households and about 30 percent in non-family households (Table 6). A comparison of the 2000 Decennial Census to the 1990 Census showed that there was very little change in the breakdown between family and non-family households, even though the 2000 Census reported a 73 percent increase in total households from 5,479 to 9,471 in 2000. Family households did grow slightly faster than non-family households, with single parent households showing the biggest increases.

Table 6. Household Type in Oregon City

	1990		2000		Percent Change 1990-2000
	Number	Percent	Number	Percent	
Total Households	5,479		9,471		72.9%
Family households	3,803	69.4%	6,669	70.4%	75.4%
With own children under 18	2,153	39.3%	3,469	36.6%	61.1%
Married Couples with family	2,946	53.8%	5,024	53.0%	70.5%
With own children under 18	1,565	28.6%	2,410	25.4%	54.0%
Female householder, no husband present	649	11.8%	1,166	12.3%	79.7%
With own children under 18	453	8.3%	769	8.1%	69.8%
Male householder, no wife present	208	3.8%	479	5.1%	130.3%
With own children under 18	135	2.5%	290	3.1%	114.8%
Non family households	1,676	30.6%	2,802	29.6%	67.2%

Source: U.S. Census, 1990 (STF-1); U.S. Census, 2000 (SF-1); 2000 Decennial Census, Profile of Selected Economic Characteristics

2.2.1 Household Size

Another characteristic that will affect the type of housing needed by a household is its size. Average household size has declined nationally and in Oregon over the past 50 years. Table 7 shows that in 1950, the average household size in Oregon was 3.10, but sharp declines in the 1970's dropped the average household size to 2.60 in 1980. The decline in average household size has slowed over the last 20 years, but has still fallen to 2.51 for Oregon.

Table 7. Average Household Size

	Oregon		Oregon City	
	Average	Percent Change	Average	Percent Change
1950	3.10		2.90	
1960	3.10	0.0%	2.90	0.0%
1970	2.90	-6.5%	2.90	0.0%
1980	2.60	-10.3%	2.66	-8.3%
1990	2.52	-3.1%	2.62	-1.5%
2000	2.51	-0.4%	2.62	0.0%

Source: 1950-1970: "1940-1970 Population and Housing Trends, Cities and Counties of Oregon," Bureau of Government Research and Service, University of Oregon; 1980 Census of Housing, , Bureau of the Census, August 1982; 1990 Census, (Summary of Population and Housing Characteristics); 2000 Census (SF-1)

The Portland Metro area mirrors the state average at 2.51 percent in 2000. Oregon City had a smaller average household size than the state in 1950 (2.90), and also saw sharp declines in the 1970's, but did not decrease as fast as the state. Oregon City has continued to maintain a 2.62 average household size through 2000, the same as in 1990. Smaller household size means more units are needed even if the population remains unchanged.

2.2.2 Income

The most important household characteristic for determining housing need is income. Household income in Oregon City is generally increasing, with the biggest increases at the higher income levels. Table 8 indicates that the majority of Oregon City households earned between \$25,000 and \$74,999 (about 57 percent), which is similar to the Portland Metro area, where the majority of households (about 52 percent) also earn between \$25,000 and \$74,999.

In general, household income distribution in Oregon City mirrors the Portland Metro area with differences all less than two percent for each income bracket. The only exception are households earning more than \$150,000; 4.6 percent of Portland Metro households earn more than \$150,000 but in Oregon City only 1.5 percent of households earn more than \$150,000.

Table 8. Household Income in Metropolitan Portland and Oregon City (2000)

	Oregon City	Percent of population	Portland PMSA	Percent of population
Less than \$10,000	728	7.7%	42,556	6.9%
\$10,000 to 14,999	395	4.2%	31,037	5.0%
\$15,000 to 24,999	1,028	10.8%	69,551	11.3%
\$25,000 to 34,999	1,322	13.9%	78,424	12.7%
\$35,000 to 49,999	1,816	19.1%	105,902	17.2%
\$50,000 to 74,999	2,245	23.6%	133,308	21.7%
\$75,000 to 99,999	1,217	12.8%	72,099	11.7%
\$100,000 to 149,000	599	6.3%	53,649	8.7%
More than \$150,000	143	1.5%	28,565	4.6%

Source: 2000 Decennial Census, Profile of Selected Economic Characteristics

Table 9 shows median household income (MHI) for the Portland Metro area and Oregon City. Median household income has increased faster in Oregon City than in the Portland Metro area, although the MHI in Oregon City is still lower than the Portland Metro area. In 2000, Oregon City's median household income was about \$46,000 compared to the Portland Metro area, which has a median household income of nearly \$47,000.

Table 9. Median Household Income (2000)

Area	Median Household Income
Oregon City	45,531
Portland PMSA	46,789

Source: 2000 Decennial Census, Profile of Selected Economic Characteristics

2.3 Housing Stock

Determining how much and what types of housing will be needed in the next 20 years requires an understanding of what the current housing stock offers. The Residential Housing and Land Inventory is used as the basis for determining the types and number of units that currently exist in Oregon City and the land available to accommodate housing in the future. Housing trends are based on building permit data since 1996.

The demographics section illustrated that Oregon City is a growing community and, if growth continues as expected, more housing units will be required than are now available. How will this growth affect the livability of Oregon City, and what housing options will new residents want? One single type of housing will not meet the needs of every current and future resident; people need different types of housing depending on income, family size, age, etc. To ensure current residents stay and new residents want to move to Oregon City, a range of housing options are necessary.

2.3.1 Housing Units (Census)

The previous sections discussed characteristics and housing needs of Oregon City residents. This section describes housing units available for them. Oregon City has a range of housing types. Table 10 shows the total number of units (both occupied and vacant) by structure type, based on the 2000 Census. The percentage of single-family homes in Oregon City (74 percent) is nearly the same as the Portland Metro area (73 percent). By far the majority of single-family homes are one-unit-detached structures. Other single-family housing types include one-unit-attached (townhouses), duplex (two-unit), and mobile homes. The percentage of the housing stock in each of these structure types is similar to that in the Portland Metro area as a whole.

Table 10. Number of Units by Structure Type by Percentage of Total Housing Units

	Oregon City		Portland PMSA	
	Units	Percentage of total housing units	Units	Percentage of total housing units
Single-family				
one unit-detached	6320	62.2	401,817	61.6
one unit-attached	283	2.8	21,994	3.4
Duplex	603	5.9	19,476	3.0
Mobile home	348	3.4	31,468	4.8
<i>Subtotal</i>	<i>7554</i>	<i>74.0</i>	<i>474,755</i>	<i>73.0</i>
Multi Family				
3-4	620	6.1	29,880	4.6
5-9	883	8.7	35,569	5.5
10-19	382	3.8	36,517	5.6
20 or more	726	7.1	73,713	11.3
<i>Subtotal</i>	<i>2611</i>	<i>26.0</i>	<i>175,679</i>	<i>27.0</i>
Boat, RV, van etc	0		1,836	
Total	10,165		652,270	

Source: 2000 Decennial Census, Profile of Selected Economic Characteristics Household Characteristics

According to the 2000 Census, multifamily housing (structures with three or more units) account for about 26 percent of all housing in Oregon City and about 27 percent of all housing in the Portland Metro area. Oregon City's multifamily housing is concentrated in smaller complexes with less than ten units, although some newer apartment complexes with more than 20 units also are found in the city. The Portland Metro area also has a number of smaller apartment complexes, but the majority of units are in larger complexes with 20 or more units.

2.3.2 Housing Units (Housing survey)

Additional housing data by structure type was gathered through a parcel level housing survey completed in May 2002. The survey was conducted by walking or driving the entire city within the Oregon City UGB. In areas where it was difficult to determine if there were housing units,

aerial photos were used to confirm the number and type of housing units. Section 2.3.2.1 compares Census housing counts with those gathered in the housing survey.

An inventory of Oregon City housing revealed that housing in the city is fairly well dispersed in the city's neighborhoods (Figure 1).² Table 11 shows the number of housing units by type and zone. Table 12 shows the number of housing units by type and area. While nearly all areas have a significant number of units, Hazel Grove/Westling Farm, Hillendale, McLoughlin, Mt. Pleasant and the South End have the highest concentration of residential units. Within these areas, R-10, R-8, and R-6 zones have the highest concentration of single-family detached homes; RA-2, RD-4 and R-6 zones have the highest concentration of multifamily units. Single-family detached residential units are the dominant housing type in Oregon City.³ A description of zoning districts is in Appendix A.

2.3.2.1 Within City Limits

There are 11,395 housing units within the city limits of Oregon City. Single-family units comprise approximately 76 percent of housing within the city limits, which is slightly higher than the 74 percent that the census data reported for total single-family units.^{4,5} The housing survey determined that approximately 19 percent of housing units are multifamily units in structures or complexes with three or more units, compared to the Census data that reported approximately 26 percent of Oregon City housing unit as multifamily. The Census does not count group quarters by unit (it only counts individuals living in group quarters), although the May 2002 housing survey did identify an additional 505 units within the city limits, or about four percent of housing units, as group quarters. These include complexes such as group homes, retirement homes, and congregate care facilities where residents do not have individual kitchens.

Overall, the May 2002 housing survey counted 11,395 housing units within the city limits compared to 10,165 housing units counted in the 2000 Census. If group quarters were removed from the housing survey, the total units would be 10,890. While this is still higher than the Census count, the housing survey includes residential construction after the 2000 Census information was collected.

2.3.2.2 Outside the City Limits but Inside the UGB.

There are 1,162 housing units outside of the Oregon City city limits, but within the urban growth boundary (UGB). All housing units in this area are single-family units. About 55 percent of these homes are more traditional single-family detached homes on larger lots, and about 44 percent of homes are manufactured housing units in parks.

² City staff used existing neighborhood association boundaries that were slightly modified to include all areas within the UGB.

³ Total accessory dwelling units were estimated using Metro's methodology (based on 2000 Census data) at 1.8 percent of total single-family detached residential units (not including manufactured or mobile homes in parks). Applied to Oregon City, this equals 142 units, which were included in the overall count of residential units within the UGB.

⁴ Single-family units include single-family detached, single-family attached, duplex, mobile homes in parks, and accessory dwelling units.

⁵ The 2000 Census counted housing units within the city limits. It does not include housing units outside the city limits, but within the UGB.

2.3.2.3 Overall Housing Units

According to housing survey, there are 12,557 housing units within the Oregon City UGB; about 81 percent are single-family homes. About seven percent of single-family homes are mobile or manufactured homes in parks, with the majority of those parks located outside the city limits but inside the UGB. Oregon City has a number of multifamily units (three or more units), comprising about 17 percent of all units within the UGB. Duplexes (just over five percent of housing units) and multifamily units are primarily located inside the city limits. Group quarters were found in five neighborhoods: Barclay Hills, Gaffney Lane, McLoughlin, New TBA, and Rivercrest. These were mainly nursing or retirement homes, although there were also some congregate homes for residents with physical and/or mental disabilities.

Table 11. Number of Existing Units by Type and Zone

ZONE	Single-Family Residential	Duplex	Manufactured Homes in Parks	Single-Family Residential Attached	Multifamily Residential	ADU	Group Quarters	Total
Inside City Limits								
C	38	4	0	0	17	1	108	168
CI	5	0	0	0	0	0	0	5
HC	17	0	0	0	0	0	0	17
LC	19	4	0	0	17	0	0	40
LO	21	6	0	6	174	0	101	308
LOC	26	4	0	0	28	0	0	58
M-1	25	4	0	0	0	0	0	29
NC	8	2	0	0	0	0	0	10
R-10	2,647	76	0	0	4	48	0	2,775
R-6	1,735	129	0	0	290	31	55	2,240
R-6/MH	125	0	0	0	0	2	0	127
R-8	2,220	6	0	0	0	40	5	2,271
RA-2	25	26	0	20	1,215	0	119	1,405
RC-4	324	80	0	0	110	6	63	583
RD-4	192	333	381	46	350	3	54	1,359
<i>Subtotal</i>	<i>7,427</i>	<i>674</i>	<i>381</i>	<i>72</i>	<i>2,205</i>	<i>131</i>	<i>505</i>	<i>11,395</i>
Outside City Limits								
County	637	2	512	0	0	11	0	1,162
<i>Subtotal</i>	<i>637</i>	<i>2</i>	<i>512</i>	<i>0</i>	<i>0</i>	<i>11</i>	<i>0</i>	<i>1,162</i>
Total	8,064	676	893	72	2,205	142	505	12,557

Source: Source: David Evans and Associates, May 2002 Housing Survey

ADU=Accessory dwelling unit

Table 12. Number of Existing Units by Type and Neighborhood

Area	Single-Family Residential	Duplex	Manufactured Homes in Parks	Single-Family Residential Attached	Multifamily Residential	Accessory Dwelling Units	Group Quarters	Total
Inside City Limits								
Barclay Hills	273	128	0	0	279	5	108	793
Canemah	111	0	0	0	18	2	0	131
Caulfield	512	0	67	0	200	9	0	788
Gaffney Lane	747	4	0	66	434	13	159	1,423
Hazel Grove/Westling Farm	460	0	0	0	0	8	0	468
Hillendale	805	56	314	0	194	14	0	1,383
McLoughlin	800	140	0	0	207	14	63	1,224
Mt. Pleasant	608	68	0	6	452	11	0	1,145
New TBA	362	20	0	0	146	7	125	660
Park Place	604	144	0	0	100	11	0	859
Rivercrest	611	8	0	0	65	11	50	745
South End	979	102	0	0	0	18	0	1,099
Tower Vista	555	4	0	0	110	8	0	677
Subtotal	7,427	674	381	72	2,205	131	505	11,395
Outside of the City Limits								
Canemah	5	0	33	0	0	0	0	38
Caulfield	99	0	479	0	0	2	0	580
Gaffney Lane	27	0	0	0	0	0	0	27
Hazel Grove/Westling Farm	118	0	0	0	0	2	0	120
Hillendale	94	0	0	0	0	2	0	96
New TBA	12	2	0	0	0	0	0	14
Park Place	104	0	0	0	0	2	0	106
South End	178	0	0	0	0	3	0	181
Subtotal	637	2	512	0	0	11	0	1,162
Total	8,064	676	893	72	2,205	142	505	12,557

Source: David Evans and Associates, May 2002 Housing Survey

2.3.2.4 Manufactured Housing

Oregon state law requires that manufactured homes be allowed anywhere traditional single-family detached homes are permitted, provided they meet specific building codes. The May 2002 housing survey counted manufactured homes on individual lots as single-family detached units. In these instances, the homeowner owns the structure and the land where the home is located.

Oregon City also has designated mobile home parks and manufactured home developments where the homeowner owns the structure, but rents or leases the land where the home is located. These housing developments were counted separately in the housing survey because there are different housing structure requirements for parks. For example, homes in parks are not always required to have a permanent foundation or permanent utilities connections. Table 13 shows designated mobile home and manufactured home parks within Oregon City.

Table 13. Mobile and Manufactured Home Parks

Park Name	Neighborhood	Capacity (units)	Existing Units	Vacant
Mt. Pleasant Mobile Home Park	Hillendale	125	125	0
Clairmont Mobile Home Park	Hillendale	189	189	0
Country Village Estates	Caufield	479	448	31
Cherry Lane Mobile Home Park	Caufield	67	60	7
Mobile Home Park	Canemah	33	33	0

Source: City of Oregon City; David Evans and Associates, Inc.; May 2002 Housing survey

2.3.3 Current Housing Mix and Density

Residential development since 1996 in Oregon City has consisted primarily of single-family detached residential development. Table 14 shows that 82.5 percent of units built since 1996 have been single-family detached, while about 14.5 percent were multifamily units. Manufactured or mobile homes also accounted for about three percent of new units.

Table 14. Percentage of Housing Units by Structure Type within the City Limits (1996-2001)

	Percent of Units
Single-family detached	82.5%
Single-family attached	0.3%
Mobile or manufactured	2.7%
Multifamily	14.5%

Source: Metro, 2002

In order to make efficient use of urban land and infrastructure (water, sewer, streets), Metro urges cities to ensure that housing is built at densities of at least 80 percent, the maximum allowed by zoning. As a part of the Oregon City Functional Compliance Report (1999), the City determined that between 1990 and 1995, the number of households per net developed acre reached 82 percent of the maximum allowable densities for residential zones, which complies with the Metro target for built density.

Table 15. Development Density Compared to Maximum Allowable Density (1996-2001)

Zone	Total Units	Original Parcel Size	Developed Acres (residential)	ROW/ Unbuildable	Net Density	Maximum Density	Percent of Maximum Density (net)
ZONING DESIGNATIONS							
R-10	399	141.3	89.7	57.5%	4.4	4.4	100%
R-6	45	11.6	7.9	46.8%	5.7	7.3	78%
R-6/MH	46	12.7	9.5	33.7%	4.8	6.4	76%
R-8	725	200.8	149.5	34.3%	4.8	5.5	88%
RD-4	88	18.1	14.4	25.7%	6.1	10.9	56%
Total	1,303.0	384.5	271.0	41.9%	4.8		80%

Source: City of Oregon City (July 2002); David Evans and Associates

Table 15 shows residential development permitted through land use actions (subdivisions) since 1996. The majority of new development has occurred in the R-8 and R-10 zoning districts, largely on land annexed since 1996. Developments also appear to be occurring on parcels with more environmental constraints, as the amount of land not developed, especially in the R-10 and R-6 zones, is much higher than in other areas. Regardless of parcel size, the city is achieving 80 percent of maximum residential density citywide. Some zones are reaching closer to the maximum allowable density than others; the R-10 zone has reached 100 percent of the maximum density, where as the RD-4 zone has achieved just 56 percent.

2.3.4 Condition

No housing condition survey has been completed in recent years. Instead, the condition of the current housing stock in Oregon City has been estimated based on the age of the structures. Newer units, ones typically less than 30 years old, will require fewer major repairs (new roof, electrical upgrades, plumbing). Table 16 shows the age of Oregon City housing stock. Almost half of Oregon City homes are older than 30 years, with over a quarter of homes older than 50 years. These homes require more upkeep than the newer homes, costing the homeowner additional money if the home is repaired as needed. About a third of homes are less than ten years old, showing the boom in home construction over the last 10 years.

Table 16. Housing Condition in Oregon City

	Percent
Less than 10 Years old	32%
11 to 20 Years old	3%
21 to 30 Years old	25%
31 to 40 years old	8%
41 to 50 years old	5%
more than 50 years old	26%

Source: Clackamas County Tax Assessor's Office (May, 2002)

2.3.5 Housing Availability

Oregon City and the Portland Metro area are similar in the percentage of renters versus owners, as shown in Table 17. The majority of housing units in both Oregon City and the Portland Metro area are owner-occupied; about 60 percent of housing units in Oregon City are owner-occupied, compared to about 62 percent in the Portland Metro area. Oregon City also has a slightly higher rental vacancy rate at 7.7 percent compared to the Portland Metro area at 6.7 percent. The vacancy rate is a determining factor in the amount of rental units available. A vacancy rate over five percent is considered indicative of a rental market that is adequate to serve the needs of the community. A lower rate may signify a need for more units to meet demand. However, the vacancy rate does not take into account the types of housing that are vacant.

Table 17. Current Occupancy and Vacancy Rates in Oregon City

	Oregon City (percent)	Portland PMSA (percent)
Occupied housing units	93.7	94.2
Owner occupied	59.8	62.0
Renter occupied	40.2	38.0
Vacant housing units	6.3	5.8
Homeowner vacancy rate	3.4	2.3
Rental vacancy rate	7.7	6.7

Source: 2000 Decennial Census, Profile of Selected Economic Characteristics Household Characteristics

2.3.6 Cost

One factor for determining how affordable housing is in Oregon City is to compare average rental cost and cost of homes for sale to median household income. Table 18 and Table 19 show average rents and the median home prices by the number of bedrooms for Oregon City and the Portland Metro area.

Table 18. Average Rent by Number of Bedrooms for Portland and Oregon City

	Oregon City	Portland
Studio	\$373	\$492
One-bedroom	\$500	\$600
Two-bedroom	\$599	\$735
Three-bedroom	\$690	\$873
Four-bedroom	N/A	\$977

Source: Housing Authority of Portland (Portland rental rates); Rental Data.com (Oregon City rental information)

Rents are less expensive in Oregon City (20 to 30 percent lower) than in the Portland Metro area. While this does provide a general indication that renting an apartment in Oregon City is more affordable, it does not take into account the total number of units by price available or by location. Different rental rates and size of available units are not evaluated individually, but it is likely that lower priced rental units are more competitive than higher rents for larger units or units with more amenities.

Home prices in Oregon City are competitive with the Portland Metro area. According to the Regional Multiple Listing Service (RMLS), median home prices in Oregon City have increased as fast as the other parts of the Portland Metro area, especially for homes with three bedrooms. The RMLS reports that the median price for all home types in the Oregon City area is actually higher than the Portland Metro area, although this may be skewed slightly because RMLS includes some rural areas in Oregon City, where larger lots and potentially higher prices could drive the median cost higher. Nevertheless, the majority of homes sold in the last year within the RMLS zone that includes Oregon City reflect a housing market very similar to the Portland Metro area.

Although the median home price (for 2002) for all homes sold is higher in Oregon City, median home price by type and number of bedrooms is generally lower. The median home price for a home with four or more bedrooms is about eight percent lower in Oregon City than the Portland Metro area as a whole. Smaller homes are more comparable, with two and three bedroom homes selling for nearly the same as in the Portland Metro area. Condominiums in Oregon City are about 30 percent less expensive than the region.

Table 19. Median Home Price for Portland and Oregon City (Jan 2002-July 2002)

	Oregon City	Portland
Two-bedroom	\$132,000	\$135,000
Three-bedroom	\$178,000	\$169,950
Four-bedroom	\$227,031	\$245,000
Condominium	\$98,500	\$129,900
Median (all units)	\$184,000	\$176,500

Source: Regional Multiple Listing Service (Jan -July 2002)

Note: RMLS does not track Oregon City separately from other rural areas outside of the Portland metro area. Some rural areas outside of the Oregon City UGB are included in median home prices.

The market value for existing housing is only one facet for determining how much home Oregon City residents can afford, or if they can even afford to purchase a home. Income requirements from lenders and savings for a down payment are two stumbling blocks, but affording the monthly mortgage payment on a home can also be a burden. Table 20 compares household income to fair market rents in Clackamas County.⁶ Fair market rents are used to assess the average cost of rental housing within each county and are a better indicator of the entire rental housing stock in the region. While average rents in Oregon City are lower than fair market rents in Clackamas County, there is no assurance of availability of these lower rent units. The total number of units at a certain price point is also not accounted for in average rents in Oregon City, so some residents may be forced to live outside the city or pay higher prices more in line with fair market rents.

Housing affordability is based on the percentage of monthly income spent on housing. The Department of Housing and Urban Development (HUD) uses a standard formula to determine affordability, assuming no more than 30 percent of monthly household income is spent on rent or

⁶ HUD determines fair market rent based on annual phone survey and other data gathering techniques down to the county level, but does not collect data for smaller geographic units such as Oregon City.

mortgage. Using HUD's formula, over 12 of percent of Oregon City residents cannot afford even a studio apartment, and over 23 percent are not able to afford a two-bedroom apartment.

Table 20. Housing Affordability based on Household Income

	Oregon City	Percent of population	Affordable Housing Cost (30 percent)	HUD Fair Market Rent (2001)
Less than \$10,000	728	7.7%	0-\$250	Studio: \$492 One-bedroom: \$606
\$10,000 to 14,999	395	4.2%	\$250-\$375	
\$15,000 to 24,999	1,028	10.8%	\$375-\$625	
\$25,000 to 34,999	1,322	13.9%	\$625-\$875	Two-Bedroom: \$747 Three-bedroom: \$1,038 Four-Bedroom: \$1,127
\$35,000 to 49,999	1,816	19.1%	\$875-\$1,250	
\$50,000 to 74,999	2,245	23.6%	\$1,250-\$1,875	
\$75,000 to 99,999	1,217	12.8%	\$1,875-\$2,500	
\$100,000 to 149,000	599	6.3%	\$2,500-\$3,725	
More than \$150,000	143	1.5%	more than \$3,750	
	9,493	100.0%		

Source: 2000 Decennial Census, Profile of Selected Economic Characteristics Household Characteristics; HUD; Analysis by David Evans and Associates, Inc.

Although many residents cannot afford even the most basic housing, most Oregon City households can. Households with incomes between \$35,000 and \$75,000 account for about 43 percent of households and are generally able to afford at least a two-bedroom apartment if not more.

While many Oregon City households are able to afford larger and more expensive housing, households with lower incomes are in a more precarious situation. When rent accounts for more than 30 percent of income, HUD considers the household "cost burdened." Households spending more than 50 percent of monthly income on rent are considered "extremely cost burdened" and likely to be financially stressed by emergencies or even unable to afford basic needs such as food and transportation. HUD breaks low-income households into several categories: extremely low-income (earning 30 percent or less than the median household income); very low-income (earning 50 percent or less than the median household income); and low-income (households earning 80 percent or less than the median households income). Table 21 illustrates what different Oregon City household income levels can afford based on the median household income. Extremely low-income households (earning less than \$13,659 annually) cannot afford even a studio in Oregon City. Very low-income households earning less than \$22,765 annually and accounting for about one-quarter of Oregon City's population are able to afford only a one-bedroom apartment. In order to find housing, very-low income households may double up or accept substandard units. Low-income residents (earning less than \$36,425) can sometimes afford larger units.

Higher income households have a much better chance of securing adequate housing because they can afford to be choosy in both housing type and location. The high percentage of extremely low and very low incomes in Oregon City, in combination with high rental rates and housing costs, reveals an apparent lack of housing for low-income households.

Table 21. Monthly Affordable Housing Costs for Oregon City Residents

	Median Household Income	Affordable Monthly Housing Costs (30 percent of income)			
Percent of Median Household Income		30 percent of MHI	50 percent of MHI	80 percent of MHI	100 percent of MHI
Oregon City	\$45,531	\$341	\$569	\$911	\$1,138

Source: 2000 Decennial Census, Profile of Selected Economic Characteristics Household Characteristics; Analysis by David Evans and Associates, Inc

The National Low-Income Housing Coalition (NLIHC) estimates that, nationally, 55 percent of low-income households experience cost burden, live in substandard housing, and/or live in overcrowded units. For extremely low-income households (30 percent of MHI), the likelihood that a household experiences some type of housing problem is even higher, at 88 percent.

2.3.7 Owning Versus Renting

Owning a home is often the biggest investment an individual or family will undertake and can provide a level of financial independence for those that can afford it. According to the National Low Income Housing Coalition (NLIHC) and the U.S Census Bureau, home ownership nationwide is on the increase, undoubtedly due to currently very low mortgage interest rates. Those who have not been able to secure loans in the past are now buying homes with little or sometimes no down payment. But getting a loan for a house is only part of the problem, because with a house comes upkeep costs and a mortgage payment that is not easily adjusted. Homeowners with lower incomes are often deeper in debt and more susceptible to market fluctuations. Losing a house due to foreclosure can further complicate an individual or family's chance of securing credit in the future.⁷

According to the NLIHC, households earning less than the area's median income are most susceptible to losing their homes or face a cost burden to pay the mortgage, interest and insurance. For example, households earning 80 percent of the median income will often live in less expensive older homes. Older homes are more expensive to maintain and are often located in poorer neighborhoods where the financial return on a home sale is not as great as more desirable areas. While owning a home does have the potential to create wealth, it also has the potential to exacerbate financial problems. Table 22 shows a general breakdown of owners versus renters and how housing costs affect household stability.

Attempting to determine what a household can afford is difficult because interest rates fluctuate, loan types vary, and property taxes are not the same everywhere. Nevertheless, the National Association of Homebuilders (NAHB) roughly calculated how much income a household would need to buy a home without overburdening it financially. The NAHB estimated that a home costing \$150,000 (assuming 10 percent down payment, seven percent mortgage interest and insurance, and overall consuming about 30 percent of household income) would require a median household income of \$47, 678. Consider that \$150,000 is lower than the median home price in Oregon City and the Portland Metro area (Table 19), and the necessary household

⁷ National Low Income Housing Coalition. (2002). *Advocates Guide to Housing and Community Development Policy*.

income is higher than the median household income for both Oregon City and the Portland Metro area (Table 9). Households in Oregon City earning even the median household income may experience some cost burden when buying a home in today's market.

Table 22. Affordable Housing by Median Household Income

Income	Tenure	Owns.....	Rents.....
High income (more than 120 percent of MHI)	Own home		
Middle income (120 percent of MHI: \$54,637 annually)	Own home		
Median income (\$45,531 annually)	Likely own home, but may rent		
Low income (80 percent or less of MHI: \$36,425 annually)	Own home or rent. May have some cost burden		
Very low-income (50 percent or less of MHI: \$22,765 annually)	Likely rent but may own home. Probably are cost burdened. Eligible for subsidized housing		
Extremely low-income (30 percent or less of MHI: \$13,659 annually)	Rents. Eligible for subsidized housing		

Source: 2000 Decennial Census, Profile of Selected Economic Characteristics Household Characteristics; HUD (2002); NLIHC (2002); Clackamas County Housing Authority; Analysis by David Evans and Associates, Inc.

3 Future Housing Need

3.1 Projected land capacity

3.1.1 Existing Residential Land Supply

The City of Oregon City completed a land inventory in May 2002 to determine the existing vacant residential land supply within the City's UGB. The inventory was then integrated with the City's GIS system and Clackamas County's Assessor data, providing parcel level information, including ownership, zoning and comprehensive plan designations.

Oregon City allows residential development in all of its zoning districts; however, not all vacant land identified in the housing survey within the UGB will be available for new residential development. While housing units exist in most zoning districts, vacant, partially vacant, and redevelopable land was only counted in zoning designations where residential development is encouraged. These zoning designations include: LC, R-10, R-6, R-6/MH, R-8, RA-2, RD-4, RC-4, and County.

Within commercial and industrial zoning districts where residential development is not, and should not be, the dominant development type, it was assumed that vacant land identified in the land inventory would be dedicated to other uses. City staff identified which areas would be suitable for residential development and should be included. Land with existing residential designations or existing residential development was broken into the following categories:

1. Vacant land—Parcels with no structures, or parcels with structures with an assessed value less than \$10,000 and a parcel area over 4000 sq. ft.

2. Partially vacant—Partially vacant land includes parcels that have at least one residential structure already located on the tax lot, but there is room for more units. Parcels were considered partially vacant if the lot size was at least triple the allowable lot size for the zone. Lots three to five times the minimum lot size were estimated to have room for at least one more unit. Lots more than five or more times the minimum lot size were assumed to develop the same as a vacant parcel for the zone.
3. Undevelopable—Parcels that are already committed to other uses. This includes any parcels with non-residential development (since residential uses are currently allowed in all zones), and parcels that are smaller than 4,000 sq. ft. Undevelopable land also includes parcels that have no vehicular access.
4. Developed residential land—Parcels with residential development and where developed land meets the current zoning designation and where the assessed value of the improvements (all structures) is greater than the assessed value of the land itself.
5. Potentially redevelopable land—Any parcel with a structure(s) or uses (i.e., a storage area), but are either not as intensive as allowed, or the existing assessed value of the improvements is less than the value of the land itself.⁸

3.1.1.1 Vacant Land

Vacant land within the Oregon City UGB is shown in Table 23 and Figure 2. Within the city limits, vacant land is found primarily in five zoning districts: R-10, R-6, R-6/MH, R-8, and RD-4. Overall, Oregon City estimates that approximately 22 percent of vacant land will be dedicated to public or semipublic uses such as schools, parks, and churches, and 15 percent to new roads. In calculating development capacity, it was assumed that parcels smaller than three eighths of an acre are already platted, would not require dedication of new right-of-way, and would use existing public facilities. Parcels with public or semi-public ownership were removed from the vacant lands inventory because it was assumed these parcels would be developed as non-residential uses (i.e., parks, schools, churches, public facilities, etc.).

Many vacant areas within the city limits are constrained because they are within the floodplain, are steep (greater than 25 percent), and/or are within the vegetation corridor near a waterbody or stream. These constraints reduce their development potential, so they were removed from the inventory. For example, nearly all vacant land within the R-6 zoning district is constrained. Although some development could occur on constrained land, vacant R-6 land in the entire city is extremely limited.

Overall, there are approximately 209 vacant buildable acres within the city limits, concentrated in the R-10 (63 percent), R6/MH (13 percent), R-8 (nine percent), and RD-4 zoning districts (seven percent). Assuming new development reaches 80 percent of the current maximum density for each district, 1,215 new units could be constructed within the city limits on vacant land.

⁸ To avoid double counting vacant and partially vacant parcels as potentially redevelopable parcels (vacant parcels will have a low or zero ratio, bigger parcels will tend to have a lower ratio and could also be considered redevelopable), only parcels where the building value was greater than \$10,000, met the building to land value criteria (less than 1:1), and less than three times the allowable lot size were counted as potentially redevelopable. Parcels with building values less than \$10,000 were assumed to be vacant, and parcels greater than three times the allowable lot size were considered partially vacant.

Outside the city limits, but within the UGB, there are approximately 126 vacant buildable acres.⁹ These parcels still retain rural zoning densities and when brought into the city limits will be rezoned to more urban densities, likely a combination of R-10, R-8, and R-6 zones. Assuming an average density that is 80 percent of the maximum of a R-8 zone, about 571 additional units could be constructed. This equals 1,787 new units on vacant land within the UGB.

3.1.1.2 Partially Vacant Land

Oregon City has many parcels within the city limits that have one single-family home and are at least three times the minimum lot size, as shown in Table 24 and Figure 2. The majority of these partially vacant parcels are zoned R-10, the largest minimum lot size allowed within the city limits. There are 117 parcels zoned R-10 that are three to five times the minimum lot size and 99 parcels more than five times the minimum lot size. The R-8 and R-6 zones also have a significant number of parcels where locating new units is a possibility. Overall, potentially 223 new units could be constructed on these partially vacant lots within the city limits, assuming one unit is added on lots three to five times the minimum lot size. An additional 961 new units could potentially be built on lots larger than five times the minimum lot size, assuming these parcels are built to 80 percent of the maximum allowable density for the zone.

As with vacant lands between the city limits and UGB, estimating the total number of new housing units possible on under-utilized parcels will depend on the zoning assigned when annexed. Assuming a R-8 zoning density, there are 236 parcels that would be at least three times the minimum lot size. There would be 81 lots between three and five times the minimum lot size and 155 parcel more than five times the minimum lot size. There is the potential for additional 81 units on parcels between three and five times the allowable lot size and potentially another 1,541 units on parcels larger than five times the allowable lot size.¹⁰

Within the entire UGB, there is the potential for 2,806 new units on partially vacant lots within the UGB.

⁹ Vacant parcels that would be designated for non-residential uses (such as Mixed-Use Employment) are not included in total acreage.

¹⁰ Partially vacant parcels that would be designated for non-residential uses (such as Mixed-Use Employment) are not included in total acreage.

Table 23. Vacant Residential Land by Zoning in Oregon City

Classification	Number of tax lots	Gross unconstrained Acreage	total Acreage >3/8 acres (.83) ¹¹	Less environmental constraints	Park, Schools and Churches Deduction (x.22)	Right of way deduction (x.15)	Gross vacant buildable acres	Max. Units per acre	Development on Parcels less than 3/8 Acres	Potential Dwelling Units (80 percent density)
Within the UGB										
LC ¹²	13	1.5	1.2	0.7	0.1	0.1	0.6	7.3	11	14
R-10	146	264.8	219.8	89.4	28.7	15.3	131.5	4.4	72	535
R-6	122	72.6	60.3	58.9	0.3	0.2	13.2	7.3	80	157
R-6/MH	8	38.8	32.2	2.7	6.5	3.5	26.2	6.4	2	136
R-8	92	35.4	29.4	11.3	4.0	2.1	18.0	5.5	73	152
RA-2	10	6.5	5.4	0.4	1.1	0.6	4.4	19.8	3	72
RC-4	10	2.8	2.3	1.1	0.3	0.1	1.3	10.9	9	20
RD-4	15	22.9	19.0	4.0	3.3	1.8	13.9	10.9	7	128
Subtotal	416	445.3	369.6	168.5	44.2	23.5	209.0		257	1,215
Between the City Limits and the UGB										
County	91	226.6	188.1	55.8	29.1	15.5	100.4	5.5	16	571
Total	507	671.9	557.6	224.3	73.3	39.0	336.6		273	1,787

Source: Clackamas County Assessors Office; Analysis by David Evans and Associates, Inc.

¹¹ The Oregon City Functional Compliance Plan (1999) determined that 83 percent of parcels in Oregon City are over 3/8 acres. Total acres were multiplied by .83 to remove parcels less than 3/8 of an acre, which are already assumed to be platted.

¹² 50 percent of gross vacant unconstrained acres is dedicated to residential uses. There are 2.9 acres of vacant LC land.

Table 24. Partially Vacant Residential Land by Zoning in Oregon City

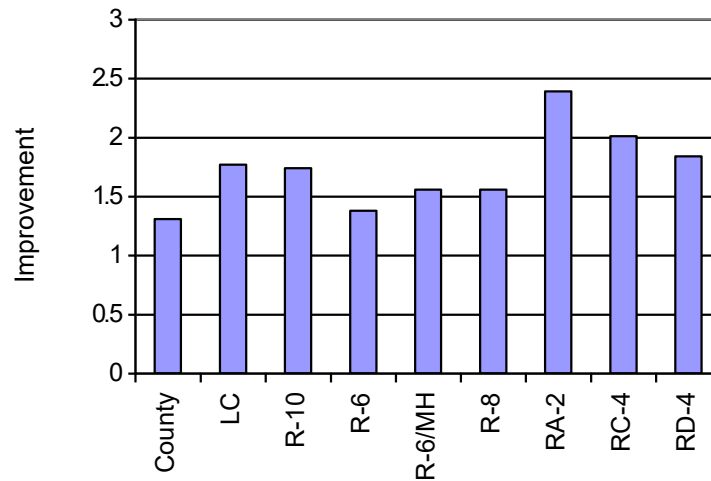
		For lots 5 times or larger the allowable size					Potential dwelling units (80 percent density) for all lots 5 times the lot size. One additional unit for lots 3-5 times the lot size
Classification	Tax lots 3 to 5 times minimum size	Total tax lots	Total Acres	Maximum Density	Constrained land	Right of way (15%)	
Within the UGB							
LC	0	0	0.0	7.3		0.0	0
R-10	117	99	238.7	4.4	53.1	27.8	672
R-6	60	25	33.2	7.3	19.7	2.0	127
R-6/MH	5	3	5.5	6.4	1.7	0.6	22
R-8	26	48	86.0	5.5	8.1	11.7	317
RA-2	0	1	2.3	19.8	0	0.3	31
RC-4	0	0	0.0	10.9	0	0.0	0
RD-4	15	0	0.0	10.9	0	0.0	15
Subtotal	223	176	365.7		82.6	42.5	1,184
Between the City Limits and the UGB							
County	81	155	470.3	5.5	58.4	61.8	1,622
Total	304	331	836.0		141.0	104.3	2,806

Source: Clackamas County Assessors Office, May 2002; Analysis by David Evans and Associates, Inc.

3.1.1.3 Potentially Redevelopable Land

Identification of parcels that could be redeveloped is based on the value of improvements compared to land value. The value of the structures and other improvements declines over the years if not properly maintained, and the potential for redeveloping the property increases. Figure 3 illustrates the average improvement values by residential zoning districts. Not surprisingly, improvement-to-land-value ratios are highest in zoning districts that allow denser development (RA-2, RC-4, and RD-4 zones). The RA-2 zone has the highest improvement-to-land-value ratio of any residential district. Conversely, less dense zones have lower improvement values, where one unit on a larger lot is the norm. Overall, average improvements in single-family residential zones are about 1.5 times the land value, with zones allowing higher density housing closer to two times the land value.

Parcels falling below the 1:1 building-to-land-value threshold could potentially be redeveloped with newer or higher density uses. However, just because the land is considered redevelopable does not ensure that change will actually occur. Table 25 shows the amount of potentially redevelopable land by zone. In Oregon City, there is less than one acre of land considered highly redevelopable and just over eight acres that have medium redevelopment potential. The majority of redevelopable parcels (about 90 percent) have a low potential and will likely stay in the same use as today. By far the majority of redevelopable parcels are within the R-6 zone, followed by the R-10 zone.

Figure 3. Improvement to Land Value Ratio for Residential Property

Source: Clackamas County Tax Assessor's Office (May 2002)

Table 25. Potentially Redevelopable Residential Land by Zoning in Oregon City

Redevelopment Potential Zoning District	Building to Land Value			Total Acres
	0-0.25 (High)	0.26-0.50 (Medium)	0.51-0.99 (Low)	
LC			0.8	0.8
R-10		1	23.5	24.5
R-6	0.8	6.9	48.7	56.4
R-6/MH			0.4	0.4
R-8				0
RA-2		0.3	0.3	0.6
RC-4		0.2	6.1	6.3
RD-4			3.0	3
Total	0.8	8.4	82.8	92

Source: Clackamas County Assessors Office; Analysis by David Evans and Associates, Inc.

3.2 Metro and Clackamas County Capacity Estimates/Land Need through 2017

Oregon City is required to determine its housing capacity within the city limits and outside of the city limits but within the UGB area that is still under Clackamas County jurisdiction. Table 26 shows the amount of expected growth in the region that Metro and Clackamas County believe Oregon City should accommodate and the projected housing capacity (using the current zoning) within the UGB to meet those targets. Within the city or UGB, Metro and Clackamas County estimated that Oregon City should expect to accommodate 9,940 additional units by 2017.

Oregon City has seen considerable growth since the projected capacity estimates were developed. Between 1994 and 1996, Oregon City determined by reviewing building permits that 1,446 units were built within the UGB. More recent permit data supplied by Metro showed an

additional 2,219 units constructed between 1996 and 2001. This development significantly reduces the dwelling units needed by 2017 to 6,075 units. However, there does not appear to be capacity to accommodate these units within the UGB. Full development of all vacant and partially vacant land would result in 4,593 new units, based on current zoning within the city and an overall R-8 density for county land within the UGB, missing the capacity target by 1,444 units.

Table 26. Capacity Analysis based on Metro and Clackamas County Capacity Estimates

Metro and Clackamas county dwelling unit target capacity	9,940
Credit for development (9/1/94-8/31/96)	(1,446)
Credit for development (8/31/96-Current)	(2,219)
Credit for projected accessory units	(142)
Credit for development on constrained land	(58)
Adjusted dwelling unit target	6,075
Estimated dwelling unit capacity on vacant land	(1,787)
Estimated dwelling unit capacity on partially vacant land	(2,806)
New welling units in manufactured home parks	(38)
Dwelling Unit Capacity Deficiency	1,444

These capacity estimates do not reflect plans to permit and encourage increased density in some areas (such as downtown), because the zoning to implement these higher densities is not yet in place. Currently, there is no housing within the downtown area and no land zoned specifically for housing, although the Oregon City Downtown Community Plan (1999) recommends several areas that could accommodate higher-density housing. If this plan is implemented, a considerable number of housing units could be accommodated in the core area of the city.

Oregon City's zoning for residential land within the city limits is primarily R-10 and R-8. This is larger than the average lot size recommended by Metro for urban areas (7,000 sq. ft). There is potential for more housing if zoning were changed and densities increased.

The number of units that could be developed on unincorporated land within the UGB depends on what zoning was assigned to each parcel when it was annexed into the city. Upon annexation, parcels are typically zoned R-10, the lowest density allowed within the city limits. For the purposes of these estimates, vacant county parcels were assumed to develop at an R-8 zoning density. However, some areas could be zoned at higher densities and accommodate additional units.

Underutilized land (or land that is not developed to the maximum allowed density by zoning) actually accounts for more acreage than vacant land in the unincorporated UGB. Underutilized land that is more than five times the allowable lot size was assumed to develop the same as vacant parcels, based on Oregon City's experience where new development on these larger lots is meeting at least 80 percent of the target density for the underlying zone. Redevelopable land is not included in the capacity analysis because of the limited amount of land considered to be highly redevelopable. The number of units that might be constructed would likely be negligible.

3.3 *Housing Mix Based on Demographics*

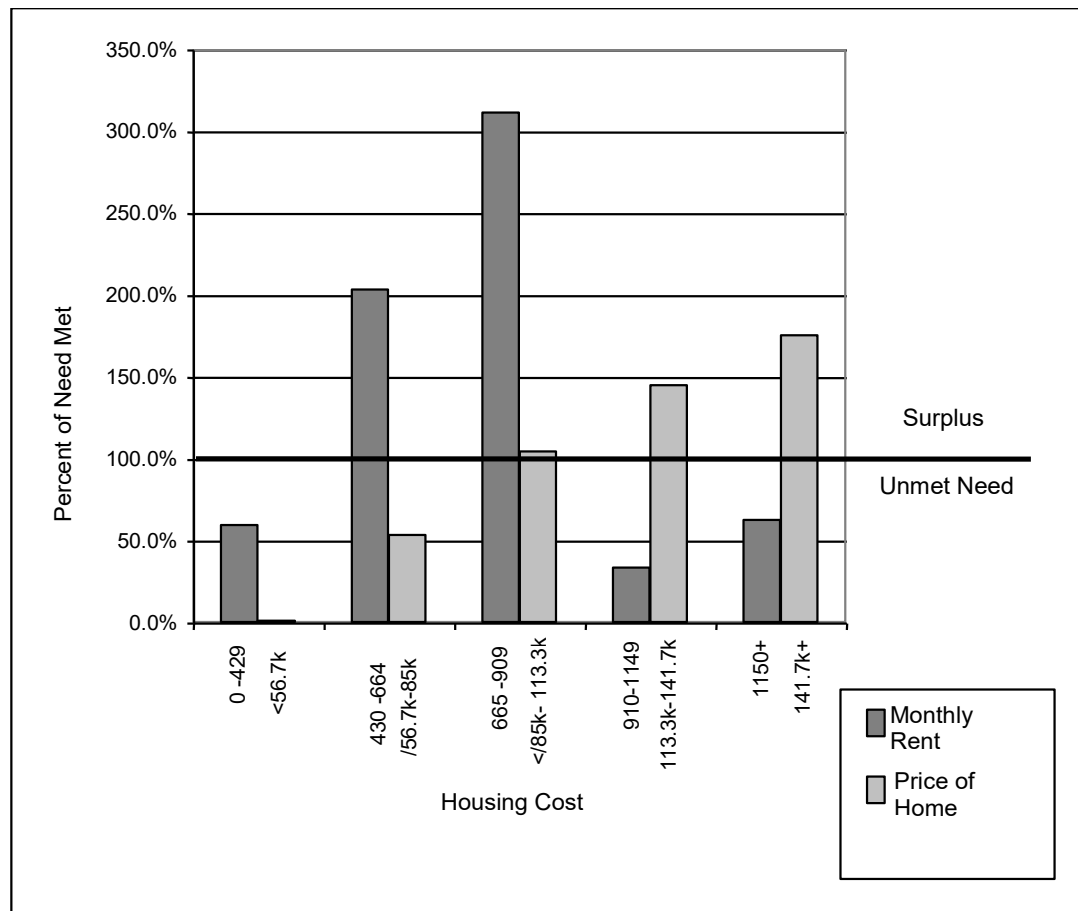
Metro and Clackamas County developed a dwelling unit target for Oregon City based on expected regional growth and the amount of vacant land available within the Oregon City UGB, shown in Table 26, not accounting for current and future socioeconomic conditions. While the target assumes that a variety of housing types will be required, it does not determine what the best housing mix would be and how much residents can afford to spend on housing.

The Oregon Department of Housing and Community Services (HCS) has developed a model that projects housing needs based on the existing housing stock, demographics and anticipated population growth. The model evaluates the existing housing units by structure type and cost, compares those units to local demographics, and estimates the current demand/supply by structure type and price point. The model requires knowledge of existing housing units, tenure, and cost. The existing housing inventory was used as the base for the model, while tenure and cost were extrapolated from the 2000 Census. The model assumes no more than 30 percent of household income is spent on rent or a mortgage.

Figure 4 shows the percentage of new housing units currently needed by price and tenure. According to the model, housing need is met for a particular price point if the existing housing stock meets 100 percent of the need. According to the model, Oregon City has a surplus of rental units in the mid price ranges with monthly rents between \$430 to \$909. The largest surplus is in the \$665 to \$909 rent ranges, where need is met by more than three times for that price range, creating a surplus of those units. Oregon City does not meet residents' needs for less expensive rental units or for units costing more than \$909 per month. The current housing stock meets just over 50 percent of the estimated need for units with rents less than \$429 per month and, for more expensive units, the existing rental stock meets approximately 50 percent of the estimated need.

In addition to rental needs, the model also estimates the need for owner-occupied units. The model shows a surplus of units costing more than \$113,300 with a greater surplus in units costing more than \$141,700. Oregon City's housing stock meets the city's needs for homes costing between \$85,000 and \$113,000, but only meets about 50 percent of housing needs for homes priced between \$56,700 and \$85,000.

Affordable housing is a concern for many Oregon City residents. The model shows just over one-percent of the need is currently met for homes costing less than \$56,700, which is not surprising considering a median sale price for homes in Oregon City of \$184,000. The number of homes in the low price range is extremely limited, and households that can only afford a home in this range would likely rent rather than buy. Households could afford to own a home only by spending a disproportionate amount on their mortgage payment. In this case, supplying more rental units than owner-occupied units is likely more realistic when comparing the current real estate market, high cost of land, and building materials.

Figure 4. Percentage of New Housing Units Needed by Housing Type for Oregon City

Source: Oregon Housing and Community Services 2002, David Evans and Associates, Inc. 2002

Assessing the current met/unmet needs is the first step in determining a future housing mix that will satisfy the projected population and demographic changes. Table 27 shows two housing mixes based on information gathered through the housing inventory and a projected housing density from the HCS model that would meet housing needs based on tenure and cost. Oregon City's current housing mix is about 80 percent single-family units and about 20 percent multifamily, although building permit data shows that the majority of new units (about 86 percent) are single-family detached homes. About 14 percent of the new units are multifamily dwellings.

The HCS model projects the density mix needed to meet Oregon City's housing needs, and has a higher percentage of units in multifamily than the current housing mix. The model projects a housing mix of about 75 percent single-family housing and about 25 percent multifamily units. The higher number of multifamily units is based on a current unmet need for low cost housing as well as higher priced units. There is a large unmet need for low cost housing for both owners and renters, but due to high housing prices, home ownership is not a realistic option. Most people who can only afford the most inexpensive housing are likely going to rent.

Table 27: Actual and Projected Housing Mix

Housing Type	Current Mix (Housing Inventory)	HCS Model (Projected Mix to Meet Housing Needs)
Single-family	81.4%	74.7%
Single-family	67.9%	63.9%
Duplex	5.9%	4.4%
Manufactured homes in parks	7.6%	6.4%
Multifamily	18.6%	25.3%
Total	100.0%	100.0%

The need for a higher percentage of multifamily units is illustrated in the demographic analysis completed in Section 2, Existing Conditions, the HCS projections showing a need for more affordable housing, and a Metro target capacity that supports higher density development. The majority of units will be single-family, but there is also a need for a higher percentage of units in multifamily uses.

3.4 Land Needs/Surplus by Housing Type

Table 28 shows the needed housing units by housing type and the need/surplus of existing vacant land within the Oregon City UGB. The target capacity for the Oregon City is 6,075 additional units (after reductions for units already constructed). Based on the adjusted target and housing mix recommended in the HCS model, Oregon City should accommodate 4,538 single-family units and 1,537 multifamily units (75 percent single-family and 25 percent multifamily).

The majority of these new units can be accommodated on vacant or partially vacant land within the UGB, but to meet the target capacity Oregon City would need to make some zone changes that increase density. Currently, vacant and partially vacant land zoned for single-family units can accommodate all single-family unit needs with room for over 4800 units, while existing multifamily zoned land could accommodate just 103 units. Therefore, some land should be rezoned to higher density uses to provide the necessary 1,434 units.

The need for higher density development within Oregon City, especially in the downtown area, has already been the focus of extensive planning efforts in an attempt to make downtown a more lively. Higher density developments can support businesses, including restaurants and entertainment businesses that cater to these new residents. The City has developed and adopted the “Oregon City Downtown Community Plan” that recommends mixed uses with 30 units per acre of housing. Other areas where higher density uses (than is currently permitted) may be appropriate are shown in Figure 5 and described in Table 29. Approximately 193 buildable acres would be rezoned; of that about 104 acres would be rezoned for multifamily uses, including a mixed-use area north of downtown.

Table 28. Housing Need/Surplus with Rezoned Areas

		Single-family, Manufactured in Parks, Duplexes	Multifamily	Total
Adjusted Metro Target (Table 26)	6,075			
Future Housing Mix (Table 27)		74.7%	25.3%	100.0%
<i>Metro Target using future housing mix</i>		<i>4,538</i>	<i>1,537</i>	<i>6,075</i>
		Single-family Zoning Districts ¹³	Multifamily Zoning District ¹⁴	Total
Potential New Units on Land within the UGB				
Vacant Land (Table 23)		1,715	72	1,787
Partially Vacant Land (Table 24)		2,775	31	2,806
New Units in Existing Manufactured Home Parks (Table 13)		38	0	38
Total New Units		4,528	103	4,631
Needed Units				
<i>(Need)/Surplus (New units-Metro Target Future Housing Mix)</i>		<i>(10)</i>	<i>(1,434)</i>	<i>(1,444)</i>
Potential New units on rezoned residential land (Table 29)		365	1,510	1,875
Total Units (needed)/surplus		355	76	431

Areas to be rezoned would accommodate primarily multifamily housing units, duplex townhomes and other higher density uses. Some rezoned areas would retain a single-family zoning but at a higher density (e.g. R-10 rezoned to R-8 or R-6). Multifamily housing would only be allowed in the RA-2 zone and in a future MUR zone recommended in the Downtown Plan. New multifamily uses are located in areas with existing multifamily uses or near activity centers, such as Clackamas Community College, and near major thoroughfares where more transportation options are available.

Oregon City meets nearly all land needs for single-family units, but needs more land for multifamily dwellings. Converting 107 acres of single-family land to multifamily uses would accommodate additional 1,510 units, or 76 units more than required. Other rezoned land (about 93 acres) would remain in single-family use but at a higher density. This would generate 365 additional units, or 355 units more than required. Together this would provide 1,875 units, which exceeds Metro's residential target capacity by 431 units.

¹³ Single-family zones include LC, R-10, R-8, R-6, R-6/MH, R-8, RC-4, RD-4, and County assumed with a density of R-8.

¹⁴ The only zone identified as multifamily is RA-2

Table 29. Potential Changes in Zoning to Meet Density Target

Area	Existing Zone	New Zone	New Comp. Plan Designation	Gross rezoned unconstrained Acreage	Total existing Units	Less env. constraints	PSC Deduction (x.22)	ROW deduction (x.15)	Total Deduction	Gross vacant buildable acres	Max. Units per acre for current zone	Max. Units per acre for new zone	Total new units
	M-1	MUOR											
1	M-2	MUOR	MUOR	11.7	0	0.0	0.0	1.8	1.8	9.9	0.0	30	239
	RC-4			0.2	3	0.0	0.0	0.0	0.1	0.1	0.0	30	3
	C			17.4	8	0.0	0.0	0.0	0.0	17.4	0.0	30	418
	R-10			51.4	13	20.3	6.8	3.6	30.8	20.6	4.4	10.9	107
2	R-6/MH	RD-4	MR	8.8	1	1.7	1.6	0.8	4.1	4.7	6.4	10.9	17
	County			35.0	0	0.4	7.6	4.0	12.1	22.9	5.5	10.9	99
	R-8			0.0	0	0.0	0.0	0.0	0.0	0.0	5.5	5.5	-
3	R-10	R-8	LR	30.3	13	17.2	2.9	1.5	21.6	8.7	4.4	5.5	8
4	R-10	R-6	LR	18.0	12	10.3	1.7	0.9	12.9	5.1	4.4	7.3	12
5	R-6	RD-4	MR	4.0	7	2.5	0.3	0.2	3.0	1.0	7.3	10.9	3
6	R-6	RA-2	HR	13.3	12	7.8	1.2	0.6	9.6	3.6	7.3	19.8	36
	R-10			6.4	0	4.3	0.5	0.2	5.0	1.4	4.4	19.8	17
7	RA-2	RA-2	HR	4.4	2	0.0	1.0	0.5	1.5	2.9	19.8	19.8	-
	R-6			12.6	15	0.2	2.7	1.5	4.4	8.2	7.3	19.8	82
	LO			2.0	41	0.0	0.0	0.3	0.3	1.7	19.8	19.8	-
8	R-10	RD-4	MR	6.1	0	1.0	1.1	0.6	2.7	3.4	4.4	10.9	17
9	R-10	RD-4	MR	4.4	2	0.0	1.0	0.5	1.5	2.9	4.4	10.9	15
10	R-10	R-8	LR	7.9	0	0.0	1.7	0.9	2.7	5.3	4.4	5.5	5
11	County	RA-2	HR	10.2	13	2.8	1.6	0.9	5.3	4.9	5.5	19.8	56
12	R-6	RD-4	MR	4.7	6	1.3	0.0	0.5	1.8	2.9	7.3	10.9	8
	R-10			5.7	7	0.4	1.2	0.6	2.1	3.5	4.4	10.9	18
13	R-10	RA-2	HR	10.4	5	1.1	2.0	1.1	4.2	6.2	4.4	19.8	76
14	R-10	RA-2	HR	19.8	3	0.0	4.4	2.3	6.7	13.1	4.4	19.8	162
15	R-10	RA-2	HR	20.1	6	3.3	3.7	2.0	8.9	11.2	4.4	19.8	138
16	LO	RA-2	HR	0.3	0	0.0	0.0	0.0	0.0	0.3	19.8	19.8	-
	R-10			14.5	9	1.6	2.8	1.5	5.9	8.6	4.4	19.8	105
	R-6/MH			4.1	3	0.0	0.9	0.5	1.4	2.7	6.4	19.8	29
	RD-4			19.9	69	0.0	4.4	2.3	6.7	13.2	10.9	19.8	94
17	County	MUE	MUE	84.9	No new residential units								
18	R-6	MUE	MUE	9.6									
19	R-10	RD-4	MR	6.1	1	0.1	1.3	0.7	2.1	4.0	4.4	10.9	21
20	R-6/MH	RD-4	MR	9.9	0	1.1	1.9	1.0	4.1	5.8	6.4	10.9	21
	R-10			3.9	1	0.0	0.9	0.5	1.3	2.6	4.4	10.9	13
	Total			460.8	252	77.3	55.3	32.4	165.1	201.2			1,875

Item 8b.



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: City Commission **Agenda Date:** 11/17/2021
From: Community Development Director Laura Terway

SUBJECT:

Resolution No. 21-54, Declaring an Emergency and Exempting a Temporary Warming Shelter at The Father's Heart Street Ministry from Planning Code Requirements (November 17, 2021 until March 31, 2022)

STAFF RECOMMENDATION:

Staff recommends the City Commission approve Resolution 21-54.

EXECUTIVE SUMMARY:

The City of Oregon City is requesting an Emergency and Exempting a Temporary Warming Shelter at Father's Heart Street Ministry, located at 603 12th Street from Planning code requirements.

BACKGROUND:

The City has received information from Clackamas County health officials and existing homeless service providers that there is a need for additional shelter resources during cold weather events. The Father's Heart Street Ministry (TFHSM), located at 603 12th Street has available resources and space to provide needed shelter during the extremely cold weather and ice/snow events predicted over the winter months.

Oregon City Municipal Code (OCMC) 2.52.020 defines "emergencies" to include "any man-made or natural event or circumstance causing or threatening loss of life, injury to person or property, human suffering..., and includes, but is not limited to, severe weather". Section 2.52.040(L) of the OCMC authorizes the City, in cases of emergency, to "order such other measures as are necessary for the protection of life or property, or for the recovery from the emergency", including the temporary exemption of applicable codes.

My Father's Heart Street Ministry would like to house up to 49 individuals from 6 p.m. to 7 a.m. each day the outside temperature is 33 degrees or below, including wind chill factor, from November 17, 2021 until March 31, 2022.

Approval by the City of Oregon City Building Official and Clackamas Fire District #1 is required for conformance with the Temporary Emergency Policy prior to use of the facility.

After denial of a warming shelter conditional use application, The Father's Heart submitted an application for the same use under House Bill 2006 on September 23, 2021. House Bill 2006 temporarily allows certain qualifying providers to develop emergency shelters in existing buildings or on vacant lands without the need for any land use approval, except for natural resource or geologic hazard overlays. As staff is continuing to clarify the HB 2006 criteria, approval of this Resolution is requested.

OPTIONS:

1. Approve Resolution 21-54
2. Instruct staff to return with Modifications to Resolution 21-54
3. Do not approve Resolution 21-54

RESOLUTION NO. 21-54**A RESOLUTION DECLARING AN EMERGENCY AND EXEMPTING THE FATHER'S HEART STREET MINISTRY FROM PLANNING CODE REQUIREMENTS ON A TEMPORARY BASIS**

WHEREAS, Oregon City Municipal Code (OCMC) 2.52.020 defines "emergencies" to include "any man-made or natural event or circumstance causing or threatening loss of life, injury to person or property, human suffering, ... and includes, but is not limited to, severe weather"; and

WHEREAS, OCMC 2.52.040(L) authorizes the City, in cases of emergency to "order such other measures as are necessary for the protection of life or property, or for the recovery from the emergency"; and

WHEREAS, the City has received information from Clackamas County health officials and existing homeless service providers that there is a need for additional shelter resources during cold weather events; and

WHEREAS, The Father's Heart Street Ministry (TFHSM) located at 603 12th Street has available resources and space to provide needed shelter during the extremely cold weather; and

WHEREAS, TFHSM is willing to provide shelter and is not requesting any monetary commitment or reimbursement from the City; and

WHEREAS, TFHSM facility may house up to 49 individuals from 6 p.m. to 7 a.m. each day that the outside temperature is 33 degrees or below, including wind chill factor, as measured by the National Oceanic and Atmospheric Administration during the duration of the emergency, from November 17, 2021 to March 31, 2022; and

WHEREAS, the forecast identifies freezing weather; and

WHEREAS, the forecasted weather events are natural events that threaten the loss of life, injury to person or property or human suffering; and

WHEREAS, the City Commission is concerned that the expected conditions will require immediate shelter needs, response by city staff and other measures that are currently unanticipated.

NOW, THEREFORE, THE CITY OF OREGON CITY RESOLVES AS FOLLOWS:

Section 1. The Oregon City Commission hereby declares an emergency, limited to the Father's Heart Street Ministry (TFHSM) located at 603 12th Street due to forecasted severe cold weather. Consistent with OCMC 2.52.070 and, by this resolution, the Commission declares an emergency from approval of this Resolution until 7 a.m. March 31, 2022.

Section 2. Based on the emergency identified above, the City Commission grants to TFHSM an exemption from the Oregon City Zoning Code for the sheltering of up to 49 individuals from

6:00 p.m. to 7:00 a.m. each day the temperature 33 degrees or below, including wind chill factor, for the duration of the emergency.

Section 3. TFHSM is authorized to temporarily provide shelter provided the facilities comply with the City of Oregon City and Clackamas Fire District #1 Temporary Emergency Policy (Exhibit A).

Section 4. TFHSM must comply with COVID-19 regulations by the state and the Oregon Health Authority.

Section 5. City staff shall request, as necessary, any assistance required from other agencies, including the state of Oregon, Clackamas County, Clackamas County Fire District No. 1, the American Red Cross or other agencies.

Section 6. The City Commission adopts the following procedures to prevent, minimize, respond to or recover from the emergency consistent with OCMC 2.52.040:

- X L. Order such other measures as are necessary for the protection of life or property, or for the recovery from the emergency.

Section 7. This resolution shall take effect November 17, 2021.

Approved and adopted at a regular meeting of the City Commission held on the 17th day of November 2021.

RACHEL LYLES SMITH, Mayor

Attested to this 17th day of November 2021:

Approved as to legal sufficiency:

Jakob S. Wiley, Assistant City Recorder

City Attorney

Attachment:

Exhibit A - The City of Oregon City and Clackamas Fire District #1 Temporary Emergency Policy



TEMPORARY EMERGENCY SHELTER POLICY

City of Oregon City and Clackamas Fire District #1 Joint Policy

The following policy is a collaboration between the City of Oregon City Building Official and the Clackamas Fire District #1 Fire Marshal for Temporary Warming Shelter's within the jurisdictional boundary of the Oregon City city limits.

This policy contains the minimal guidelines to allow a building not normally designated as an "R" (Residential) Occupancy (use of a building or structure, or a portion thereof, for sleeping purposes) to be used as a temporary shelter.

Registration:

Each year prior to opening as an emergency shelter the building manager shall contact the City of Oregon City Building Division to request approval. The approval will be subject to an on-site inspection to verify the building meets the minimum requirements of this policy. Written approval will be provided for building(s) being requested to be used as a Temporary Shelter. All buildings are subject to applicable Land Use Regulations and require written approval from the City of Oregon City Planning Division approving the use of the structure as a Temporary Shelter.

Time Limits:

If approved, a building may be used as a temporary shelter for a maximum of ninety (90) days within any twelve (12) month period of time beginning on the first (1st) day of occupancy or as approved by the local authority having jurisdiction. A thirty (30) day extension may be requested and will be reviewed by the authority having jurisdiction and a determination made depending on the weather requiring a need for additional temporary shelters availability.

Maximum Number of Occupants Allowed:

The maximum number of allowable temporary shelter occupants shall be calculated using an occupant load factor of one (1) individual for every thirty-five (35) square feet of room area.

Life Safety Requirements: The following minimum life safety requirements apply to all buildings being used as a temporary shelter.

1. Fire Sprinklers:

It is not necessary for a building to have fire sprinklers installed to allow it to be used as a temporary shelter. However, buildings with an approved fire sprinkler system installed may have sleeping located on any building or floor area.

In buildings without fire sprinklers installed, the temporary sleeping areas may only be located on the first (ground) or second floor. Sleeping areas are not permitted in basement areas of a non-fire-sprinklered building.

2. Smoke Alarms and Detection:

- All temporary shelter sleeping areas shall be provided with approved smoke alarms or a complete approved smoke detection system.
- All other areas of the building used for temporary shelter operations shall be equipped with smoke alarms or a smoke detection system as approved by the authority having jurisdiction.
- Smoke alarms or Smoke Detection may be battery operated.

3. Carbon Monoxide (CO) Alarms and Detection:

- All temporary shelter sleeping areas shall be provided with approved carbon monoxide alarms or a complete approved detection system in buildings that have a carbon monoxide source such as heater, fireplace, furnace, appliance or cooking source that uses, coal, wood, petroleum products and other fuels that emit carbon monoxide as a by-product of combustion. This would include buildings with an attached garage with a door, ductwork or ventilation shaft that communicates with the rooms intended for sleeping.
- Carbon monoxide may be battery operated.

4. Means of Egress (Exits):

All floor levels with temporary shelter areas shall have a minimum of two means of egress (exits) from each floor level. All means of egress (exits) paths shall be maintained free of obstructions at all times. Exits from sleeping areas shall be as follows:

- Sleeping areas located on the ground floor of a temporary shelter with an occupant load of 49 or less shall have at least one (1) exit and at least one (1) window qualifying as an escape or rescue window as defined by the current Oregon Residential Specialty Code.
- All other floor levels used as temporary shelter sleeping areas that have an occupant load of ten (10) or more shall have at least two (2) exits from the area. The exits

serving the areas shall be separated by a distance equal to at least one-third (1/3) of the longest diagonal distance of the area.

5. Emergency Evacuation Plan:

All temporary shelters shall create and maintain an approved emergency evacuation plan which provides evacuation of all occupants in an emergency event. At a minimum, the emergency evacuation plan shall contain the following:

- Building floor plans. Building floor plans for each floor of the temporary shelter with sleeping areas clearly identified.
- Room size. The square footage of all rooms of the temporary shelter.
- Egress (exit) path. Building floor plans shall clearly show the egress (exit) paths from all areas of the temporary shelter. Egress (exit) path floor plans shall be posted throughout the temporary shelter.
- Life-safety systems. The emergency evacuation plan shall also include information about the fire sprinkler system, fire alarm system of the smoke detection systems.
- Location of the required fire extinguishers placed within the building.

6. Fire Extinguishers:

- Appropriately sized fire extinguishers shall be placed adjacent to the means of egress with clearly marked indicators as to the location.

7. Fire Watch:

- During sleeping hours a fire watch shall be maintained continuously. This means at least one responsible person at least 18 years of age shall be awake and assigned this responsibility. The fire watch person shall be equipped with a working flash light and have access to a phone or carry a cell phone on their person.

8. Smoking or Open Flames:

- Smoking shall not be allowed at any time inside the temporary shelter.
- Open flames shall not be allowed within the temporary shelter except for approved cooking appliance which require a flame for combustion fuel to operate.

9. Documentation:

- Documentation of all fire safety requirements including copies of the temporary shelter evacuation plan shall be maintained on site and shall be available for review at the request of the authority having jurisdiction.

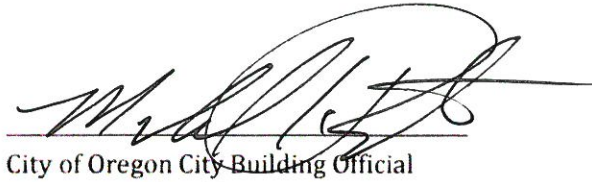
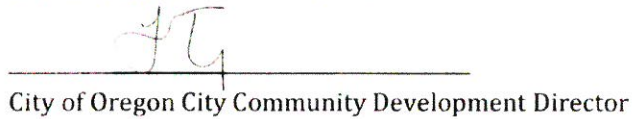
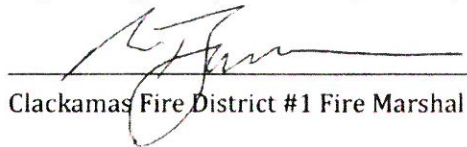
10. Responsible Person In Charge:

- The authority having jurisdiction shall be notified of the Responsible Person In Charge of the temporary shelter and be provided with a means of contact. An alternate Responsible Person In Charge may be listed.

- The responsible Person In Charge is responsible to maintain the list of the aforementioned requirements are complied with.

11. Revocation:

- Failure to maintain the minimum requirements of the policy can result in the temporary shelter approval being revoked by the authority having jurisdiction.


City of Oregon City Building OfficialNovember 29, 2017
Date
City of Oregon City Community Development Director11.29.2017
Date
Clackamas Fire District #1 Fire MarshalNovember 29th, 2017
Date



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: City Commission
From: City Manager, Tony Konkol

Agenda Date: 11/17/2021

SUBJECT:

Downtown Oregon City Association Memorandum of Understanding ("DOCA")

STAFF RECOMMENDATION:

Review for disposition of DOCA's memorandum of understanding ("MOU")

EXECUTIVE SUMMARY:

During its budget review and development process, the City Commission approved a budget line item for the Downtown Oregon City Association in the amount of \$60,000 per year over the next two years totaling \$120,000.

BACKGROUND:

The proposed memorandum of understanding outlines a partnership between DOCA and the City of Oregon City ("City"). This document outlines elements of City support to enhance DOCA's activities to benefit Downtown Oregon City and City of Oregon City's goals during the City's fiscal years 2021 -2022 and 2022 - 2023.

DOCA, organized in 2009, is a 501(c)(3) non-profit organization, with the mission to build community and cultivate commerce in Oregon City's historic downtown.

DOCA's efforts aim to bring thousands of local and national visitors to Oregon City each year and raise the profile of the community as a destination including through, but not limited to, successful events, promotion, and placemaking connectivity. Efforts aim to cultivate meaningful engagement, commerce, and civic pride.

The following agreement outlines the anticipated scope of work that DOCA will engage in to enhance Oregon City's historic downtown utilizing technical support from the City of Oregon City to accomplish its mission. Resources provided by the City are done so to maintain and grow the activation, preservation, and economic stability of Downtown Oregon City.

Below are major elements of the proposed memorandum of understanding:

The Downtown Oregon City Association will:

- Provide a copy of its workplans and annual reports including financial statements at the execution, halfway-point of each fiscal year and culmination of this MOU to City of Oregon City.
- Meet quarterly with City of Oregon City staff to review deliverables outlined in this MOU and coordinate on projects.
- Execute at least five events and/or downtown promotions that will promote downtown Oregon City. Each event will aim for a minimum of 200 people in attendance. DOCA will work with the City to implement appropriate action items (determined with the DOCA Board at regular meetings) to support the City of Oregon City Tourism Strategic Plan and the City's Economic Development Strategy.
- Cross-promote the Travel Oregon City tourism brand during visitor facing initiatives. This includes usage of social media tags such as @TravelOregonCity and others as suggested by City of Oregon City staff.

In support of this partnership, Oregon City will:

- provide assistance with events sponsored by the City including First City Celebration, Trick or Treating, and the Tree Lighting event. Other events that meet this determination will be included through an official process to become a "sponsored event." The primary assistance provided will be road closures for the events. This includes everything involved in closing a street from equipment, labor and permitting.
- Provide technical support and advice for DOCA-led initiatives that support building community and cultivating commerce in downtown Oregon City.
- provide marketing support through its channels for DOCA-led, City sponsored, events and initiatives.

Under Administration:

- The City has no authority, and shall not attempt to supervise, evaluate, direct or otherwise manage DOCA staff or board.
- Each party may choose to terminate its participation in this agreement at their sole discretion with advance notice of 90 days. In the event of termination by DOCA, DOCA shall reimburse the City on a pro-rated basis for the remainder of the year in which the annual contribution has been made upon termination. The pro-rated reimbursement shall be based on the number of months remaining in the fiscal year at a rate of \$5,000 per month. Pro-rated funds shall be returned to the City no later than 90 days after written termination is provided.
- In the event of termination by the City, lead representative from the City will evaluate the level of DOCA's performance and determine amount of contract completed. The City will then provide a proposal for reimbursement.

- Prior to the distribution of the FY 2023 funding as described above, DOCA shall demonstrate to the City Commission that the Scope of Work and Administration requirements as outlined in this MOU are being met followed by a staff recommendation. Failure to meet the Scope of work and Administration requirements, as determined by the City Commission, may result in the termination of this MOU for non-performance and/or withholding of the FY 2023 contribution.

OPTIONS:

1. Decide on the deposition the memorandum of understanding
2. Modify the memorandum of understanding to meet the City Commission's expectations

BUDGET IMPACT:

Amount: \$60,000

FY(s): FY 2023

Funding Source(s): General Fund

Memorandum of Understanding between the
Downtown Oregon City Association
and the City of Oregon City

Overview

This agreement outlines a partnership between the Downtown Oregon City Association (DOCA) and the City of Oregon City (City). This memorandum outlines an agreement for the City to provide support to enhance DOCA's activities to benefit Downtown Oregon City and City of Oregon City goals during the City's fiscal years 2021 -2022 and 2022 - 2023.

DOCA, organized in 2009, is a 501(c)(3) non-profit organization, and a nationally accredited, award- winning Oregon Main Street Program. DOCA's mission is to build community and cultivate commerce in Oregon City's historic downtown.

DOCA advances economic development; promotes tourism; facilitates the attraction of new business to Main Street downtown and the expansion of existing downtown businesses; fosters partnerships with merchants, civic leaders, organizations and the community and sponsors and produces exciting events.

DOCA's efforts aim to bring thousands of local and national visitors to Oregon City each year and raise the profile of our city as a destination including through, but not limited to, successful events, promotion, and placemaking connectivity. Efforts aim to cultivate meaningful engagement, commerce, and civic pride.

The following agreement outlines the anticipated scope of work that DOCA will use the financial and technical support from the City of Oregon City to complete. Resources provided by the City are done so to maintain and grow the activation, preservation, and economic stability of Downtown Oregon City.

Funding Arrangement

The City agrees to fund DOCA for the 2021-2023 biennium.

The City's contribution will be \$60,000 annually paid in a lump sum at the execution of this contract and then at the beginning of the 2022-2023 fiscal year. DOCA will match this funding at 100% per year for a minimum of \$60,000 per year with other funds not from City of Oregon City sources such as other City facilitated grants or other contracts for services.

Scope of Work for DOCA Staff and Board

These funds, including DOCA's match, will be used to fund DOCA's operations with the following deliverables:

1. Provide a copy of DOCA's Workplans and Annual Reports including financial statements at the execution, halfway-point of each fiscal year and culmination of this agreement to City of Oregon City lead representatives in this agreement, who are the Economic Development Manager and the City Manager.
2. Meet quarterly with City of Oregon City staff to review deliverables outlined in this MOU and coordinate on projects. Staff to be included in these meetings are Economic Development Manager, Economic Development Coordinator, Tourism Program Specialist.
3. Provide Biannual updates to City Commission.
4. Maintain Oregon Main Street "Performing Main Street" status in conjunction with City of Oregon City goals, which allows DOCA to access grant opportunities and technical assistance. City Staff will meet with the DOCA lead representative quarterly and board bi-annually to review **"Performing Main Street" status. If requirements or prerequisites for this status are not being met**, City Staff and DOCA Staff will agree on a short-term work plan to address any needed changes.

5. Serve as an active downtown representative for city-led initiatives.
6. DOCA will execute at least five events and/or downtown promotions that will promote downtown Oregon City. Each event will aim for a minimum of 200 people in attendance. DOCA will work with the City to implement appropriate action items (determined with the DOCA Board at regular meetings) to support the City of Oregon City Tourism Strategic Plan and the City of Oregon City Economic Development Strategy.
7. DOCA will cross-promote the Travel Oregon City tourism brand during visitor facing initiatives. This includes usage of social media tags such as @TravelOregonCity and others as suggested by City of Oregon City staff.
8. DOCA will provide, in a timely manner, letters of support, meeting attendance and shared information and data, for city initiatives including Quiet Zone, Urban Renewal, Transportation Demand Management Plan, tourism development and promotion, County Courthouse initiatives, connectivity to the Grand Cove and other programs supporting city goals, as directed by the DOCA Board of Directors.

Scope of Work for City of Oregon City

To support this partnership, the City of Oregon City will provide financial assistance along with the following technical support:

1. City will provide assistance with events sponsored by the City including First City Celebration, Trick or Treating, and the Tree Lighting event. Other events that meet this determination will be included through the official process to become a sponsored event. The primary assistance provided will be road closures for the events. This includes everything involved in closing a street from equipment, labor and permitting.
2. Technical support and advice for DOCA-led initiatives that support building community and cultivating commerce in downtown Oregon City.
3. City will provide marketing support through its channels for DOCA-led, City sponsored, events and initiatives.

Administration

1. This funding is provided for the 2021-2023 biennium (July 1, 2021 - June 30, 2023). The funding will be subject to budget approval and will be reviewed at the end of the biennium.
2. DOCA will invoice the City at the beginning of the fiscal years 2022 and 2023 and provide documentations of hours worked with allocation to city goals and MOU agreed scope of work.
3. DOCA will be responsible for maintaining all appropriate insurance and ~~taxes~~
4. DOCA and the City acknowledge there will be modifications to the scope of work and will review and revise as both parties deem appropriate to best serve our economic development roles.
5. The City has no authority, and shall not attempt to supervise, evaluate, direct or otherwise manage DOCA staff or board.
6. The lead representatives from each organization are:
 - a. DOCA - Executive Director or designee
 - b. City - City Manager and/or Economic Development Manager
7. Each party may choose to terminate its participation in this agreement at their sole discretion with advance notice of 90 days. In the event of termination by DOCA, DOCA shall reimburse the City on a pro-rated basis for the remainder of the year in which the annual contribution has been made upon termination. The pro-rated reimbursement shall be based on the number of months remaining in the fiscal year at a rate of \$5,000 per month. Pro-rated funds shall be returned to the City no later than 90 days after written termination is provided. In the event of termination by the City, lead

representative from the City will evaluate the level of DOCA's performance and determine amount of contract completed. The City will then provide a proposal for reimbursement.

8. Prior to the distribution of the FY 2023 funding as described above, DOCA shall demonstrate to the City Commission that the Scope of Work and Administration requirements as outlined in this MOU are being met followed by a staff recommendation. Failure to meet the Scope of work and Administration requirements, as determined by the City Commission, may result in the termination of this MOU for non-performance and/or withholding of the FY 2023 contribution.

City of Oregon City

Signature of City Manager, Anthony J. Konkol III

Date

Printed Name

Downtown Oregon City Association

Signature of Executive Director, Elizabeth Hannum

Date

Printed Name