

Oregon City Baseline Housing Needs Analysis

DATE: June 26, 2019
TO: Peter Walter, City of Oregon City
CC: Dan Chandler and Martha Fritzie, Clackamas County
FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
SUBJECT: OREGON CITY BASELINE HOUSING NEEDS ANALYSIS

Clackamas County and a few cities within the county have worked together to develop a Housing Needs Analysis (HNA) and Buildable Lands Inventory (BLI).¹⁸⁵ The purpose of the project is to provide information to the County about Clackamas County's housing market and to provide a basis for updating the County's housing policies. The project also provides participating cities in Clackamas County with a baseline housing needs analysis.

This memorandum serves as Oregon City's preliminary HNA. The City can use the information in the Clackamas County HNA and the information in the City's baseline housing needs analysis as the basis for developing a full housing needs analysis, which would include more information about housing needs by income and more information about demographics and the housing market. This baseline HNA memorandum provides information to staff and decision makers about the characteristics and conditions of the city's housing market and serves as a starting point for further evaluation of the city's housing needs and housing policies. To complete a full HNA, the City will need to have discussions with decision makers about the key issues identified in this memorandum about housing need in Oregon City and decide on policy directions for addressing the issues.

Oregon City is currently in the final stages of adopting development and housing code amendments with the intent of removing barriers to equitable housing. Oregon City will use the information in this baseline HNA to augment, inform, and refine the existing code amendment analysis. The City is about to embark on an update of its Comprehensive Plan, which will provide an opportunity for continuing discussions of Oregon City's housing needs.

This analysis demonstrates that Oregon City has a surplus of capacity of vacant land zoned for residential uses within the Metro Urban Growth Boundary (UGB) over the next 20 years, except for High Density Residential. The City will need to identify opportunities to meet the need for multifamily housing that can not be accommodated in High Density Residential through policies such as those that support redevelopment, development of more multifamily in mixed use commercial areas, increases in multifamily density, rezoning land to the High Density Residential designation, or a combination of one or more of these approaches.

¹⁸⁵ This project is funded through a grant from the Oregon Department of Land Conservation and Development (DLCD).

The City does have a sufficient supply of projected housing within Oregon City and the adjacent UGB to accommodate the housing needs for the next 20 years. As a best practice, the City should consider a long-term approach to maintain an adequate supply by striving for a greater variety of housing types and affordability as identified in the Comprehensive Plan.

Organization of this Memorandum

The contents of this memorandum include the following sections:

- Comprehensive Plan and other Background
- Baseline Housing Forecast
- Buildable Lands Inventory Results
- Baseline Assessment of Residential Land Sufficiency
- Next Steps

In addition, Appendix B of the Clackamas County HNA provides the factual basis for the analysis in the baseline housing needs analysis.

Comprehensive Plan and other Background

The Oregon City Comprehensive Plan was adopted in 2004 and provides citywide goals and policies related to housing. Based on the Housing Technical Report from 2002, the plan generally identifies a need for providing and maintaining a variety of housing types, lot sizes, and affordable housing. Though housing and associated infrastructure is discussed throughout the document, a majority of the discussion may be found in Section 2 and 10.

The population of homeless residences in Oregon City has increased significantly over the past few years. Though the associated statistics are sparse and not statistically accounted for in this analysis, point in time counts confirm an increasing trend. The City Commission has approved Resolutions over the past few years to allow overnight warming shelters from 7am – 7pm during the winter months each day that the outside temperature is 33 degrees or below, including wind chill factor, as measured by the National Oceanic and Atmospheric Administration. For the 2018-2019 winter season there were 9,095 total bed nights across the Clackamas County warming shelter system of 5 warming shelter sites. Two of the sites were in Oregon City and accounted for 3,594 bed nights, or 39.5% of the total County facilities.

The City Commission has identified housing and homelessness as a top priority. The 2017-2019 City Commission goals included identification of partnerships, programs, and funding to address homelessness, working with regional partners to identify tools and programs to increase affordable housing and housing affordability, and review local regulations and processes to remove barriers and provide incentives to additional housing opportunities. The 2019-2021 goals included working with regional partners to identify additional funding and provide increased education on resources available to reduce and prevent homelessness in the community and review the potential implementation of an affordable housing construction

excise tax and how revenues could be distributed and invested into programs and projects to reduce housing costs and provide affordable housing opportunities.

Baseline Housing Forecast for 2019 to 2039

The purpose of Oregon City's baseline housing forecast is to estimate future housing need in Oregon City to provide the basis for additional analysis of housing need and discussions about housing policies. If Oregon City develops a complete Housing Needs Analysis, the baseline analysis in this memorandum can provide the starting point for that analysis.

The baseline housing needs analysis is based on: (1) Metro's official forecast for household growth in Oregon City over the 20-year planning period, (2) information about Oregon City's housing market, and (3) the demographic composition of Oregon City's existing population and expected long-term changes in the demographics of Clackamas County. This analysis pulls information about Oregon City's demographic and socioeconomic characteristics and housing market from Appendix B Housing Trends.

Forecast for Housing Growth

A 20-year household forecast (in this instance for 2019 to 2039) is the foundation for estimating needed new dwelling units. The forecast for Oregon City is based on Metro's *2040 Household Distributed Forecast*, 2016. Exhibit 337 shows Oregon City will grow from 13,189 households in 2019¹⁸⁶ to 16,047 households in 2039, an increase of 2,858 households.¹⁸⁷ According to Metro, this is a forecast for the city limits for Oregon City. However, Oregon City generally plans for the area within the city limits and areas outside the city limits to the Metro UGB. It is reasonable to assume that most (and likely all) of this area (within the city limits and to the Metro UGB) is included in this forecast.¹⁸⁸ Throughout this memorandum, when we refer to Oregon City, we mean this geography (as shown in Exhibit 386).

While the forecast in Exhibit 337 is a forecast for new households, we assume that each household will need a dwelling unit. The new 2,858 households in Exhibit 337 will result in a

¹⁸⁶ Metro's 2040 Household Distributed Forecast shows that in 2015 the Oregon City's city limits had 12,682 households. The Metro forecast shows Oregon City growing to 16,206 households in 2040, an average annual growth rate of 0.97% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2019 (13,189 households) and 2039 (16,047 households).

Oregon City's Transportation Systems Plan (TSP) uses a different forecast for housing. The forecast in this document is based on the most recent forecast for growth in Oregon City. It is the forecast that the City is required to use in a housing needs analysis.

¹⁸⁷ This forecast is based on Oregon City's (city limits) official household forecast from Metro for the 2019 to 2039 period.

¹⁸⁸ The Metro forecast builds from a forecast of household growth by transportation analysis zones (TAZ). There are a number of TAZ that include land within the city limits and land between the city limits and Metro UGB. We assume the growth within these TAZ is included in the Metro forecast in Exhibit 337. Only TAZ 733 is adjacent to Oregon City and completely outside the city limits but within the Metro UGB. The forecast for growth in TAZ 733 is relatively small and may be included in the forecast for Oregon City's city limits.

need for 2,858 new dwelling units in the Oregon City Planning Area. Throughout the remainder of this memorandum, we refer to this growth as growth in dwelling units.

Oregon City will have demand for 2,858 new dwelling units over the 20-year period, with an annual average growth of 143 dwelling units.

Exhibit 379. Forecast of demand for new dwelling units, Oregon City, 2019 to 2039

Source: Metro's 2040 Household Distributed Forecast, July 12, 2016. Calculations by ECONorthwest.

Variable	New Dwelling Units (2019-2039)
Household Forecast 2019	13,189
Household Forecast 2039	16,047
Total New Dwelling Units (2019-2039)	2,858
Annual Average of New Dwelling Units	143

Housing Units Needed

Exhibit 337 presents a forecast of new housing in Oregon City for the 2019 to 2039 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 in Oregon City will generally include a wider range of housing types and housing that is more affordable. This conclusion is consistent with housing need in other cities in Clackamas County, the Portland Region,¹⁸⁹ most cities across the State, and the recommendations of Oregon City's own Equitable Housing project.¹⁹⁰ This conclusion is based on the following information, found in Appendix B:¹⁹¹

- Oregon City's housing mix, like Clackamas County's, is predominately single-family detached. In the 2013-2017 period, 74% of Oregon City's housing was single-family detached, 6% was single-family attached, and 20% was multifamily. In comparison, the mix of housing for the entire Portland Region was 63% single-family detached, 5% single-family attached, and 32% 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 aging of the Baby Boomers. In 2012-2016, 18% of Oregon City's population was over 60 years old. Between 2020 and 2040, the share of people over 60 years old is expected to stay relatively constant in Clackamas County, from 26% of the

¹⁸⁹ The Portland Region is defined as all of Clackamas County, Multnomah County, and Washington County.

¹⁹⁰ <https://www.orcity.org/planning/equitable-housing>

¹⁹¹ Appendix B presents detailed demographic, socioeconomic, and housing affordability data. This section summarizes key findings from Appendix B for Oregon City.

population to 27% of the population.¹⁹² The aging of the Baby Boomers may have a smaller impact in Oregon City than in some cities in the County because Oregon City has a smaller share of people over 60 years of age. The City will be affected by retirement and the changing housing needs of Baby Boomers as their households become smaller and some choose to downsize into smaller homes or are unable to stay in their current homes because of health or other issues.

- The aging of the Millennials. In 2012-2016, 28% of Oregon City's population was between 20 and 40 years old. Between 2020 and 2040, Millennials are expected to grow from 23% of Clackamas County's population to 28% of the population, an increase of 5% in the share of the population.¹⁹³ Homeownership rates for Millennials will increase as they continue to form their own households. Oregon City has a larger share of Millennials than the County. As a result, the City may have increased demand for relatively affordable housing types, for both ownership and rent, over the planning period.
- The continued growth in Latinx populations. From 2000 to the 2012-2016 period, the share of Oregon City's Latinx population increased from 5% of the population to 8% of the population, an increase of 3% in the share of the population. At the same time, the share of Latinx increased by 3% in Clackamas County and 4% in the Portland Region. Continued growth in Latinx households will increase need for larger units (to accommodate larger, sometimes multigenerational households) and relatively affordable housing.
- Oregon City's median household income was \$65,548, about \$3,400 lower than Clackamas County's median. Approximately 36% of Oregon City households earn less than \$50,000 per year, compared to 35% in Clackamas County and 40% in the Portland Region.
- About 35% of Oregon City's households are cost burdened (paying 30% or more of their household income on housing costs).¹⁹⁴ 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 60% of Oregon City's median household income (\$39,329) could afford about \$983 per month in rent, compared with the median gross rent of \$1,053. However, about 20% of Oregon City's housing stock is multifamily, compared to 32% of

¹⁹² Population Research Center, Portland State University, June 30, 2017.

¹⁹³ Population Research Center, Portland State University, June 30, 2017.

¹⁹⁴ 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."

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 but at a slower rate than the entire County. From February 2015 to February 2019, the median housing sale price increased by \$159,600 (60%), from \$264,000 to \$423,500.¹⁹⁵ At the same time, the median housing home sale price in Clackamas County increased by \$136,700 (46%), from \$298,000 to \$435,500.¹⁹⁶ Oregon City has a lower average rent and home price than many other nearby jurisdictions. Because of the relatively lower cost of housing compared to other cities within the region and the increase in jobs and amenities anticipated over the next 20 years, Oregon City may be an increasingly desirable place to locate.
- a. A household earning 60% of Oregon City's median household income could afford a home valued between about \$138,000 to \$157,000, which is less than the median home sales price of about \$395,000 in Oregon City. A household earning median income (\$65,548) could afford a home valued between about \$229,000 to \$262,000, which is also less than the median home sales price of about \$395,000 in Oregon City. A household can start to afford median home sale prices at about 155% 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 detached housing (e.g., cottages or small-lot single-family detached units), townhouses, duplexes and quad-plexes, small apartment buildings, and larger apartment buildings.

¹⁹⁵ Property Radar.

¹⁹⁶ Property Radar.

Exhibit 338 shows a forecast for housing growth in the Oregon City during the 2019 to 2039 period. The projection is based on the following assumptions:

- Exhibit 337 shows that Metro forecasts growth 2,858 new dwelling units in Oregon City over the 20-year period.
- The assumptions about the mix of housing in Exhibit 338 are consistent with the requirements of OAR 660-007:¹⁹⁷
 - **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 2013-2017, 74% 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 medium and high-density areas**. In 2013-2017, 6% of Oregon City's housing was single-family attached. Single-family attached housing is townhouse or a row house type of housing.
 - **About 30% of new housing will be multifamily in high density and mixed-use areas**. In 2013-2017, 20% of Oregon City's housing was multifamily. Multifamily housing includes duplexes, tri- and quad-plexes, and all structures with five or more units.

The City is in the process of updating the zoning code to allow for a greater variety of housing types such as duplexes, tri-plexes, and quad-plexes in low and medium density areas. Under the new changes, duplexes will be considered a type of single-family attached housing, but for this analysis, we grouped duplexes with multifamily housing for consistency with the other housing needs analysis in the project. In addition, the proposed code redefines multifamily housing as structures with three or more units, but it is changing the definition to five or more units per lot, and separating redefining tri- and quad-plexes as single-family attached housing. Tri-plexes and quad-plexes will be defined separately under the zoning code. This analysis assumes that duplexes, tri-plexes, and quad-plexes are part of the forecast for multifamily housing and that townhouses are part of the forecast for single-family attached housing.

¹⁹⁷ 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 2,858 new dwelling units over the 20-year period, 50% of which are forecast to be single-family detached housing.

Exhibit 380. Forecast of demand for new dwelling units, Oregon City, 2019 to 2039

Source: Calculations by ECONorthwest.

Variable	Mix of New Housing Units (2019-2039)
Needed new dwelling units (2019-2039)	2,858
Dwelling units by structure type	
Single-family detached	
Percent single-family detached DU	50%
equals Total new single-family detached DU	1,429
Single-family attached	
Percent single-family attached DU	20%
equals Total new single-family attached DU	572
Multifamily	
Percent multifamily	30%
Total new multifamily	857
equals Total new dwelling units (2019-2039)	2,858

The forecast of new units does not include dwellings that will be demolished and replaced. However, we describe redevelopment potential later in the document.

Exhibit 381 allocates housing to plan designations in Oregon City. The allocation is based, in part, on the types of housing allowed in the zoning designations in each plan designation by zone. Exhibit 381 shows:

- **Low Density Residential (R-10, R-8, R-6)** land will accommodate new single-family detached housing, accessory dwelling units, and cluster housing. The City is in the process of making code amendments to allow corner lot duplexes on low density residential lands.
- **Medium Density Residential (R-3.5, R-5)** land will accommodate new single-family detached housing, accessory dwelling units, and cottage housing. R-3.5 will also accommodate single-family attached housing and duplexes. The City is in the process of making code amendments to allow manufactured homes and parks, single-family attached housing, corner duplexes, and tri- and quad-plexes in areas zoned R-3.5. Code amendments will allow cluster housing on Medium Density residential lands.
- **High Density Residential (R-2)** land will accommodate multifamily housing and live/work units. The City is in the process of making code amendments to allow accessory dwelling units (for existing single-family detached housing), duplexes (including corner duplexes), single-family attached housing, tri- and quad-plexes, multifamily housing, and cluster housing.
- **Commercial (MUD, MUC 1, MUC 2, NC, HC)** land, depending on the zone, will accommodate single-family detached, single-family attached, duplexes, multifamily, live/work units, and accessory dwelling units.

Exhibit 381. Allocation of housing by housing type and plan designation, Oregon City (city limits), 2019 to 2039

Source: ECONorthwest.

Comprehensive Plan Designation	Residential Plan Designations			Commercial	Total
	Low Density	Medium Density	High Density		
Dwelling Units					
Single-family detached	999	430	-	-	1,429
Single-family attached	-	429	114	29	572
Multifamily	17	28	715	97	857
Total	1,016	887	829	126	2,858
Percent of Units					
Single-family detached	35%	15%	0%	0%	50%
Single-family attached	0%	15%	4%	1%	20%
Multifamily	1%	1%	25%	3%	30%
Total	36%	31%	29%	4%	100%

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- Exhibit 340 presents a forecast of future housing density based on historical densities in Oregon City (presented in Appendix B).
- Exhibit 340 shows an estimate of baseline densities for future development.

Exhibit 340 converts between net acres and gross acres¹⁹⁸ to account for land needed for rights-of-way based on empirical analysis of existing rights-of-way by plan designation in Oregon City.

- **Low Density Residential:** Average density in this Plan Designation was historically 5.2 dwelling units per gross 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 4.7 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 4.3 dwelling units per gross acre.
- **Medium Density Residential:** Average density in this Plan Designation was historically 10.7 dwelling units per gross 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 9.7 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 8.7 dwelling units per gross acre.
- **High Density Residential:** Average density in this Plan Designation was historically 21.8 dwelling units per gross 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

¹⁹⁸ 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.

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 17.7 dwelling units per gross acre.

- **Commercial:** Average density in this Plan Designation was historically 11.3 dwelling units per gross 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 10.1 dwelling units per gross acre and for lots larger than 1.0 acres the future density will be 9.2 dwelling units per gross acre.

Exhibit 382. Future housing densities accounting for land for rights-of-way, Oregon City (city limits)¹⁹⁹

Source: ECONorthwest. Note: DU is dwelling unit.

Residential 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	5.2	0%	5.2	5.2	10%	4.7	5.2	18.5%	4.3
Medium Density Residential	10.7	0%	10.7	10.7	10%	9.7	10.7	18.5%	8.7
High Density Residential	21.8	0%	21.8	21.8	10%	19.6	21.8	18.5%	17.7
Commercial	11.3	0%	11.3	11.3	10%	10.1	11.3	18.5%	9.2

¹⁹⁹ The analysis of historical densities was housing developed between 2000 and 2018. The analysis of land in rights-of-way is based on analysis of existing development patterns and percentages of land in rights-of-way in 2018.

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.

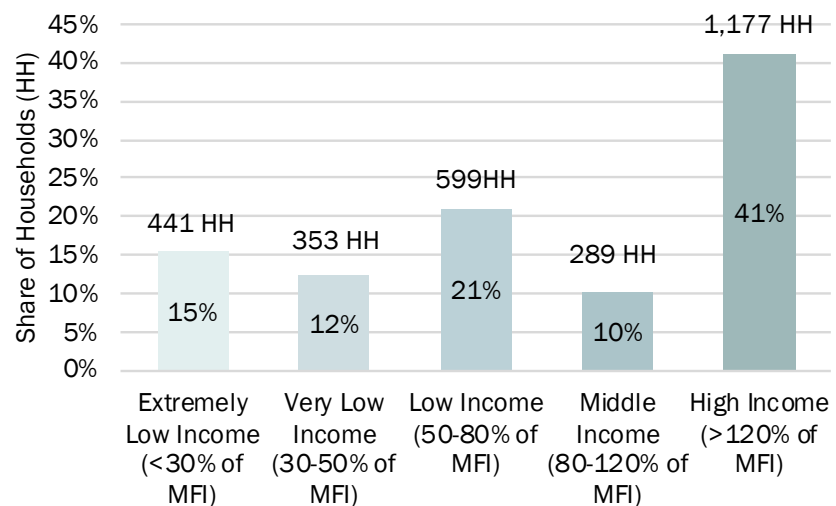
The analysis in Exhibit 79 is based on American Community Survey data about income levels for existing households in Oregon City. Income is categorized into market segments consistent with HUD income level categories, using Clackamas County's 2018 Median Family Income (MFI) of \$81,400. The Exhibit is based on current household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.²⁰⁰

About 27% of Oregon City's future households will have income below 50% of Clackamas County's median family income (less than \$40,700 in 2016 dollars) and about 31% will have incomes between 50% and 120% of the county's MFI (between \$40,700 and \$97,680).

This trend shows a substantial need for higher-amenity housing types and for more affordable housing types (government-subsidized, apartments, townhomes, duplexes, and single-family homes (manufactured housing, cottage clusters, and small-lot single-family)).

Exhibit 383. Future (New) Households, by Median Family Income (MFI) for Clackamas County (\$81,400), percentages based on existing households by income in Oregon City, 2019 to 2039

Source: U.S. Department of Housing and Urban Development. U.S. Census Bureau, 2012-2016 ACS Table 19001.



²⁰⁰ For example, 41% of Oregon City's households had income above 120% of the Clackamas County Median Family Income in 2012-2016. This analysis assumes that 41% of the 2,858 new households that grow in Oregon City 2019-2039 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.

- **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. Clackamas County has 610 units of government-subsidized housing.²⁰¹ In addition, a 24-unit project currently under construction on Pleasant Avenue will provide housing for chronically homeless and severely low-income veterans and their families at or below 30% AMI.
- **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 parks.** 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,²⁰² Oregon City has four manufactured home parks within city limits,²⁰³ with 345 spaces. Oregon City has two manufactured home parks within the UGB,²⁰⁴ with 540

²⁰¹ According to the Oregon Housing and Community Services database of government-subsidized housing.

²⁰² Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

²⁰³ Clairmont, Mt. Pleasant, Cherry Lane, and Char Diaz Estate

²⁰⁴ Forest Park, Country Village

spaces.²⁰⁵ The proposed code amendments will allow an opportunity for new manufactured housing parks to be created as well as expansion of existing facilities.

ORS 197.480(2) requires Oregon City to project need for manufactured dwelling parks 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 337 shows that Oregon City will need 2,858 dwelling units over the 2019 to 2039 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 parks accounts for about 2.6% (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. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.
- The households most likely to live in manufactured homes in parks are those with incomes between \$24,420 and \$40,700 (between 30% to 50% of MFI), which include 20% of Oregon City's households. However, households in other income categories may live in manufactured homes in parks.

The national and state trends of 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.

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 over the 2019 to 2039 period. It is, however, likely that manufactured homes will continue to locate on individual lots in Oregon City and that existing parks may add additional units. The forecast of housing assumes that no new manufactured home parks will be opened in Oregon City over the 2019 to 2039 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.

²⁰⁵ 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>

- 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,²⁰⁶ Oregon City also has locally adopted manufactured home park closure regulations.²⁰⁷ 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.

²⁰⁶ ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord must do the following for manufactured dwelling park tenants before closure of the park: give at least one year's notice of park closure, pay the tenant between \$5,000 to \$9,000 for each manufactured dwelling park space, and cannot charge tenants for demolition costs of abandoned manufactured homes.

²⁰⁷

https://library.municode.com/or/oregon_city/codes/code_of_ordinances?nodeId=TIT15BUCO_CH15.52MAHOPACL

Buildable Land Inventory

This section provides a summary of the residential buildable lands inventory (BLI) for Oregon City (city limits and adjacent Urban Growth Boundary). This buildable land inventory analysis complies with statewide planning Goal 10 policies that govern planning for residential uses. This section presents a summary of existing vacant and partially vacant land in Oregon City that excludes land with constraints that limit or prohibit development such as slopes over 25% or floodplains.

The City does have a variety of plan designations which allow residential as well as non-residential uses.²⁰⁸ As the inventory is intended to identify the amount of land available for residential land, the land zoned for mixed use was included, such as the Mixed Use Corridor zone, which are within the Central Commercial and General Commercial designations. The inventory does not include redevelopable land but it does summarize redevelopment potential in terms of dwelling units. **The Buildable Land Inventory and the methodology are presented in more detail in Appendix A.**

Vacant and Partially Vacant Land

Exhibit 384 shows Oregon City has 866 unconstrained buildable acres of residentially zoned land and 73 acres of vacant Commercial land (where housing is an outright permitted use). About 37% of Oregon City's unconstrained buildable residential land is vacant and 63% are in tax lots classified as partially vacant. About 49% of Oregon City's unconstrained buildable residential land is in the Low-Density Residential Plan Designation.

²⁰⁸ The BLI included the following Plan Designations: Low Density Residential, Low Density Residential – Manufactured Homes, Medium Density Residential, High Density Residential, Central Commercial, General Commercial, Future Urban, Parks, and Quasi-Public.

Exhibit 384. Unconstrained buildable acres in vacant and partially vacant tax lots by Plan Designation, Oregon City (city limits and adjacent UGB), 2019

Source: ECONorthwest Note: The numbers in the table may not sum to the total as a result of rounding.

Generalized Plan Designation	Total buildable acres	Buildable acres on vacant lots	Buildable acres on partially vacant lots
Residential			
Low Density Residential	460	106	355
Medium Density Residential	386	163	224
High Density Residential	20	9	10
Commercial			
Central Commercial	72	66	7
General Commercial	1	1	0
Other			
Future Urban	0	0	0
Total	940	344	596

Exhibit 385 shows buildable acres by size of parcels (e.g., acres in tax lots after constraints are deducted) for vacant and partially vacant land by Plan Designation. Of Oregon City's 940 unconstrained buildable residential acres, about 73% are in tax lots larger than one acre.

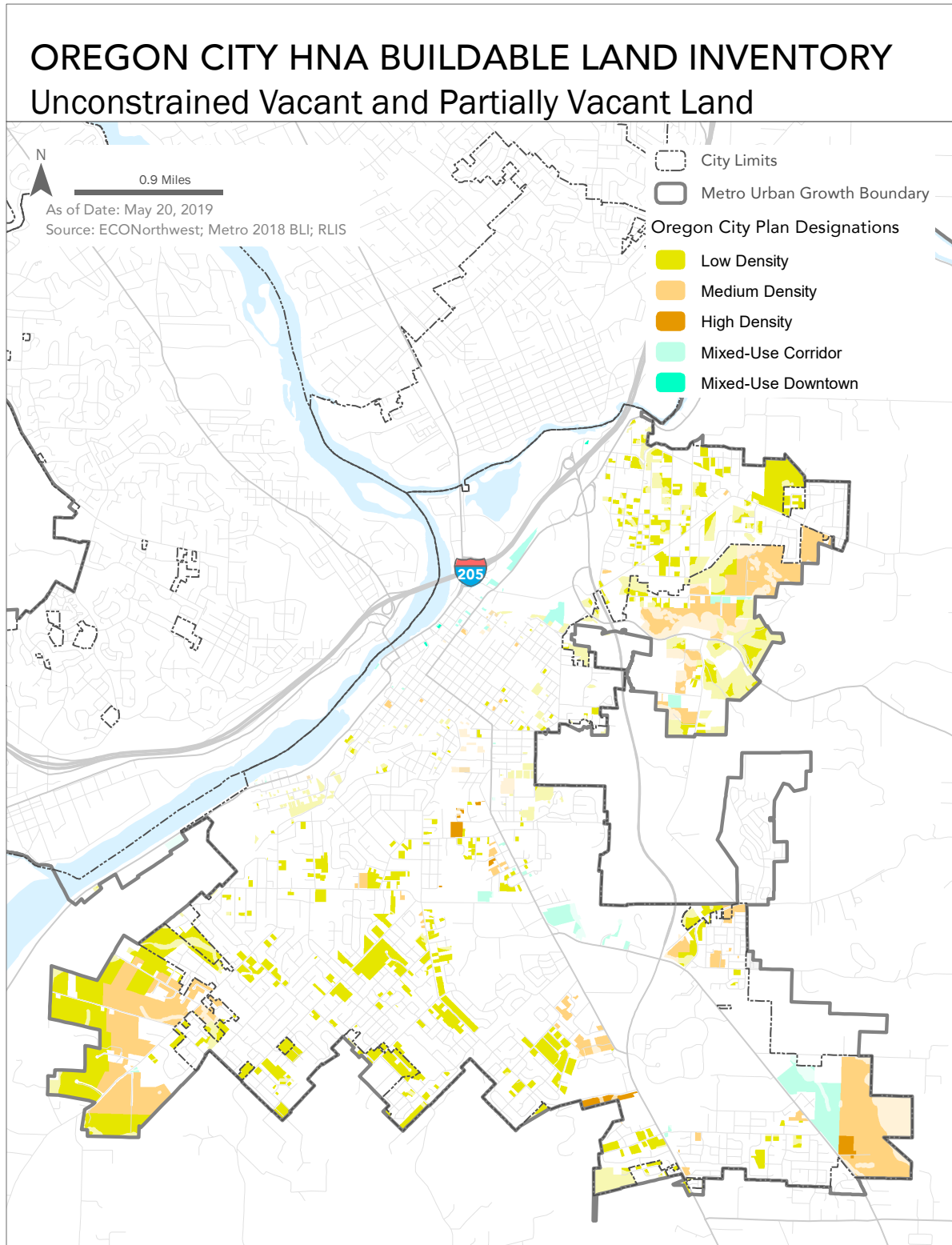
Exhibit 385. Buildable acres, by size of parcel, in vacant and partially vacant tax lots by Plan Designation, Oregon City (city limits and adjacent UGB), 2019

Source: ECONorthwest Note: The numbers in the table may not sum to the total as a result of rounding.

Plan Designation	Tax Lots Smaller than 0.38 acre	Tax Lots $\geq$ 0.38 and $\leq$ 1.0 acre	Tax Lots larger than 1.0 acre	Total
Residential				
Low Density Residential	78	97	286	460
Medium Density Residential	23	38	325	386
High Density Residential	2	1	17	20
Commercial				
Central Commercial	3	9	61	72
General Commercial	1	0	0	1
Other				
Future Urban	0	0	0	0
Total	105	145	690	940

Exhibit 386 show the results of Oregon City's BLI. Much of the land is located within urban growth boundary expansion areas with other properties identified in the Park Place neighborhood, and the southern half of the City.

Exhibit 386. Vacant and Partially Vacant Residential Land by Development Status with Constraints, Oregon City, 2019



Redevelopment Potential

Over the 20-year study period, a share of developed lots are likely to redevelop within new buildings. To account for the development capacity on these developed lots, Metro, our regional government, models the likelihood of properties to redevelop. Though the details are described in Metro's Buildable Lands Inventory dated November 21, 2018, two "filters" are used to identify lots with the potential to redevelop.²⁰⁹

- **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.
- **Historic Probability Method.** This method determines the probability of a lot redeveloped based on a statistical analysis of lots that historically redeveloped within the region. The probability for each lot is multiplied by the total zoned capacity of the lot to determine the likely future residential capacity.

For the Oregon City BLI, ECONorthwest used the estimate of redevelopable units on *developed* lots, as identified based on the Threshold method, which is based on discussion with Metro staff.

Note, 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. As the inventory is intended to identify the amount of land available for residential land, the land zoned for mixed use was included.

Exhibit 387 shows that Metro estimates that Oregon City has redevelopment capacity for 5,726 new dwelling units on lands with existing development. About 1,626 units of potential redevelopment capacity is identified in the residential areas (Low Density, Medium Density, and High Density) and an additional 4,100 units of potential capacity were identified in Commercial zones.

This analysis shows a considerable amount of redevelopment potential in Oregon City, especially in commercial areas. The City may want to do further analysis to provide more local context for understanding the financial feasibility and other potential impacts of redevelopment within the city. For example, the effect of financial incentive policies or programs necessary to support redevelopment in particular areas such as Opportunity Zones and Vertical Housing Development Zones. Redevelopment can be complicated and expensive and may require

²⁰⁹ Oregon Metro. Appendix 2: Buildable Lands Inventory. November 21, 2018.
https://www.oregonmetro.gov/sites/default/files/2018/12/03/Appendix2-BuildableLandsInventory_12032018.pdf

additional effort from the City to achieve the amounts of redevelopment presented in Exhibit 387 over the 20-year planning period.

Exhibit 387. Potential redevelopment capacity by plan designation, Oregon City (city limits and adjacent UGB), 2019

Source: ECONorthwest Note: The numbers in the table may not sum to the total as a result of rounding.

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

This memorandum does not assume that all of the redevelopment potential in Exhibit 387 will materialize over the 20-year planning period. We recommend that the City conduct further analysis about redevelopment potential to better understand where redevelopment may occur and how much redevelopment is likely over the 20-year planning period. This analysis may include a more detailed review of Metro’s redevelopment analysis, evaluation of historical redevelopment trends, and analysis of areas where redevelopment is more likely to occur in Oregon City. In addition, the City may want to consider what, if any, policies it will use to support redevelopment, such as urban renewal.