NOTICE OF CITY COUNCIL MEETING

The City Council of the City of King City will hold a Regular City Council Meeting at 7:00 p.m., Wednesday-March 21, 2018 at the King City Hall, 15300 SW 116th Ave, King City, Oregon 97224

AGENDA		Action Item
6:00 p.m.	*****EXECUTIVE SESSION***** **ORS 192.660 § 2(H) To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.**	Time:
	*****REGULAR SESSION*****	
Moment of Silence		
7:00 p.m.	1. **CALL TO ORDER**	
	2. **ROLL CALL**	
	3. **PLEDGE OF ALLEGIANCE**	
	4. **APPROVAL OF MINUTES: January 3, 2018** **January 17, 2018**	M S A M S A
7:05 p.m.	5. **OPEN FORUM:** We welcome public comment. At this time, the Council will be happy to receive your comment on any item on the agenda (including, questions, suggestions, complaints and items for future agendas). Each person's time will be limited to three minutes.	
7:30 p.m.	6. **UNFINISHED BUSINESS**: NONE	1st Reading
7:45 p.m.	7. **NEW BUSINESS:** 7.1 Ordinance 2018-02 Housing Needs Analysis	M S A 2nd Reading
7:55 p.m.	9. **POLICE CHIEF'S REPORT**	
8:05 p.m.	10. **CITY MANAGER'S REPORT**	
8:15 p.m.	11. **MAYOR'S AND COUNCILOR'S REPORTS**	
8:30 p.m.	12. **ADJOURN**	M S A Time:

NEXT MEETING SCHEDULED FOR APRIL 4, 2018 @ 7:00 PM

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Mike Weston, City Recorder, 503-639-4082.

M=Motion; S=Second; A=Action/Vote

Call to Order: A regular meeting of the King City – City Council was held at the King City Hall beginning at 7:00 p.m. on Wednesday, January 3th, 2018. Mayor Gibson requested a moment of silence then proceeded to call the meeting to order at 7:01 p.m., followed by roll call and the Pledge of Allegiance

Roll Call: **The following City Council members were present:**

Mayor Ken Gibson
President Bob Olmstead
Councilor Jaimie Fender
Councilor John Boylston
Councilor Gretchen Buehner
Councilor Billie Reynolds
Councilor Smart Ocholi
Absent:

Staff present included:

City Manager (CM) Mike Weston
Chief of Police Chuck Fessler
City Recorder Ronnie Smith

Agenda Item 4: **Approval of Minutes: N/A**

Agenda Item 5: **Open Forum:**

Mayor Gibson opened public comment on any item on the agenda (including questions, suggestions, complaints, and items for future agenda) and stated each person's time would be limited to three minutes.

Ron Nixon – 12664 SW Bexley Ln:
Disagrees with the wording of the Parking Signs in the Highland Neighborhood.

Kathleen Pullen – 11910 SW Imperial Ave Apt 6:
Is concerned about the blind corner on King Johns and King George.

Agenda Item 6: **Unfinished Business:**

None

Agenda Item 7: **New Business:**

7.1 R-2018-01 Supplemental Budget FY 17-18

A discussion was had over the 2017-2018 FY Budget. The Salary was added for the new Luitante, Sargents and Officer potions. The street fund has a carryover from last year.

MOTION MADE BY COUNCIL BOYLSTON TO APPROVE RESOLUTION R-2018-01 SUPPLEMENTAL BUDGET FY 17-18, SECONDED BY COUNCILOR REYNOLDS.

VOICE VOTE: 7-AYES – 0-NEYS – 0 ABSTENTIONS– 0- RECUSED
THE MOTION CARRIED 7-0.

7.2 O-2018-01 PUBLIC RECORDS LAW – REPEALS & REPLACES O-1989-13
CM introduced the Ordinance and asked Mayor Ken Gibson to read the title for the first reading.

7.3 Planning Commissioner Appointment
Councilors deliberated over Quinton's application and qualifications.

MOTION MADE BY COUNCIL BUEHNER TO APPOINT QUINTON B. HAROLD TO THE PLANNING COMMISSION FOR A FOUR-YEAR TERM, SECONDED BY COUNCILOR REYNOLDS.

VOICE VOTE: 7-AYES – 0-NEYS – 0 ABSTENTIONS– 0- RECUSED
THE MOTION CARRIED 7-0.

Agenda Item 8: Police Chief's Report

Chief Fessler reported that over the Holiday the city had no major events. He also spoke about the officers taking care of some of the local vets that needed the help.

Agenda Item 9: City Manager's Report

CM Weston reported that he sent the Letter of Interest to Metro last week.

The Open House for January 9th has been postponed to February or March.

The City will have the State of the City at the next meeting.

Agenda Item 10: Mayor and Councilor's Reports

- Councilor Olmstead reported attending KCCA. He also spoke briefly about the First Annual Mayor Golf Tournament on April 29, 2018. He asked the City to consider sponsoring the event.
- Councilor Fender reported that the Foundation will be meeting next week to start the Fourth of July parade details. She will also be attending the Town meeting for the 131st and Fischer development.
- Councilor Reynolds – No report
- Councilor Boylston – No Report.
- Councilor Ocholi – attended the Small City meeting with CM Weston.
- Councilor Buehner reported the MPAC meeting was canceled. She mentioned that she was appointed to the Transportation Policy for LOC.
- Mayor Gibson reported that Metro will be doing an article on King City URA 6D. He also reported that he has a WCCC meeting coming up on the 8th and will not be able to attend the meet. Mike Cully from LOC will meet with the city staff on the 29th.

Agenda Item 11: Adjournment

COUNCILOR FENDER MOVED TO ADJOURN THE MEETING, COUNCILOR BUEHNER SECONDED, THE MEETING ADJOURNED AT 7:45 P.M

Respectfully Submitted by:

_____
Ronnie Smith
City Recorder

Attested by:

_____
Mike Weston
City Manager

CITY OF KING CITY
CITY COUNCIL MEETING MINUTES

Call to Order: A regular meeting of the King City – City Council was held at the King City Hall beginning at 8:00 p.m. on Wednesday, January 17th, 2018. Mayor Gibson requested a moment of silence then proceeded to call the meeting to order at 8:01 p.m., followed by roll call and the Pledge of Allegiance

Roll Call: **The following City Council members were present:**

Mayor Ken Gibson
President Bob Olmstead
Councilor Jaimie Fender
Councilor John Boylston
Councilor Gretchen Buehner
Councilor Billie Reynolds
Councilor Smart Ocholi
Absent:

Staff present included:

City Manager (CM) Mike Weston
City Recorder Ronnie Smith

Agenda Item 4: **Approval of Minutes:** October 18, 2017
Councilor Olmstead requested that Jaimie Fenders name be corrected in the minutes.

MOTION MADE BY COUNCIL BUEHNER TO APPROVE THE MINUTES AS CORRECTED OF THE REGULAR SESSION OCTOBER 18, 2017, SECONDED BY COUNCILOR REYNOLDS.

VOICE VOTE: 7-AYES – 0-NEYS – 0 ABSTENTIONS– 0- RECUSED
THE MOTION CARRIED 7-0.

Agenda Item 5: **State of the City Address:**
Mayor Gibson gave the address.

Agenda Item 6: **Open Forum:**

Mayor Gibson opened public comment on any item on the agenda (including questions, suggestions, complaints, and items for future agenda) and stated each person's time would be limited to three minutes.

Marc Manelis– 17454 SW 128th:
Is in support of re-zoning 131st and Fischer Rd. He believes that what the developer is planning is the highest and best use of that property. He also asked that the King City Police department be more visible around the schools and where the kids walk.

Frank Nusser – 13350 SW King Lear:
He is in opposition of re-zoning 131st and Fischer subdivision and extending Fischer Road.

Bill Brinegar – 13090 SW Carmel:
He is in opposition of re-zoning 131st and Fischer subdivision. Mr. Brinegar is also concerned with the type of business that could go there. He also gave the Mayor the petition in opposition of the re-zoning 131st and Fischer (petition is located in 2018 Council Packest, file cabinet No. 01 until a file is opened on the project.)

Brad Vandermark – 11955 SW King James Place:
He is in opposition to the Urban Reserve Area Expansion. Mr. Vandermark is with King City – Small is Beautiful he expressed a few concerns about the growth of the city and the Police response time to get to point A to point B. He asked the city to consider a door to door citywide survey versus an official ballot.

Micah Paulsen – 17273 SW 136th Ave:
Mr. Paulsen is in support of re-zoning of the corner lot at 131st and Fischer road. He also spoke about developers meeting that was held January 8, 2018, and was encouraged by the plans (letter from Micah Paulsen attached.)

Mark Dane – Mark Dane Planning, 12725 SW Glenman St:
Mr. Dane is part of the development team for the 131st and Fischer street. The project has not been submitted to the city as of to date. He gave the Council a brief description of the project and the turn out of January 8, 2018, meeting. He reported that many of people had concerns and the development team will consider them.

There was a discussion about parking and traffic concerns on 131st and Fischer. CM Weston mentioned that the city might need to look at the cost and possibility of adding a signal at the intersection of 131st and Fischer street.

Bill Bourque – 16654 SW Othello:
Mr. Bourque is in opposition of Commercial buildings at 131st and Fischer. He has concerns about what type of business will be going into the buildings and/or failing.

Agenda Item 7: **Unfinished Business:**

None

Agenda Item 8: **New Business:**

8.1 November 2017 Financials

A discussion was had over the November 2017 Financials. Currently, the City is in line with the budget.

MOTION MADE BY COUNCIL BUEHNER TO APPROVE THE NOVEMBER 2017 FINACIAL REPORT, SECONDED BY PRESIDENT OLMSTEAD.

VOICE VOTE: 7-AYES – 0-NEYS – 0 ABSTENTIONS– 0- RECUSED
THE MOTION CARRIED 7-0.

8.2 ORDINANCE 18-01 PUBLIC RECORDS LAW – PUBLIC HEARING – SECOND READING:

PUBLIC HEARING
To consider an Ordinance (O-2018-01), repealing Ordinance O-98-13 and incorporating changes in Oregon State Law 192 in accordance to the Oregon HB Bill 481 that was passed in July 2017.

Mayor Gibson opened the Public Hearing and explained the hearing process and appeal procedures and order of presentation and comment.

Proponents – Hearing None.
Opponents – Hearing None.

It was recommended that the City Council close the public hearing and continue to the second reading.

MOTION MADE BY COUNCIL BUEHNER TO APPROVE ORDINANCE NO. 2018-01, SECONDED BY COUNCILOR FENDER.

VOICE VOTE: 7-AYES – 0-NEYS – 0 ABSTENTIONS– 0- RECUSED
THE MOTION CARRIED 7-0.

CM Weston conducted the second reading of Ordinance No. 2018-01 A Ordinance repealing Ordinance O-89-13, and incorporating changes in Oregon State Law 192 effective January 1, 2018.

Agenda Item 9: Police Chief's Report

None.

Agenda Item 10: City Manager's Report

CM Weston reported that he attended the SAC meeting and several people were there that support the expansion and several that are in opposition. There were people from the Rivermeade area that are concerned with Fischer road expanding.

He also reported attending the TAC meeting. The main discussion was reservoir Ten, Transportation and Parks.

Open House for URA 6D is on March 6th, 2018 at Deer Creek elementary.

Agenda Item 11: Mayor and Councilor's Reports

- Councilor Olmstead – No Report

- Councilor Fender reported that she attended the CDBG meeting and mentioned that there is a lot of great projects that are being planned.

  She reported with Dianna from Metro meet with her and the KCCF about the Metro Grant that the KCCF is considering to applying to.

  Councilor Fender also reported that she attended the developers meeting on January 8th. She noted that there seems to be two main opposition categorizes one group does not want the project and two there are opponents that are concerned but are not against the project.

  A dissection was had about the minutes and agenda needing to be updated on the website.

- Councilor Reynolds – No Report
- Councilor Boylston – No Report.
- Councilor Ocholi – attended the Intergovernmental Water Board meeting he reported that there were four complaints of chlorine in the water.
- Councilor Buehner – No Report.
- Mayor Gibson – No Report

Agenda Item 12: Adjournment

COUNCILOR BUEHNER MOVED TO ADJOURN THE MEETING, COUNCILOR FENDER SECONDED, THE MEETING ADJOURNED AT 9:24 P.M

Respectfully Submitted by:

_____
Ronnie Smith
City Recorder

Attested by:

_____
Mike Weston
City Manager

Dear City Council for King City,

The purpose of this letter is to address the proposed re-zoning of the corner lot at 131st and Fisher Rd.

I would like to express my support for the ideas put forth by the developer to create a mixed use space that includes townhomes, a public house, plaza, and micro-restaurants. I believe these establishments will strengthen our community and provide gathering places for our residents.

The dynamics of King City have shifted in recent years. It is no longer defined by the borders of the KCCA. Young professionals, and families have changed the dynamic and the footprint of the city, and expansion of Portland means that this area will continue to develop and change. The change will happen with or without our support as a community due to the basic needs of the area which include more housing, more facilities to address the needs of a growing populace, and more tax revenue to a growing city. We cannot sit back and expect our suburb remain a bedroom community as the surrounding area grows around us.

I attended the meeting by the developer held on January 8th, and was encouraged by the developer's plans, along with their effort to address the communities concerns, and to address a need in a growing community. From what I heard, the concerns centered on parking, traffic, noise, potential for increased crime associated with developing the lot for commercial use, and the lack of control regarding what businesses would occupy the space should the planned businesses fail.

I would first like to address parking. I walk most of the Edgewater neighborhood and pass this lot almost every evening, and have never seen a lack of open parking. The issue of parking seems to come up quite a bit in King City, and I must admit I cannot understand it as I have never seen a lack of parking in the area. The size of establishments the developer is looking to develop do not seem like the types that will bring multitudes of vehicles that the streets and planned parking area cannot accommodate. Also, as noted in the meeting, this development is designed to provide establishments that the community can easily walk to.

Second, it is quite clear that at some point Fisher road is going to become a through street beyond the Edgewater neighborhood. Traffic will increase. That is a given. However, by getting out in front of this issue with the improvements associated with this development, we will hopefully be better prepared to handle the increase in traffic when it eventually does become a through street. Some have expressed concern for children walking to and from the elementary school alongside increased traffic. As a parent, safety is always a concern, though I believe there are adequate sidewalks and with improved traffic signals, I don't see the area becoming any less safe for a child to walk to school, and the time of day when children would be going to and from school generally does not coincide with the times when these establishments would draw the heaviest traffic.

Third, with regard to noise, I believe King City is able to set ordinances that can address the level of noise from these businesses. The planned businesses are not nightclubs or loud bars. Traditionally a pub or micro restaurant is not a noisy establishment. If one were to visit a McMenamins or similar establishment on any given night, there is rarely a time when one cannot engage in a conversation at a reasonable volume over the noise. I would not expect this to be any different, and sound insulation does a pretty good job of ensuring what noise is created does not bleed out into the surrounding area.

Fourth, the assertion that development will bring crime is difficult to support. Again, we're not talking about nightclubs or loud bars that would encourage disorderly behavior, fights, or a criminal element. We're talking about small, relaxed community establishments. I doubt that these businesses will bring in many that are not already within our community. I have had the great fortune in my life to live in many neighborhoods where large swaths of housing included a corner store, a restaurant, or a pub, and rather than increasing crime, these establishments encouraged community as people saw each other regularly, got to know each other, and looked out for each other, and spoke up more as a result.

Regarding the lack of control in future tenants should the first businesses fail, the developer pretty clearly addressed this and I believe the city council can confirm that with careful language in zoning the area, the community can be assured that the type of potential future tenants would be limited.

Some in the audience suggested that if this lot were to be developed, it should have been part of the plan at the time the Edgewater development began. That to me is unreasonable. I worked for a homebuilder and developer, and can say from experience that a development is not always planned for 15 years or more into the future. This lot was not part of the development plans at that time, and plans change over a decade and a half to meet the needs of the community. This lot did not become available for development until recently. Once it became available, the city and developer attempted to use the opportunity to address what some within the community identified as a need. Places to eat and gather with our families and neighbors that are within walking distance, and that fit within our surroundings.

Others have voiced a desire to put efforts into re-developing the businesses of the King City Plaza instead of developing this lot. Unfortunately the King City Plaza is a mile and a half from most in Edgewater, and those businesses are not necessarily representative of all the people in our community. For those of us with young children, the idea of walking along highway 99 with our family to visit one of the city's businesses is not appealing. Highway 99 is a high speed thoroughfare where many more drivers pose a risk to our safety as pedestrians. This causes many of us to drive to the city's businesses, and miss out on the immediate walkability around us.

In closing I believe our community would benefit from and come to appreciate a local restaurant, or public house we can walk to, where we can meet with our neighbors and friends. Where one day following kids' soccer games or other events at the King City Park, we can gather and eat together, watch a game, catch up on the neighborhood news, and be together rather than coming home to our houses enclosed in our own worlds. I believe developing this lot as planned could be an opportunity to build community in our city.

Sincerely,

Micah Paulsen

CITY OF KING CITY – COUNCIL
15300 116th Ave
(503) 639-4082
rsmith@ci.king-city.or.us

SPEAKER REGISTRATION

The City of King City encourages all citizens to express their views to their city leaders respectfully and appropriately. If you wish to speak before the City Council, fill out this card and hand it to the Mayor. Note that this Speakers Registration card, once submitted to the Mayor, becomes part of the public record.

Name: Marc Manelis
Organization:
Address 17454 SW 128th
Phone: 503-715-3124
Email: Manelis@gmail.com

Agenda item you wish to speak to:
Agenda item #

Notes: Development 131st & Risley

You are Speaking...
- [x] in Support
- [ ] in Opposition
- [ ] From a Neutral Position
- [x] To ask a Question Police Patrols Development

CITY OF KING CITY – COUNCIL
15300 116th Ave
(503) 639-4082
rsmith@ci.king-city.or.us

SPEAKER REGISTRATION

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Name: FRANK NUSSER
Organization: RESIDENT KING CITY
Address 13350 SW KING LEAR WAY
Phone: 5033102758
Email: FANUSSER@COMCAST.NET

Agenda item you wish to speak to:
Agenda item #

Notes: AGAINST EXTENDING FISHER ROAD !!

You are Speaking...
- [ ] in Support
- [x] in Opposition *REZONING LOT #17 SUBDIVISION + *PUTTING THROUGH FISHER Road.
- [ ] From a Neutral Position
- [ ] To ask a Question

CITY OF KING CITY – COUNCIL
15300 116th Ave
(503) 639-4082
rsmith@ci.king-city.or.us

SPEAKER REGISTRATION

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Name: BILL BRINGHAM
Organization: HOMEOWNER
Address 15090 SW Carmel Ct
Phone: 503-851-0857
Email:

Agenda item you wish to speak to:
Agenda item # Future Flow

Notes: Rezoning 131st + Fisher.

You are Speaking...
- [ ] in Support
- [x] in Opposition
- [ ] From a Neutral Position
- [ ] To ask a Question

CITY OF KING CITY – COUNCIL
15300 116th Ave
(503) 639-4082
rsmith@ci.king-city.or.us

01-17-2018

SPEAKER REGISTRATION

The City of King City encourages all citizens to express their views to their city leaders respectfully and appropriately. If you wish to speak before the City Council, fill out this card and hand it to the Mayor. Note that this Speakers Registration card, once submitted to the Mayor, becomes part of the public record.

Name: BRAD VANDERMARK
Organization: RESIDENT

Address 11955 SW KING JAMES PLACE
Phone: 503-530-8768
Email: AZCOUNTRY2@YAHOO.COM

Agenda item you wish to speak to:
Agenda item # 6 OPEN FORUM

Notes:

You are Speaking...
- ○ in Support
- ● in Opposition TO URRAN RESERVE AREA EXPANSION
- ○ From a Neutral Position
- ○ To ask a Question

Would you like to receive City Council Notice and Agenda? Circle one Yes (No) I check internet

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CITY OF KING CITY – COUNCIL
15300 116th Ave
(503) 639-4082
rsmith@ci.king-city.or.us

SPEAKER REGISTRATION

The City of King City encourages all citizens to express their views to their city leaders respectfully and appropriately. If you wish to speak before the City Council, fill out this card and hand it to the Mayor. Note that this Speakers Registration card, once submitted to the Mayor, becomes part of the public record.

Name: Micah Paulsen
Organization: n/a

Address 17273 SW 136th Ave, King City
Phone: 206-579-3476
Email: mpaulsen484@gmail.com

Agenda item you wish to speak to: 131st & Fisher Development
Agenda item #

Notes:

You are Speaking...
- ◉ in Support
- ○ in Opposition
- ○ From a Neutral Position
- ○ To ask a Question

Would you like to receive City Council Notice and Agenda? Circle one (Yes) No

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CITY OF KING CITY – COUNCIL
15300 116th Ave
(503) 639-4082
rsmith@ci.king-city.or.us

SPEAKER REGISTRATION

The City of King City encourages all citizens to express their views to their city leaders respectfully and appropriately. If you wish to speak before the City Council, fill out this card and hand it to the Mayor. Note that this Speakers Registration card, once submitted to the Mayor, becomes part of the public record.

Name: MARK DANE
Organization: " " PLANNING

Address 12725 SW GLENHAVEN ST
Phone: 503-332-7467
Email:

Agenda item you wish to speak to: OPEN MTG.
Agenda item #

Notes:
131st + Fisher
Zone A + Development.

You are Speaking...
- ✓ in Support — REQUEST FROM MAYOR.
- ○ in Opposition
- ○ From a Neutral Position
- ○ To ask a Question

CITY OF KING CITY – COUNCIL
15300 116th Ave
(503) 639-4082
rsmith@ci.king-city.or.us

SPEAKER REGISTRATION

The City of King City encourages all citizens to express their views to their city leaders respectfully and appropriately. If you wish to speak before the City Council, fill out this card and hand it to the Mayor. Note that this Speakers Registration card, once submitted to the Mayor, becomes part of the public record.

Name: BILL BOURQUE

Organization: Edgewater o/t TUALATIN.

Address 16654 S.W. OTHELLO

Phone: 971-322-7046

Email: bourque3112@comcast.net

Agenda item you wish to speak to:

Agenda item #_____

Notes: I would like to wait & speak after Mark Dane, He may already address my concerns.

You are Speaking...

- ○ in Support
- ● in Opposition commercial bldg at Fisher & 131
- ○ From a Neutral Position
- ● To ask a Question

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: March 21, 2018				
Order No. ___	**Ordinance No. O-2018-02 X**	**Resolution No. ___**	**Motion ___**	**Information ___**
SUBJECT: Ordinance O-2018-02, Amending the Comprehensive Plan to Add the Housing Needs Analysis (2018) as an Appendix.		**Contact Person (Preparer) for this Motion: Ronnie Smith, City Recorder Jordan Ramis, City Attorney Dept.: City Manager & Legal**		

RECOMMENDATION:
Adopt Ordinance O-2018-02, An Ordinance Amending the Comprehensive Plan to Adopt the Housing Needs Analysis (2018) as an Appendix to the City of King City Comprehensive Plan, and declaring an emergency.

EXECUTIVE SUMMARY:
The report prepared by Econ NW is a housing needs analysis consistent with requirements of Statewide Planning Goal 10 and Oregon Administrative Rules (OAR) 660-007 and 660-008. The study follows guidance from the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The intent of the housing needs analysis is to inform decisions relating to:

1) Projecting the amount of land needed to accommodate the future housing needs of all types within the King City Urban Services area;
2) Evaluating the existing residential land supply within the King City Urban Service Area to determine if it is adequate to meet that need;
3) Fulfilling state planning requirements for a twenty-year supply of residential land; and
4) Identifying policy and programmatic options for the City to meet identified housing needs.

The Planning Commission considered the Housing Needs Analysis report at a public hearing on March 7, 2018 and following deliberations, recommended approval of the Housing Needs Analysis.

FISCAL IMPACT:

STRATEGIC ASSESSMENT:

File can be found at:
S:\City Manager\2018 Council Packets\20180321

ORDINANCE NO. 2018-02

AN ORDINANCE AMENDING THE COMPREHENSIVE PLAN TO ADOPT THE HOUSING NEEDS ANALYSIS (2018) AS AN APPENDIX TO THE KING CITY COMPREHENSIVE PLAN

RECITALS:

WHEREAS, the City is proposing the City of King City Housing Needs Analysis (2018) prepared by Econ NW be adopted as an appendix to the King City Comprehensive Plan; and

WHEREAS, the City provided notice of a hearing before the Planning Commission and City Council of the post-acknowledgement amendments as required by state law, including notice to the Department of Land Conservation and Development 35 days prior to the initial evidentiary hearing consistent with ORS 197.610, and publication in a newspaper of general circulation within the City; and

WHEREAS, on March 7, 2018, the King City Planning Commission held a public hearing and recommended approval of the proposed City of King City Housing Needs Analysis (2018), which would be added as an appendix to the King City Comprehensive Plan; and

WHEREAS, on March 21, 2018, the City Council of King City held a public hearing, to consider the Planning Commission's recommendation, hear public testimony, apply applicable decision-making criteria, and to consider appropriate findings and conclusions in support of adoption.

NOW, THEREFORE, THE CITY OF KING CITY ORDAINS AS FOLLOWS:

SECTION 1. The City of King City finds:

1. The King City Comprehensive Plan contains policies regarding the availability of adequate numbers of housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households.

2. The City of King City Housing Needs Analysis (2018) reflects the projected housing need in comparison to the supply of developable land within the King City limits and urban service area based upon specific land classification and constraints to development.

3. The City of King City Housing Needs Analysis (2018) is a legislative document which will inform policy decisions regarding the housing needs of King City in conformance with Goal 10 and Oregon state law.

SECTION 2. The City of King City Housing Needs Analysis (2018) set forth in Exhibit "A" attached hereto is adopted as an appendix to the King City Comprehensive Plan.

SECTION 3. Under Section 1.08 of the King City Charter, an Emergency is declared in that it is necessary for the general welfare of the people of King City for this ordinance to take effect at the times listed below to ensure the best consistency with the City Code, Plan and Map Amendments:

The Amendments in Ordinance 2018-02 shall be effective immediately.

Read the first time on _____ and moved to second reading by _____vote of the City Council.

Read the second time and adopted by the City of King City Council on _____.

Signed by the Mayor on _____.

_____
Kenneth Gibson, Mayor

ATTEST:

Approved as to Form:
Jordan Ramis PC

_____
Ronnie L. Smith, City Recorder

_____
City Attorney

Ordinance O-2017-02
Exhibit A

bainbridge.
1000 SW Broadway Suite 1700 Portland OR 97205

MEMORANDUM

TO: King City Council
FROM: Keith Liden and Beth Goodman, ECONorthwest
RE: Housing Needs Analysis Comments
DATE: March 14, 2018

In conjunction with the Planning Commission review of the *City of King City Housing Needs Analysis* (HNA), written comments (attached) were received from the Oregon Department of Land Conservation and Development (DLCD) and the Fair Housing Council. Comment summaries and responses are presented below.

DLCD Comments

The three DLCD comments are followed by staff and consultant recommendations.

1. ***The document as a whole should more thoroughly discuss the community history in order to explain some of the anomalies in the city's housing supply and demand. Although King City began as an age-restricted senior housing community, it has expanded beyond that to become a more diverse community as new land has been added over the decades.***

   Amendments to the HNA:

   - Page i – Summary: Insert a new bullet at the top of the list to briefly describe the city's development history.
     Beginning in the 1960s, the area that is now King City was developed as a master planned retirement community, including King City and the Highlands. These communities were age-restricted. The expansion of the City to the west with the 2002 annexation of Urban Reserve #47 allowed the opportunity for the City to master plan this area according to Metro requirements. This area, referred to as West King City, is now almost fully developed to urban densities. None of the residential neighborhoods in West King City are age restricted, which has led to a significant diversification of the City's population. This has resulted in development, and residential properties in particular, which were built over the past 50 years to urban densities. Because of the uniformly new character of development, the City has very low redevelopment potential for existing developed properties.

   - Page i – First bullet (now 2nd bullet): Insert and additional sentence.
     The remaining 1.5 acres is in residential Plan Designations. Because the City developed beginning in the 1960s as a master planned community, improvements, such as homes and commercial buildings, are all relatively new and built to the density allowed by current zoning. Therefore, properties in the City do not offer redevelopment potential that is sufficiently likely to be considered in the inventory as redevelopable. This land has…..

- Page 6 – New paragraph below Exhibit 3:
  Because of the City's recent development history, existing improvements are typically not old enough to remove and redevelop. Also, because of its master planned character, both inside of the original retirement communities of King City, the Highlands, and the West King City Plan area do not have properties with sufficient redevelopment potential to be considered available for new housing.

- Page 53 – Last bullet:
  King City has very little vacant, unconstrained land that is buildable, or redevelopable residential land. King City has 3.8 acres of vacant, unconstrained buildable land. Of this, 2.3 acres is in the Limited Commercial Plan Designations, where multifamily housing is permitted but commercial development is also permitted. The remaining 1.5 acres is in the residential Plan Designations. This land has capacity for a total of 40 new dwelling units. The City developed relatively recently as a master planned retirement community and later in compliance with Metro minimum density requirements. As a result, residential redevelopment opportunities within the city are limited and exceedingly difficult to predict. The City may have some opportunities for redevelopment along Highway 99. In areas zoned for Limited Commercial Plan Designations, mixed-use development that includes multifamily housing is permitted. The City should identify redevelopment opportunities as they arise and work with landowners to redevelop at higher densities, where possible.

- Pages 54 – Second bullet under ECONorthwest's recommendations:
  King City should plan to provide opportunities for development of the housing need identified in this report. This analysis found that King City's housing needs are for more development of single-family and attached housing and multifamily housing. The City should be planning for the development of single-family detached housing at a range of lot sizes, accessory dwelling units (consistent with recently released *Guidance on Implementing the Accessory Dwelling Units [ADU] Requirement Under Oregon Senate Bill 1051*, DLCD, March 2018), cottage housing…

2. ***The city has discussed and identified buildable land that is considered vacant, and there needs to be additional discussion about developed land that is likely to be redeveloped.***

   The revision above (Pages 53-54 – Last bullet) addresses this issue, and no additional amendments are necessary in response to this comment.

3. ***The city has identified a significant need for housing units (approximately half = 480 units) at less than 50% MFI and including manufactured housing parks in the Housing Needs Analysis. It is noted that the number of manufactured housing parks are decreasing and in fact only one is remaining, therefore it is unlikely that they will be needed in the future as they will be replaced with government assisted housing and multifamily housing.***

   However, the city is required to plan for manufactured housing in parks and we strongly recommend that the city commit to reserving a portion of any future UGB expansion for a manufactured home park, with future zoning also limiting housing type on a specific site(s) for a manufactured home park(s).

- Page 48 – Last bullet: clarify that manufactured home parks have not closed in King City or immediate area.
    - Given the fact that King City only has one manufactured home park and ~~that manufactured home parks have been closing, rather than newly opening,~~ the lack of developer interest (in spite of being permitted uses in all of the City's residential zones), it is highly unlikely that King City will ~~have~~ see future ~~need~~ demand for manufactured home parks. Lower income households will need different opportunities for housing, such as government-subsidized housing or lower-cost apartments. Through the Concept Planning and Master Planning processes for URA 6D, City may want to consider applying zoning that will allow for development of new manufactured home parks, if they are a financially viable development type in the future.

- To address the last comment about future planning, we believe the statement at the bottom of page 48 is sufficient.

Fair Housing Council Comments

Rather than specific comments regarding the HNA, the Fair Housing Council raises broader planning issues that really go beyond the scope of the HNA. However, the staff recommends that the city consider the requests of the Fair Housing Council to work closely with Metro to ensure King City provides its regional share of affordable housing and to update the HNA if the UGB expansion application is approved by Metro.

Oregon
Kate Brown, Governor

Department of Land Conservation and Development
Community Services Division
Portland Metro Regional Solutions Center
1600 SW Fourth Ave., Suite 109
Portland, Oregon 97201
503.725.2182
anne.debbaut@state.or.us
www.oregon.gov/LCD

February 21, 2018

Michael Weston, City Manager
Keith Liden, City Planner
City of King City
1221 SW 4th Avenue
Portland, OR 97204

SENT VIA EMAIL

Re: Proposed Plan Amendment (Local File 18-01; DLCD File 001-18)
Housing Needs Analysis

Dear Michael and Keith:

We are pleased to see the city's Notice of Plan Amendment for the adoption of an up to date Housing Needs Analysis. Please enter these comments into the record for this plan amendment and the proceedings of the March 7, 2018 Planning Commission hearing and any future City Council hearing.

We have several comments as follows:

1. The document as a whole should more thoroughly discuss the community history in order to explain some of the anomalies in the city's housing supply and demand. Although King City began as an age-restricted senior housing community, it has expanded beyond that to become a more diverse community as new land has been added over the decades.

2. The city has discussed and identified buildable land that is considered vacant, and there needs to be additional discussion about developed land that is likely to be redeveloped.

3. The city has identified a significant need for housing units (approximately half = 480 units) at less than 50% MFI and including manufactured housing parks in the Housing Needs Analysis. It is noted that the number of manufactured housing parks are decreasing and in fact only one is remaining, therefore it is unlikely that they will be needed in the future as they will be replaced with government assisted housing and multifamily housing.

However, the city is required to plan for manufactured housing in parks and we strongly recommend that the city commit to reserving a portion of any future UGB expansion for a manufactured home park, with future zoning also limiting housing type on a specific site(s) for a manufactured home park(s).

We will be strongly encouraging the same commitment from other cities desiring a UGB expansion as well.

Please contact me if you have any questions or need further assistance.

Best Regards,

Anne Debbaut
DLCD, Regional Representative

cc via e-mail:
Elissa Gertler, Metro
Ted Reid, Metro
Andy Back, Washington County
Chris Deffebach, Washington County
Theresa Cherniak, Washington County
DLCD (Debbaut, Howard)

FAIR HOUSING COUNCIL OF OREGON

March 6, 2018

City of King City Planning Commission
King City City Hall
15300 SW 116th Avenue
King City, OR 97224

Re: 18-010 Housing Needs Analysis

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. FHCO's interests relate to a jurisdiction's obligation to affirmatively further fair housing. Please include these comments in the record for the above-referenced proposed file.

As you are no doubt aware, the City's Housing Needs Analysis will be vital to the Commission's efforts to ensure compliance with Goal 10 going forward, since all amendments to the Comprehensive Plan Map and Zoning map must shown to comply with Goal 10, and since an adequate showing of compliance with Goal 10 would include reference to the City's Housing Needs Analysis. See ORS 197.175(2)(a).

The City's Housing Needs Analysis (HNA) shows that the City faces a difficult situation in terms of both available housing stock, mix of housing types, and availability of developable land reserved for residential development. See Housing Needs Analysis at i *et seq.* HLA and FHCO do not lay blame for this situation at the City's, or at the Commission's feet. The existence of a separate set of laws and rules governing compliance with Goal 10 in the Portland Metro area has given rise to the notion that compliance with Goal 10 is Metro's sole responsibility. See e.g. OAR 660-007. The problems faced by the City, as identified in the Housing Needs Analysis, suggest that, as a practical matter, Metro is not effectively ensuring Goal 10 compliance.

FAIR HOUSING COUNCIL OF OREGON

According to the HNA,

- More than half of King City households cannot afford a two-bedroom apartment at HUD's fair market rent level of $1,242.
- King City currently has a deficit of housing units that are affordable to households earning less than $50,000.
- About 40% of King City's households are cost burdened, with 56% of renters and 36% of owners paying more than 30% of their income on housing.

If the City's boundary expands, we hope that King City works closely with Metro to ensure regional fair share of housing, and that the mix and density standards are applied in the best way to address housing affordability. In addition, we encourage King City to position itself to update its HNA if the boundary expands, and consider obtaining funding under HB 4006 to accomplish this goal.

Thank you for your consideration. Please provide written notice of your decision to, FHCO, c/o Louise Dix, at 1221 SW Yamhill Street, #305, Portland, OR 97205 and HLA, c/o Jennifer Bragar, at 121 SW Morrison Street, Suite 1850, Portland, OR 97204. Please feel free to email Louise Dix at ldix@fhco.org or reach her by phone at (541) 951-0667.

Thank you for your consideration.

Louise Dix
AFFH Specialist
Fair Housing Council of Oregon

Jennifer Bragar
President
Housing Land Advocates

cc: Gordon Howard (gordon.howard@state.or.us)

MEMORANDUM

To: King City Planning Commission

From: Michael Weston, City Manager & Beth Goodman Planning Consultant

Subject: Housing Needs Analysis

Date: March 7, 2018

GENERAL INFORMATION

The report presented by Econ NW is a housing needs analysis consistent with requirements of Statewide Planning Goal 10 and Oregon Administrative Rules (OAR) 660-007 and 660-008. The study follows guidance from the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The Intent of the housing needs analysis is to inform decision relating to:

(1) Projecting the amount of land needed to accommodate the future housing needs of all types within the King City Urban Service Area,
(2) Evaluating the existing residential land supply within the King City Urban Service Area to determine if it is adequate to meet that need,
(3) Fulfilling state planning requirements for a twenty-year supply of residential land, and
(4) Identifying policy and programmatic options for the City to meet identified housing needs.

CRITERIA

Statewide Planning Goal 10

ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-007, 660-007 and 660-008

Metro Urban Growth Management Functional Plan

All Criteria are discussed in detail within the Attached Report by EcoNW

AGENCY COMMENTS

Department of Conservation and Development has submitted comment on the Proposed Housing Needs Analysis. Their comments are attached as an exhibit to this Memorandum under Public Comments.

FINDINGS AND CONCLUSIONS

A Housing Needs Analysis (HNA) is a Legislative Document that informs Policy decision regarding the Housing Needs of King City in conformance with Goal 10 and Oregon Revised Statues and Administrative Rules. The relevant criteria are contained and addressed throughout the Housing Needs Analysis provided by EcoNW.

RECOMMENDATION

Based on the facts, findings and conclusions contained in the Housing Needs Analysis performed by EcoNW, City Staff requests that the Planning Commission recommend legislative approval of Ordinance 2018-02 adding the Housing Needs Analysis produced by EcoNW as an appendix to the Comprehensive Plan, to inform future housing decision and forward to the City Council for adoption by Ordinance.

ATTACHMENTS

Public Comments
Published Notice
Housing Needs Analysis by EcoNW

Written Public Comments

Oregon
Kate Brown, Governor

Department of Land Conservation and Development
Community Services Division
Portland Metro Regional Solutions Center
1600 SW Fourth Ave., Suite 109
Portland, Oregon 97201
503.725.2182
anne.debbaut@state.or.us
www.oregon.gov/LCD

February 21, 2018

Michael Weston, City Manager
Keith Liden, City Planner
City of King City
1221 SW 4th Avenue
Portland, OR 97204

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Please contact me if you have any questions or need further assistance.

Best Regards,

Anne Debbaut
DLCD, Regional Representative

cc via e-mail:
Elissa Gertler, Metro
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Andy Back, Washington County
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The Oregonian

LEGAL AFFIDAVIT

AD#: 0008536801

State of Oregon,) ss
County of Multnomah)

Justin Eubanks being duly sworn, deposes that he/she is principal clerk of Oregonian Media Group; that The Oregonian is a public newspaper published in the city of Portland, with general circulation in Oregon, and this notice is an accurate and true copy of this notice as printed in said newspaper, was printed and published in the regular edition and issue of said newspaper on the following date(s):

The Oregonian 02/17/2018

Principal Clerk of the Publisher

OFFICIAL STAMP
KIMBERLEE W O'NEILL
NOTARY PUBLIC-OREGON
COMMISSION NO. 932441
MY COMMISSION EXPIRES SEPTEMBER 22, 2018

Sworn to and subscribed before me this 19th day of February 2018

Notary Public

PUBLIC NOTICE

The city of King City will hold public hearings before the King City Planning Commission and King City Council regarding the draft City of King City Housing Needs Analysis. The report evaluates available buildable residential land in the city, development trends, factors affecting residential development in the city, housing need in the city, and the sufficiency of residential land within King City. If approved, it will serve as a guide for subsequent city planning activities and potential amendments to the King City Comprehensive Plan and Community Development Code.

The Planning Commission will consider written and oral public testimony regarding a draft City of King City Housing Needs Analysis. The purpose of the hearing will be for the Planning Commission to make a formal recommendation about the draft report to the King City Council.

The City Council will consider written public testimony submitted prior to the hearing, oral public testimony at the public hearing, and the Planning Commission recommendation prior to rendering a decision regarding the City of King City's Housing Needs Analysis.

Failure of an issue to be raised in the hearings, in person or by letter, or failure to provide sufficient specificity to afford the approval authority an opportunity to respond to the issue precludes appeal to the Land Use Board of Appeals based on that issue.

The public hearing before the Planning Commission is scheduled for Wednesday, March 7, 2018 at 9:30 a.m., at King City Hall, located at 15300 S. W. 116th Avenue, King City, OR 97224. The public hearing before the City Council is scheduled for Wednesday, March 21, 2018 at 7:00 p.m. at the same location.

A copy of the draft **City of King City's Housing Needs Analysis** is available to review for free or to purchase for $20.00 at King City Hall, 15300 SW 116th Avenue. In addition, the draft report may be found on the city's website at http://www.ci.king-city.or.us/how_do_i/download/other_reports.php#

Questions and requests for additional information should be directed to:

Michael Weston, City Manager	Keith Liden, Contract City Planner
mweston@ci.king-city.or.us	Keith.liden@gmail.com
503.639.4082	503.757.5501

CERTIFICATE OF PUBLISHED NOTICE

STATE OF OREGON
WASHINGTON COUNTY
CITY OF KING CITY

RE: ORDINANCE 2018-02
KING CITY HOUSING NEEDS ANALYSIS

RECITALS

I, Michael J Weston certify that I requested publication of the attached Published Notice in a Newspaper of General Circulation in the State of Oregon on February 16, 2018.

In addition to Publication in The Oregonian, a newspaper of general circulation, the Posted Notice was provided at the following locations:

City Hall
King City Plaza

So Affirmed this 16th Day of February 2018

By:

Michael J. Weston II, City Manager

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mweston@ci.king-city.or.us
503.639.4082

Keith Liden, Contract City Planner
Keith.liden@gmail.com
503.757.5501

City of King City
Housing Needs Analysis

February 2018

Prepared for:

King City

***DRAFT* REPORT**

ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503.222.6060

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Table of Contents

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Summary

This report presents a housing needs analysis consistent with requirements of Statewide Planning Goal 10 and Oregon Administrative Rule (OAR) 660-008. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The primary goals of the housing needs analysis were to (1) project the amount of land needed to accommodate the future housing needs of all types within the King City Urban Growth Boundary (UGB), (2) evaluate the existing residential land supply within the King City UGB to determine if it is adequate to meet that need, (3) to fulfill state planning requirements for a twenty-year supply of residential land, and (4) identify policy and programmatic options for the City to meet identified housing needs.

What are the key housing needs in King City?

Following are several key issues identified in the housing needs analysis:

- **King City has very little vacant, unconstrained buildable residential land.** King City has 3.8 acres of vacant, unconstrained buildable land. Of this, 2.3 acres is in the Limited Commercial Plan Designation, where multifamily housing is permitted but commercial development is also permitted. The remaining 1.5 acres is in residential Plan Designations. This land has capacity for a total of 40 new dwelling units.
- **King City has a deficit of land for housing.** King City can only accommodate about 4% of the forecast for new housing on areas within the city limits. King City has a deficit of land for 940 dwelling units. The deficits are: 217 dwelling unit deficit in the Single-Family Designation, 252 dwelling unit in the R-9 Residential Designation, and 471 dwelling units in multifamily Designations (including the R-12, R-24, and AT Designations).
- **King City will need an expansion of the Metro urban growth boundary to accommodate its forecast of housing.** Given the limited supply of land within King City, the city needs an expansion of the urban growth boundary to accommodate the forecast of growth. King City is developing a Concept Plan for development in Urban Reserve Area 6D (URA 6D), which can accommodate King City's forecast of growth, with room for additional growth.
- **King City will need to plan for more single-family attached and multifamily dwelling units in the future to meet the City's housing needs.** Historically, about 72% of King City's housing was single-family detached. While 50% of new housing in King City is forecast to be single-family detached, the City will need to provide opportunities for development of new single-family attached (15% of new housing) and new multifamily housing (35% of new housing). This housing mix will be similar to King City's housing mix in 2000, before the rapid growth of single-family housing over the last decade or so.

- The factors driving the shift in types of housing needed in King City include changes in demographics and decreases in housing affordability. The aging of the Baby Boomers and the household formation of the Millennials will drive the demand for renter- and owner-occupied housing such as small single-family detached housing, townhouses, cottage housing, duplexes, and apartments. Both groups may prefer housing in walkable neighborhoods, with access to services.
- King City's existing deficit of housing affordable for low- and middle-income households indicates a need for a wider range of housing types, especially for renters. About 39% of King City's households have affordability problems, including a cost burden rate of 56% for renter households.
- Growth of housing in King City will be driven by growth of housing across the Portland Region. As King City grows, the demographic characteristics of King City will become more like the Portland Region: a balance of older and younger households. King City has and will continue to have housing affordability problems similar to other cities on the Portland Region's westside.

- **King City has an existing lack of affordable housing.** King City's key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types of housing, such as apartments, duplexes, tri- and quadplexes, manufactured housing, townhomes, cottages, and smaller single-family housing.
  - More than half of King City households cannot afford a two-bedroom apartment at HUD's fair market rent level of $1,242.
  - King City currently has a deficit of housing units that are affordable to households earning less than $50,000.
  - About 40% of King City's households are cost burdened, with 56% of renters and 36% of owners paying more than 30% of their income on housing.

How much buildable residential land does King City currently have?

Exhibit 1 shows buildable residential acres by plan designation, after excluding constrained and unbuildable land. The results show that King City has about 3.8 net buildable acres in residential plan designations.

Exhibit 1. Buildable Residential Acres, Excluding Constrained and Unbuildable, King City, 2016
Source: Appendix A, Table A-3

Inside King City city Limits	
Limited Commercial	2.3 acres
Small Lot and Attached Residential	1.4 acres
Attached Residential	0.1 acres
Total	3.8 acres

How much housing will King City need?

Metro's forecast for King City for the 2015 to 2040 period is the foundation for estimating the number of new dwelling units needed. ECONorthwest used this forecast to extrapolate King City's forecast for 2018 to 2038, shown in Exhibit 2. It shows that King City's population will grow by about 980 people over the 20-year period.

Exhibit 2. Population Forecast, King City, 2018–2038
Source: ECONorthwest based on Metro's 2018–2038 population forecast.

2018 Population	2,122
2038 Population	3,102
Change 2018 to 2038	
Number	980
Average annual growth rate	1.9%

The housing needs analysis assumes that King City's population will grow by 980 people over the 2018 to 2038 period.

About 490 dwelling units (50%) will be single-family detached types, which includes manufactured homes and accessory dwelling units. About 147 (15%) will be single-family attached, and 343 (35%) will be multifamily, which includes structures with three to four dwellings and structures with five or more dwellings.

This mix represents a shift from the existing mix of housing, in which more than three-quarters of the housing stock in single-family detached housing. The shift in mix is in response to the

need for a wider range of relatively affordable housing types, including housing types such as duplexes, townhouses, and apartments. In addition, King City has need for relatively affordable smaller single-family detached housing.

How much land will be required for housing?

Error! Reference source not found. shows that King City has 2.3 acres of vacant land in the LC (Limited Commercial) Plan Designation. The potential capacity on vacant unconstrained LC land ranges from 56 dwelling units (if all vacant LC land is developed with multifamily housing) to zero dwelling units (if no vacant LC land is developed with multifamily housing). This analysis assumes that half of the vacant LC land will develop with multifamily housing, resulting in a capacity of 28 dwelling units.

shows that King City has a deficit of capacity in most residential plan designations:

- **SF Single Family** has a deficit of capacity for about 217 dwelling units to accommodate growth over the 2018–2038 period.
- **SF Single Family** has a deficit of capacity for about 252 dwelling units to accommodate growth.
- **Multifamily Designations** have a deficit of capacity for about 471 dwelling units to accommodate growth.
- **LC- Limited Commercial** can accommodate 28 multifamily units. If the City Designates more land LC in areas brought into the city limits (through a Metro UGB expansion), then more multifamily housing may locate in LC, especially multifamily in mixed-use development.

King City does not have enough land to accommodate residential growth over the 20-year period.

1. Introduction

This report presents King City's Housing Needs Analysis for the 2018 to 2038 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and OAR 660 Division 7. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

This report provides King City with a factual basis to understand the City's housing needs over the next 20 years and to support future planning efforts related to housing and options for addressing unmet housing needs in King City. It provides information that informs future planning efforts, including development and redevelopment in urban renewal areas. It provides the City with information about the housing market in King City and describes the factors that will affect housing demand in King City, such as changing demographics. This analysis will help decision-makers understand whether King 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: shelter certainly, but also proximity to other attractions (jobs, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make tradeoffs. What they can get for their money is influenced by both 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 household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors; and the housing market in the Portland Region, Washington County, and King City are the result of the individual decisions of hundreds of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in King City between 2018 and 2038.

The complex nature of the housing market was demonstrated by the unprecedented boom and bust during the past decade. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the 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 600-007).[1] Goal 10 requires incorporated cities to complete an inventory of buildable residential lands and to encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as "housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels." 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;[2]

(c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490; and

(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.

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the Workbook.

King 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 "ensure 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."

[1] ORS 197.296 only applies to cities with populations over 25,000.

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

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 660-007-0035 (4) exempts King City from the regional housing density and mix standards in OAR 660-007 because King City had a very small population when OAR 660-007 was written.

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 encouraging policies that increase the capacity of residential land for cities within the UGB. 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 by balancing decreases in density in some places with increases in density in other places.

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. King City has met this requirement with an 80% minimum standard for all residential zones.

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 *2016 Compliance Report* concludes that King 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 (Section 3.07.730, Metro Code).

Metro's *2016 Compliance Report* concludes that King 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 address the housing needs of the governing city, and (3) identified goals and strategies to meet the housing needs for the governing city in the expansion area.

Metro's *2016 Compliance Report* concludes that King City is in compliance for the City's Title 11 responsibilities.

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

2. Residential Buildable Lands Inventory

This chapter presents the residential buildable lands inventory (BLI) for the King City city limits. The buildable lands inventory complies with Statewide Planning Goal 10 policies (including OAR 660-007 and OR 600-008) that govern planning for residential uses.

Methods and Definitions

The inventory used commonly accepted methods based on geographic information systems (GIS) data from Metro's Regional Land Information System (RLIS, August 2017 version) and King City. The buildable land inventory used the following steps:

1. establish the residential land base (parcels or portion of parcels with appropriate zoning),
2. classify parcels by development status (e.g., developed, vacant, etc.),
3. identify and deduct development constraints (e.g., floodplain, wetland, etc.), and
4. summarize total buildable area by plan designation.

The inventory used Metro's vacant land layer to identify tax lots or portions of tax lots with vacant land within the King City city limits. The specific data layers and processing steps used for the inventory are included in Appendix A.

Consistent with OAR 660-007-0005 and OAR 660-008-0005, the residential buildable land inventory deducted lands with physical constraints from the inventory consistent with the definition of buildable lands:

> (3) "Buildable Land" means residentially designated land within the Metro 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 or 15;
> >
> > (c) Has slopes of 25% or greater;
> >
> > (d) Is within the 100-year flood plain; or
> >
> > (e) Cannot be provided with public facilities.

The physical constraints used in the King City buildable lands inventory includes: areas subject to landslides, areas with slopes greater than 25%, lands within the 100-year flood plain, Metro's Title 3 land (including Water Resource Conservation Areas), lands within Metro's Title 13

Habitat Conservation Areas (Class I and II, A and B), and Wetlands. King City may not have all of these types of constrains within the city limits. No lands were deducted from the inventory due to public facility limitations.

Buildable Lands Inventory Results

King City has 501.4 acres within the city limit, and a total of 8.8 acres of vacant residential land.

Exhibit 3 summarizes buildable residential lands within the King City city limits. The results of the inventory show that King City has very little vacant, buildable residential land: 3.8 acres. About 1.5 acres are within exclusive residential plan designations (R-9 and R-12), with 2.3 acres being in the limited commercial (LC) designation. The LC designation also allows some commercial uses, thus it is likely that not all of the LC land will be used for residential development.

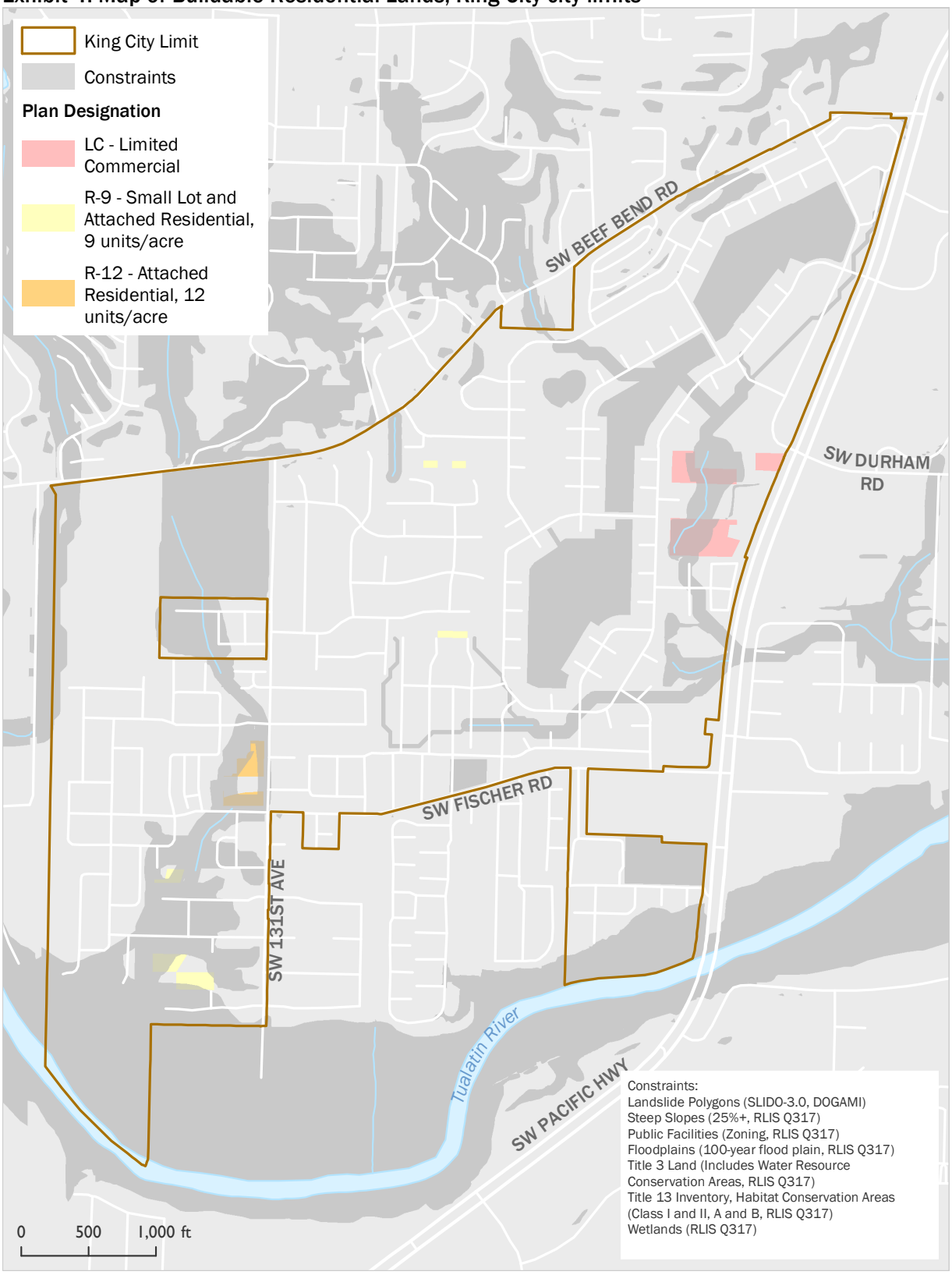
Exhibit 3. Summary of Buildable Residential Lands, King City city limits

Plan Designation	Total Vacant Acres	Constrained Acres	Total Unconstrained Buildable Acres
LC - Limited Commercial	5.2	2.9	2.3
R-9 - Small Lot and Attached Residential (9 du/acre)	2.3	0.9	1.4
R-12 - Attached Residential (12 du/acre)	1.2	1.2	0.1
Total	**8.8**	**5.0**	**3.8**

Exhibit 4 shows the geographic location of buildable residential lands.[3]

[3] The Metro RLIS vacant land layer is partially based on the Metro BLI. Metro is currently undergoing a BLI update process in 2018. The maps and tables produced for this analysis are based on the completed BLI based on RLIS data accessed in December 2018.

Exhibit 4. Map of Buildable Residential Lands, King City city limits



3. Historical and Recent Development Trends

Analysis of historical development trends in King 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 future land need. The specific steps are described in Task 2 of the DLCD *Planning for Residential Lands Workbook* 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 (HNA) examines changes in King City's housing market from 2000 through 2017. We selected this time period because it provides information about King City's housing market before and after the national housing market bubble's growth and deflation. In addition, data about King City's housing market during this period is readily available, from sources such as the Census, the City's building permit database, and Metro's Regional Land Information System (RLIS) data.

The HNA 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., 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:

- **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, as well as duplexes.
- **Multifamily** is all attached structures (e.g., tri-plexes, quad-plexes, and structures with five or more units) other than single-family detached units, manufactured units, single-family attached units, or duplex units.

Data Used in This Analysis

Throughout this analysis, we use data from multiple sources, choosing data from well-recognized and reliable data sources. One of the key sources for data about 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 the 2010 Decennial Census, it 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 2011 through 2015, the ACS sampled an average of 3.5 million households per year, or about 2.8% 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 was built, and number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

In general, this report uses data from the 2011–2015 ACS for King City. Where information is available, we report information from the 2000 and 2010 Decennial Census.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in King City and comparison geographies. These trends demonstrate the types of housing developed in King City historically. Unless otherwise noted, this chapter uses data from the 2000 and 2010 Decennial Census, and 2011–2015 American Community Survey 5-Year Estimates.

Throughout this report, we compare King City to the Portland Region, which is defined as Clackamas, Multnomah, and Washington counties.

This section shows the following trends in housing mix in King City:

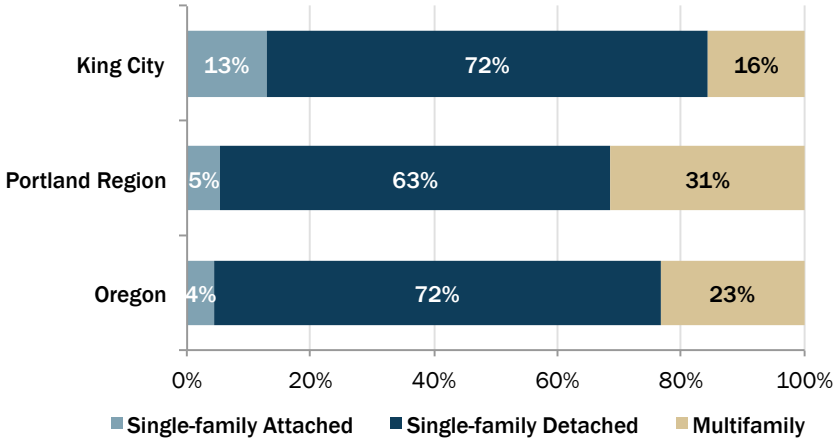
- King City has a housing stock that is primarily single-family (both detached and attached) and at a greater percent of the total housing mix than both the Portland Region and Oregon.
- Total housing units grew by approximately 24% during the 2000 to 2011-2015 period, but the majority of these new units were single-family detached. Multifamily units actually decreased during this period.

Housing Mix

About 72% of King City's housing stock is single-family detached.

In comparison, about 63% of the housing in the Portland Region and about 72% in Oregon are single-family detached. King City has relatively more single-family attached and relatively less multifamily developments than both the Portland Region and Oregon.

Exhibit 5. Housing Mix, 2011–2015
Source: Census Bureau, 2011–2015 ACS Table B25024



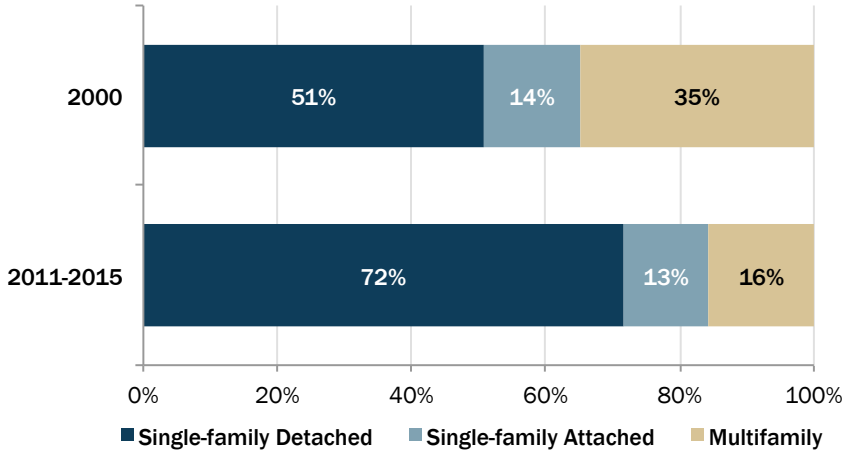
The mix of housing in King City changed between 2000 and 2011–2015.

The percentage of single-family detached housing increased by about 21% while single-family attached and multifamily both fell by about 1% and 19% respectively. The increase in the share of single-family detached housing (and decrease of the share of single-family attached and multifamily housing) occurred because the majority of housing built since 2000 was single-family detached housing.

King City had 1,836 dwelling units in the 2011–2015 period. About 1,314 were single-family detached, 235 were single-family attached, and 287 were multifamily.

Exhibit 6. Change in Housing Mix, King City, 2000 and 2011–15

Source: Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2011–2015 ACS Table B25024

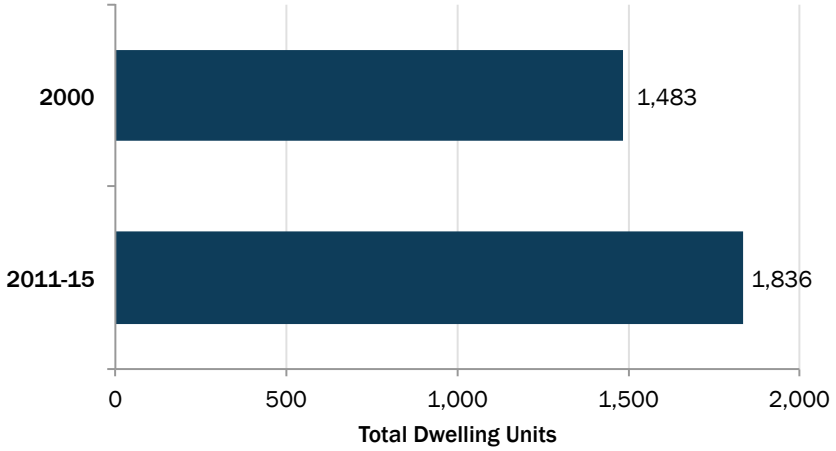


The total number of dwelling units in King City increased by 353 dwelling units from 2000 to 2011–15.

This amounted to a 24% increase over the analysis period.

Exhibit 7. Total Dwelling Units, King City, 2000 and 2011–15

Source: Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2011–15 ACS Table B25024.

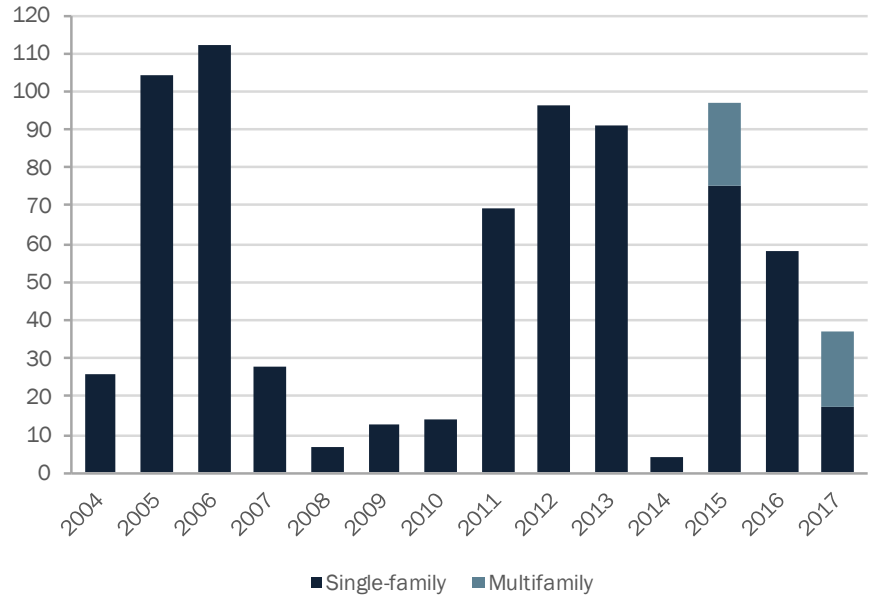


Building Permits

Over the 2004 to 2017 period, King City issued permits for more than 750 dwelling units, with an average of 54 permits issued annually.

About 94% of dwellings permitted were single-family and 6% were multifamily.

Exhibit 8. Building Permits by Type of Unit, King City, 2004 through 2017
Source: City of King City, December 2017.



Trends in Tenure

Housing tenure describes whether a dwelling is owner- or renter-occupied. This section shows:

- The majority (75%) of the housing units in King City are owner-occupied, as compared to slightly lower percentages of owner-occupied housing in the Portland Region and Oregon (59% and 61% respectively). The share of owner-occupied units in King City has increased slightly since 2000.
- Almost all of the owner-occupied housing units (97%) are single-family (either attached or detached). There are few owner-occupied housing units that are in multifamily structures. The share of renter-occupied housing units is more evenly split between single-family and multifamily, with the majority (54%) in multifamily structures.
- The vacancy rate in King City is lower than the Portland Region and Oregon. There are very few units available in King City.

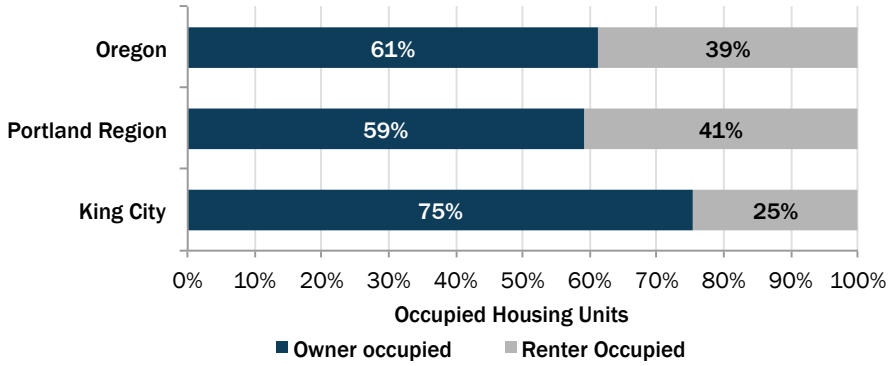
The implications for the forecast of new housing are:

King City has higher rates of homeownership than both the Portland Region and Oregon.

Three-quarters of the households in King City live in owner-occupied dwelling units, compared with 59% of households in the Portland Region and 61% of households in Oregon.

Exhibit 9. Tenure, Occupied Units, King City, Portland Region, Oregon, 2011–15

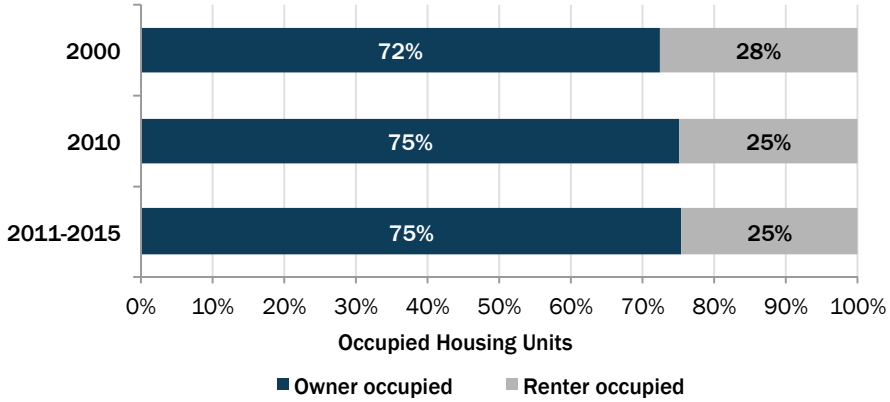
Source: Census Bureau, 2011–2015 ACS Table B25003



The overall homeownership rate in King City increased slightly, from 72% to 75% since 2000.

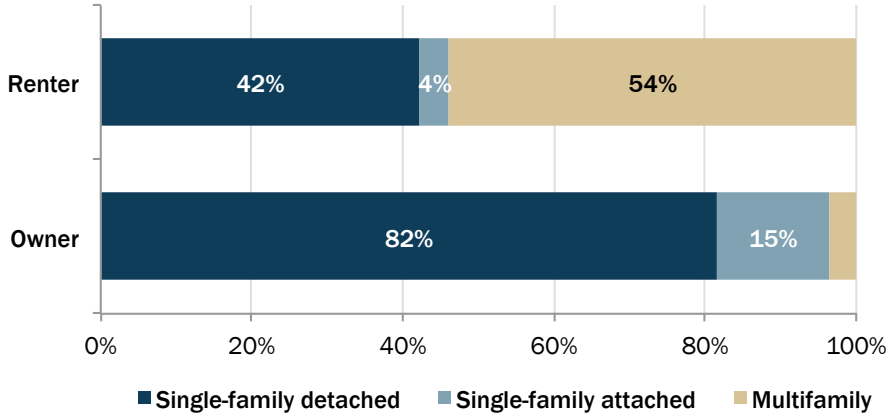
Exhibit 10. Tenure, Occupied Units, King City, 2011–2015

Source: Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2011–15 ACS Table B25003



More than three-quarters of owner-occupied housing units are single-family detached units and more than half of renter-occupied units are multifamily. There are very few owner-occupied multifamily units.

Exhibit 11. Housing Units by Type and Tenure, King City, 2011–2015
Source: Census Bureau, 2011–2015 ACS Table B25032



Vacancy Rates

The Census defines vacancy as: "Unoccupied housing units are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

In the 2011–2015 period, the vacancy rate in King City was below that of the Portland Region and Oregon.

Exhibit 12. Percent of Housing Units that Are Vacant, 2011–2015
Source: Census Bureau, 2011–15 ACS Table B25002

2.0%	5.6%	9.5%
King City	Portland Region	Oregon

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

Demographic trends are important for developing a thorough understanding of the dynamics of the King City housing market. King 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 King 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 King City to other comparable cities, Washington County, and the greater Portland Region where appropriate. Characteristics such as age and ethnicity are indicators of how 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 workbook, 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 the 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 Choice[4]

Analysts typically describe housing demand as the *preferences* for different types of housing (i.e., 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) and Millennials (people born from about 1980 to 2000).
- **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 multiple person households (often with children).
- **Income** is the household income. 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).

[4] 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.

The American Planning Association. "Investing in Place; Two generations' view on the future of communities." 2014

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

"Survey Says: Home Trends and Buyer Preferences." National Association of Home Builders International Builders

The Case for Multi-family Housing. Urban Land Institute. 2003

E. Zietz. *Multi-family Housing: A Review of Theory and Evidence.* Journal of Real Estate Research. Volume 25. Number 2. 2003.

C. Rombouts. *Changing Demographics of Homebuyers and Renters.* Multi-family Trends. Winter 2004.

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

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

M. Riche. *The Implications of Changing U.S. Demographics for Housing Choice and Location in Cities.* The Brookings Institution Center on Urban and Metropolitan Policy. March 2001.

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

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

National Trends[5]

This brief summary on national housing trends builds on previous work by ECONorthwest, the Urban Land Institute (ULI) reports, and conclusions from *The State of the Nation's Housing, 2017* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

"A decade after the onset of the Great Recession, the national housing market is finally returning to normal. With incomes rising and household growth strengthening, the housing sector is poised to become an important engine of economic growth. But not all households and not all markets are thriving, and affordability pressures remain near record levels. Addressing the scale and complexity of need requires a renewed national commitment to expand the range of housing options available for an increasingly diverse society."

Several challenges to a strong domestic housing market remain. Demand for housing is closely tied to jobs and incomes, which are taking longer to recover than in previous cycles. While trending downward and starting to bottom out, the number of underwater homeowners, delinquent loans, and vacancies remains high. *The State of the Nation's Housing* report projects that it will take changes in financing and government intervention at all levels for market conditions to return to normal.

- **Post-recession construction increases, but tightening supply**. New construction experienced the seventh year of gains in 2016 with 1.17 million units added to the national stock. However, the rate of new-unit production is still well below the 1.4 – 1.5 million unit average rates of the 1980s and 1990s. When including the Great Recession, housing completions over the 10-year period leading to 2016 totaled only 9.0 million units. This low rate of new construction, combined with continued increases in housing demand, have kept the market tight, which is reflected in the lowest gross vacancy rate since 2000.
- **Continued declines in homeownership**. The national homeownership rate declined for the twelfth consecutive year and is at about 63.4% as of 2016. The Urban Land Institute projects that homeownership will continue to decline to somewhere in the low 60% range by 2025 (the lowest point since the 1950s).
- **Housing affordability**. In 2016, almost one-third of American households spent more than 30% of income on housing. This figure is down from the prior year, bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing, and with such a large share of households exceeding the traditional standards for affordability, policymakers

[5] 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 2017," (2) Urban Land Institute, "2017 Emerging Trends in Real Estate," and (3) the U.S. Census.

are focusing efforts on the severely cost-burdened. Among those earning less than $15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand**. The Joint Center for Housing Studies forecasts that demand for new homes could total as many as 13.2 million units nationally between 2015 and 2025. Much of the demand will come from Baby Boomers, Millennials,[6] and immigrants.
- **Changes in housing preference**. Housing preference will be affected by changes in demographics, most notably the aging of the Baby Boomers, housing demand from the Millennials, and growth of foreign-born immigrants.
    - *Baby Boomers.* The housing market will be affected by continued aging of the Baby Boomers, the oldest of whom were in their late 60's in 2015 and the youngest of whom were in their early 50's in 2015. Baby Boomers' housing choices will affect housing preference and homeownership, with some boomers likely to stay in their home as long as they are able and some preferring other housing products, such as multifamily housing or age-restricted housing developments.
    - *Millennials.* As Millennials age over the next 20 years, they will be forming households and families. In 2015, the oldest Millennials in their mid-20's and the youngest in their midteens. By 2035, Millennials will be between 35 and 55 years old.

      Millennials were in the early period of household formation at the beginning of the 2007–2009 recession. Across the nation, household formation fell to around 600,000 to 800,000 in the 2007–2013 period, well below the average rate of growth in previous decades. Despite sluggish growth recently, several demographic factors indicate increases in housing growth to come. The Millennial generation is the age group most likely to form the majority of new households. While low incomes have kept current homeownership rates among young adults below their potential, Millennials may represent a pent-up demand that will release when the economy fully recovers. As Millennials age, they may increase the number of households in their 30's by 2.6 million through 2025.
    - *Immigrants.* 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 staunched by the effects of the Great Recession. After a period of declines, however, the foreign born are again contributing to household growth. Census Bureau estimates of net immigration in 2015–2016 indicate an increase of 1.0 million persons over the previous year, which is a decrease from 1.04 million during 2014–15, but higher than the average annual pace of 850,000

[6] There is no precisely agreed on definition for when the Millennial generation started. Millennials are, broadly speaking, the children of Baby Boomers, born from the early 1980's through the early 2000's.

during the period of 2009–2011. However, if proposed policies are successful, undocumented and documented immigration could slow down and cause a drag on household growth in the coming years.

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 larger share of young households and constitute an important source of demand for both rental housing and small homes. This makes the growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened, troubling. During the 12-year period leading up to 2017, the difference in homeownership rates between whites and blacks rose by 2.3 percentage points to 29.7 in 2016. Alternatively, the gap between white and Hispanic homeownership rates, and white and Asian homeownership rates, both decreased during this period by 2.8 percentage. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households, leads to higher rates of cost burdens for minorities—47% for blacks, 44% for Hispanics, 37% for Asians/others, and 28% for whites in 2015.

- **Changes in housing characteristics**. The U.S Census Bureau's Characteristics of New Housing Report (2016) 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:[7]
    - *Larger single-family units on smaller lots.* Between 1999 and 2016 the median size of new single-family dwellings increased by over 19% nationally from 2,028 sq. ft. to 2,422 sq. ft., and over 21% in the western region from 2,001 sq. ft. to 2,430 sq. ft. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by more than half, from 15% in 1999 to 7% in 2016. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 30% of new one-family homes completed in 2016. In addition to larger homes, a move towards smaller lot sizes is seen nationally. Between 2009 and 2016, the percentage of lots less than 7,000 sq. ft. increased from 25% of lots to 30% of lots.
    - *Larger multifamily units.* Between 1999 and 2016, the median size of new multiple family dwelling units increased by almost 6% nationally and 2.5% in the western region. The percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 37% in 2016 nationally, and increased from 25% to 27% in the western region.
    - *More household amenities.* Between 1990 and 2013, the percentage of single-family units built with amenities such as central air conditioning, 2 or more car garages, or 2 or more baths all increased. The same trend in increased amenities is seen in multifamily units.

[7] https://www.census.gov/construction/chars/highlights.html

State Trends

Oregon's 2016-2020 Consolidated Plan includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes 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.[8]

- 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 a 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. In 2014–2015, 21,214 K-12 school children were identified as experiencing homelessness at some point during the school year. This is a 12% increase over the 2013–2014 school year data.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes and 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. Forty five percent of Latinos, 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 with a college degree or some level of higher education.
- Minimum wage in Oregon is $9.25. A minimum wage worker must work 72 hours a week, and 52 weeks a year, to afford a two-bedroom apartment at Fair Market Rents.

[8] These conclusions are copied directly from the report: *Oregon's 2016-2020 Consolidated Plan* http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan.pdf

Regional and Local Demographic Trends that May Affect Housing Need

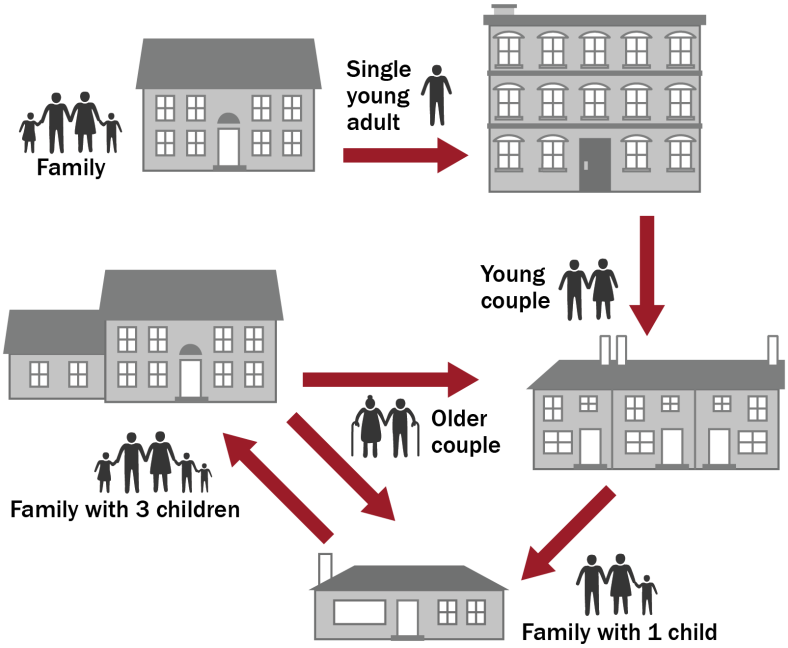
Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are: (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

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 King 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 King City.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 13. Effect of Demographic Changes on Housing Need
Source: ECONorthwest, adapted from Clark, Willam A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



King City's demographic and socioeconomic characteristics are largely reflective of the city's history as a retirement community that strictly forbade homeowners under the age of 55. As King City grows, the demographic and socioeconomic characteristics will come to more closely resemble that of the rest of the Portland Region. The demographic changes affecting the Portland Region are the changes that will affect King City, as discussed in the next sections.

Growing Population

King City's population grew by 96% between 2000 and 2017, adding 1,868 new residents. Over this period, King City's population grew at an average annual growth rate of 4.3%. **King City's population growth, based on Metro's forecast for future growth, will drive future demand for housing in King City over the planning period.**

Since 2000, King City's population has grown by 1,868 people at an average annual growth rate of 4.3%.

Exhibit 14. Population, U.S., Oregon, Portland Region, and King City, 2000–2016

Source: US Decennial Census 2000 and U.S. Census Annual Estimates of the Resident Population Estimate as of July 1, 2016.
Note: AAGR is Average Annual Growth Rate.

			Change 2000 to 2016		
	2000	2016	Number	Percent	AAGR
Oregon	3,421,399	4,093,465	672,066	20%	1.1%
Portland Region	1,444,219	1,790,607	346,388	24%	1.4%
King City	1,949	3,817	1,868	96%	4.3%

Aging Population

King City has a larger share of older residents and a relatively small share of people younger than 20 years. King City's age distribution is largely a factor of its historical development patterns as a retirement community that strictly forbade homeowners under the age of 55. Regional growth in seniors and Millennials will affect King City's housing need over the next 20 years:

- **Seniors.** Demand for housing for retirees will grow in the Portland Region through 2040, as the Baby Boomers continue to age and retire. The State forecasts share of residents aged 60 years and older will account for almost 25% of the Portland Region's population, compared to around 19% in 2015.

  The impact of growth in seniors in King City will depend, in part, on whether current residents already in the city continue to live in there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.[9]

  Regional and local growth in the number of seniors will result in the demand for housing types specific to seniors, such as small and easy to maintain dwellings, assisted living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including: remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted living facilities or nursing homes) as their health fails. The challenges that aging seniors face in continuing to live in their community include: changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.[10]

- **Millennials.** Millennials are people born approximately between 1980 and 2000. They are the largest demographic group in Oregon. In 2018, they are between 18 and 38 years old. By 2038, they will be between 38 and 58 years old. Over the next 20 years, Millennials will be in the prime household formation period, with their housing needs changing as they age and their family composition changes. Millennials are forecast to grow by about 117,000 people between 2017 and 2035.

  Although King City's population under 40 years old is smaller than the Portland Region's (33% of King City's population, compared to 54% of the Portland Region's population), the percentage of young people and Millennials is likely to grow in King City over the next 20 years, consistent with trends across the Portland Region. King City's ability to attract people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to—and is affordable—to Millennials.

[9] A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See http://www.aarp.org/research.

[10] "Aging in Place: A toolkit for Local Governments." M. Scott Ball.

In the near-term, Millennials may increase the demand for rental units. The long-term housing preference of Millennials is uncertain. They may have different housing preferences as a result of the current housing market turmoil and may prefer smaller, owner-occupied units or rental units. On the other hand, their housing preferences may be similar to the Baby Boomers, with a preference for larger units with more amenities. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.[11]

A recent survey of people living in the Portland Region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.[12] The survey results suggest that Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. National surveys and studies about housing preference for Millennials show similar results.

Growth in Millennials in King City will result in increased demand for both affordable single-family detached housing, as well as increased demand for affordable townhouses and multifamily housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

From 2000 to 2011–15 King City's median age decreased from 76.4 to 57.9 years. This trend differs from both Washington County and Oregon where median age increased during the study period.

Exhibit 15. Median Age, Years, 2000 to 2011–2015
Source: US Census Bureau, 2000 Decennial Census Table B01002, 2011–2015 ACS, Table B01002.

2000	76.4 King City	33.0–37.5 Portland Region	36.3 Oregon
2011–15	57.8 King City	36.1–41.3 Portland Region	39.1 Oregon

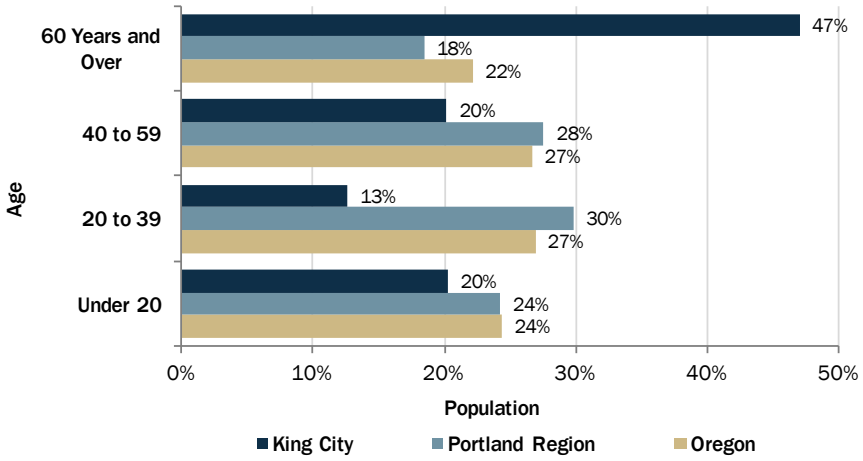
[11] The American Planning Association. "Investing in Place; Two generations' view on the future of communities." 2014.
"Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows." Transportation for America.
"Survey Says: Home Trends and Buyer Preferences." National Association of Home Builders International Builders

[12] Davis, Hibbits, & Midghal Research. "Metro Residential Preference Survey." May 2014.

In 2011–2015, about 47% of King City residents were older than 60.

Exhibit 16. Population Distribution by Age, 2011–2015

Source: US Census Bureau, 2011–2015 ACS, Table B01001.

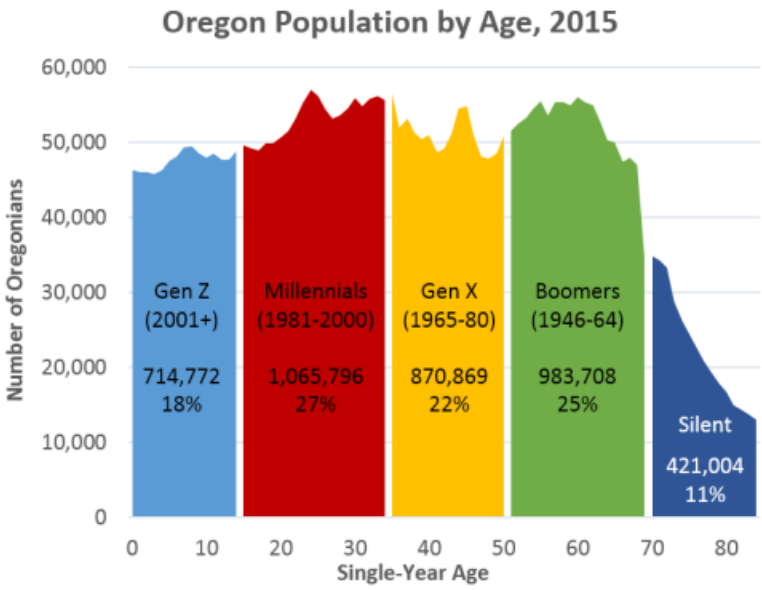


Oregon's largest age groups are the Millennials and the Baby Boomers.

By 2035, Millennials will be between 35 and 54 years old. Baby Boomers will be 71 to 89 years old.

Exhibit 17. Population Distribution by Generation and Age, Oregon, 2015

Source: Oregon Office of Economic Analysis, "Population, Demographics, and Generations" by Josh Lehner, February 5, 2015. http://oregoneconomicanalysis.com/2015/02/05/population-demographics-and-generations/



Source: Oregon Office of Economic Analysis

The majority of population growth in the Portland Region will be in people over 60 years old.

Exhibit 18. Fastest-Growing Age Groups, Portland Region, 2017–2035

Source: Portland State University, Population Research Center, Multnomah County, Clackamas County, and Washington County Forecast, June 30, 2017

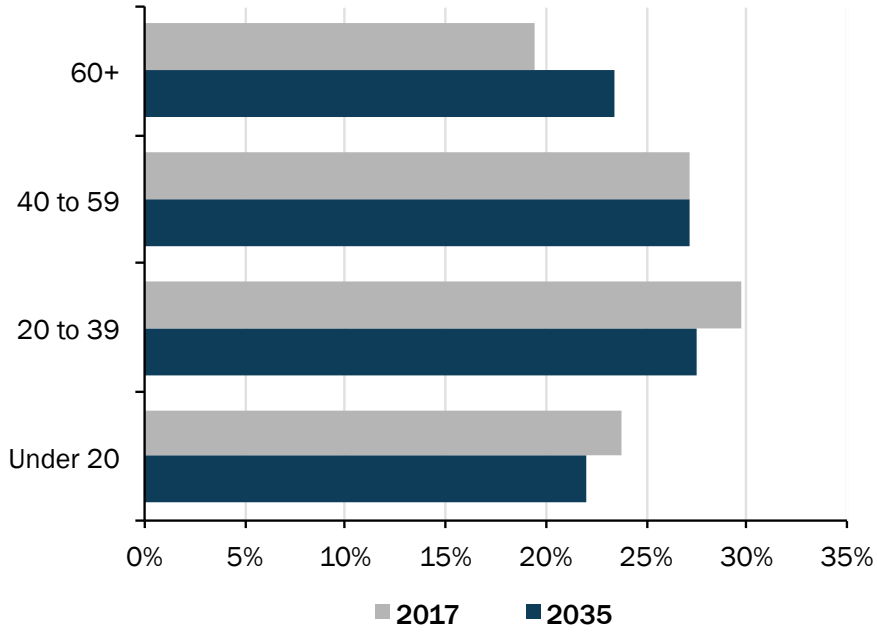
Under 20	20–39 Yrs	40–59 Yrs	60+ Yrs
15% Increase	15% Increase	24% Increase	50% Increase
63,335 People	78,143 People	116,972 People	174,042 People

Although the most population growth is expected for the age group over 60, residents between the ages of 20 and 39 will still make up a larger share of the population by 2035.

The share of residents in each age group will be more evenly distributed by 2035, with the greatest share (approximately 27%) in the 20–39 age group.

Exhibit 19. Population Growth by Age Group, Portland Region, 2017–2035

Source: Portland State University, Population Research Center, Washington County Forecast, June 30, 2017



Increased Ethnic Diversity

King City is becoming more ethnically diverse. The Hispanic and Latino population grew from 0.5% of King City's population in 2000 to 2.7% of the population in the 2011–2015 period, adding more than 80 new Hispanic and Latino residents. As King City's population grows, its ethnic composition is likely to more closely resemble that of the entire Portland Region.

Continued growth in the Hispanic and Latino population will affect King City's housing needs in a variety of ways.[13] Growth in first-generation and, to a lesser extent, second- and third-generation Hispanic and Latino immigrants will increase the demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. Households for Hispanic and Latino immigrants are more likely to include multiple generations, requiring more space than smaller household sizes. As Hispanic and Latino households integrate over generations, household size typically decreases and their housing needs become similar to housing needs for all households.

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[13] The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first-, second-, and third-generation households. In short, Hispanic and Latino households have lower median incomes than the national averages. First- and second-generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals. *2014 State of Hispanic Homeownership Report*, 2014.

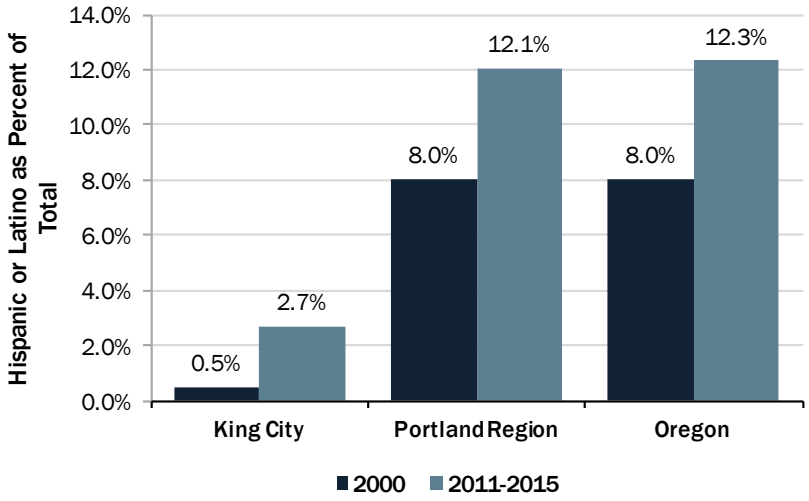
Growth in Hispanic and Latino households will result in an increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable.

King City's Hispanic population has increased.

The Hispanic population also grew in the Portland Region, and Oregon.

Exhibit 20. Hispanic or Latino Population as a Percent of the Total Population, 2000 to 2011–2015

Source: US Census Bureau, 2000 Decennial Census Table P008, 2011–2015 ACS Table B03002.



Household Size and Composition

King City's household size and composition show that households in King City are different from the county and statewide averages. King City's households are small, compared to average households in Washington County and Oregon. Additionally, a smaller percentage of total households in King City are family households with children. These characteristics are likely to change, with King City more closely resembling the Portland Region as the city grows.

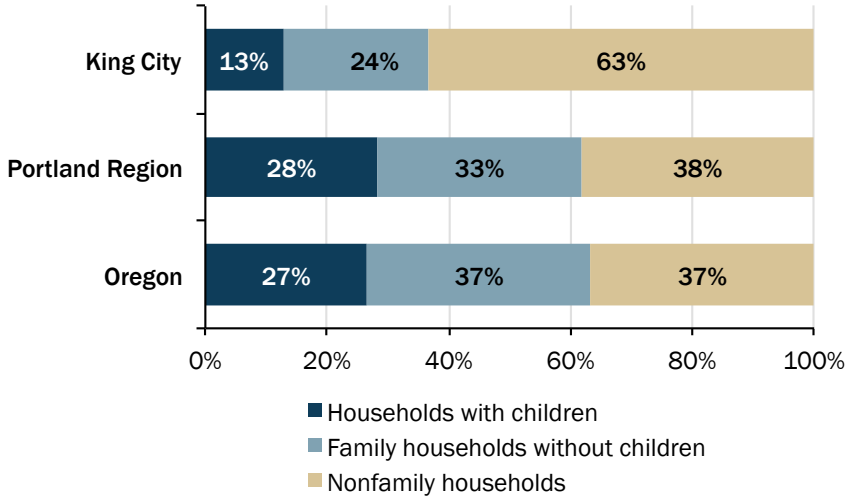
King City's average household size is below that of the county and the state.

Exhibit 21. Average Household Size, 2011–2015
Source: US Census Bureau, 2011–2015 ACS Table B25010.

1.88 Persons	2.66 Persons	2.51 Persons
King City	Washington County	Oregon

King City has a smaller share of households with children than Washington County or Oregon. King City has a larger share of nonfamily households, which include single-person households or households with one or more unrelated people.

Exhibit 22. Household Composition, 2011–2015
Source: US Census Bureau, 2011–2015 ACS, Table DP02.



Income of King City Residents

Income is one of the key determinants in housing choice and a household's ability to afford housing. Income for people living in King City is slightly below the state average and considerably below the average in Washington County. The likely reason for the lower income is the older population, with more retirees in King City than the Portland Region's average.

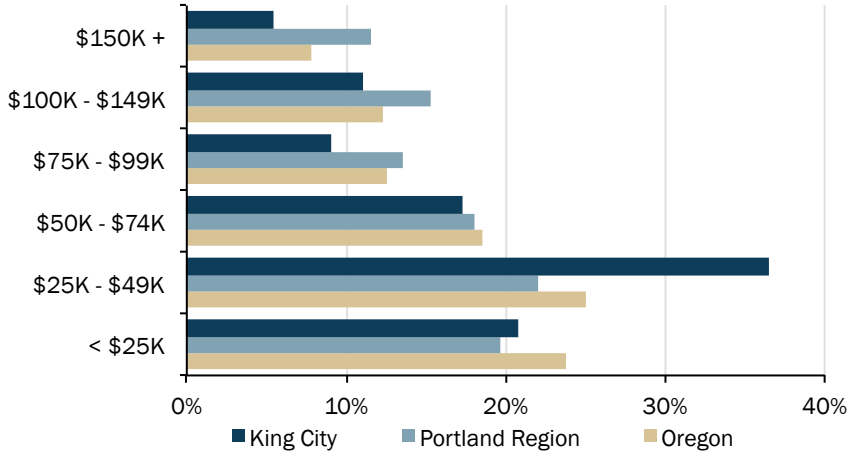
In the 2011–2015 period, King City's median household income was below that of the county and the state.

Exhibit 23. Median Household Income, 2011–2015
Source: US Census Bureau, 2011–2015 ACS Table B25119.

$45,283	$66,754	$51,243
King City	Washington County	Oregon

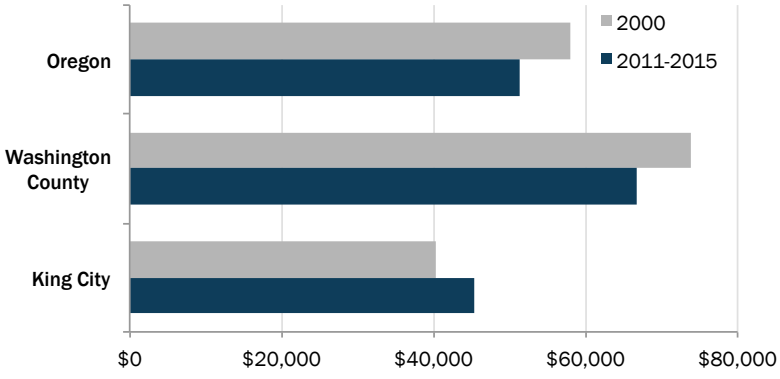
More than one-third of King City households earn between $25,000 and $49,000.

Exhibit 24. Household Income, King City, Portland Region, Oregon, 2011–15
Source: US Census Bureau, 2011–2015 ACS, Table B19001.



After adjusting for inflation, King City's median household income increased by 13% from 1999 to the 2011–2015 period, from $40,207 to $45,283. This differs from both Washington County and Oregon, where median household income decreased during the study period.

Exhibit 25. Median Household Income, Oregon, Washington County, King City, 2000 to 2011–2015, Inflation-Adjusted
Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2011–2015 ACS Table B25119.



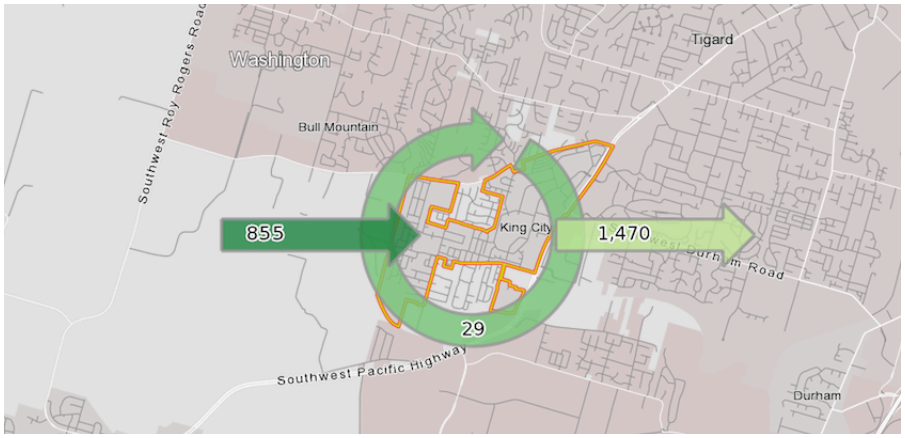
Commuting Trends

King City is part of the complex, interconnected economy of the Portland Region. Of the more than 850 people who work in King City, approximately 97% of workers commute into King City from other areas, most notably Portland, Tigard, and Beaverton. Approximately 1,470 King City residents commute out of the city for work, mostly to Portland and Tigard.

King City is part of an interconnected regional economy.

More than 850 people commute into King City for work, and approximately 1,470 people living in King City commute out of the city for work.

Exhibit 26. Commuting Flows, King City, 2015
Source: US Census Bureau, Census On the Map.



More than 80% of workers at businesses located in King City live in the Portland Region, mostly in areas outside of King City.

Thirteen percent of people employed at businesses in King City live in Portland, 12% live in Tigard, 10% live in Beaverton, and 5% live in Tualatin.

Exhibit 27. Places Where Workers at Businesses in King City Lived, 2015
Source: US Census Bureau, Census On the Map.

3%	13%	12%	10%	5%
King City	Portland	Tigard	Beaverton	Tualatin

Almost 90% of residents of King City work in the Portland Region, most of them in cities outside of King City.

Thirty percent of residents of King City work in Portland and 11% in Tigard. Only 2% of King City residents live and work in King City.

Exhibit 28. Places Where King City Residents Were Employed, 2015
Source: US Census Bureau, Census On the Map.

2%	30%	11%	8%	6%
King City	Portland	Tigard	Beaverton	Tualatin

Regional and Local Trends Affecting Affordability in King City

This section describes changes in sales prices, rents, and housing affordability in King City, Washington County, and comparable cities since 2000.

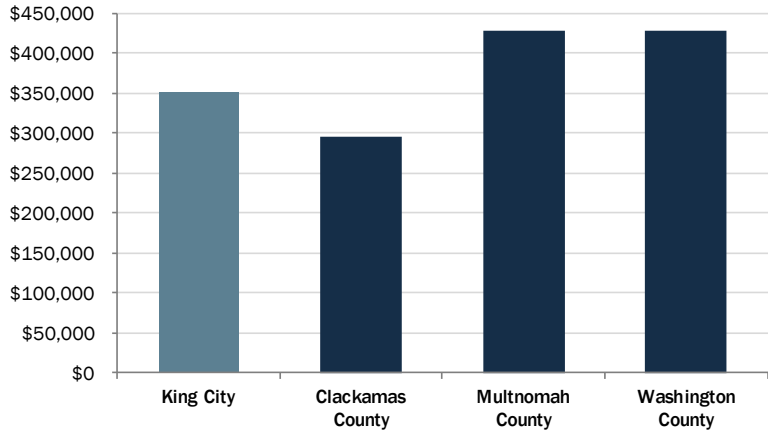
Changes in Housing Costs

King City's housing sales prices are slightly lower than the average in most of the Portland Region, with a median sales price of $352,000 in 2017. In general, King City's housing prices changed with changes in housing price throughout the region, but stayed slightly below most prices, except for those in Wilsonville.

King City's median home sale price was lower than most of the comparable cities in the region.

Exhibit 29. Median Sales Price, King City and Portland Region Counties, August 2016–July 2017

Source: Metro RLIS Taxlot data, August 2017.



King City's median home sales price falls in the range of the regional average, but is lower than Washington County's median price.

Exhibit 30. Median Home Sale Price, King City, Beaverton, Sherwood, Tigard, Tualatin, Wilsonville, Portland Region, August 2016–July 2017

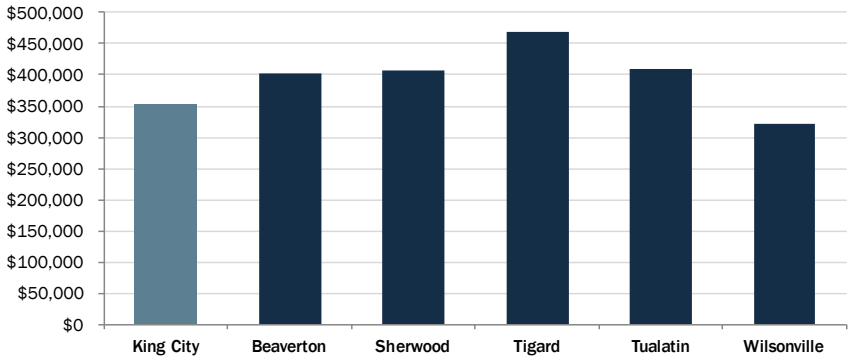
Source: Metro RLIS Taxlot data, August 2017.

$352K King City	$403K Beaverton	$408K Sherwood	$467K Tigard
	$409K Tualatin	$322K Wilsonville	$295K– $428K Portland Region

King City's median home sale price was lower than most of the comparable cities in the region.

Exhibit 31. Median Sales Price, King City-area Geographies, August 2016–July 2017

Source: Metro RLIS Taxlot data, August 2017.

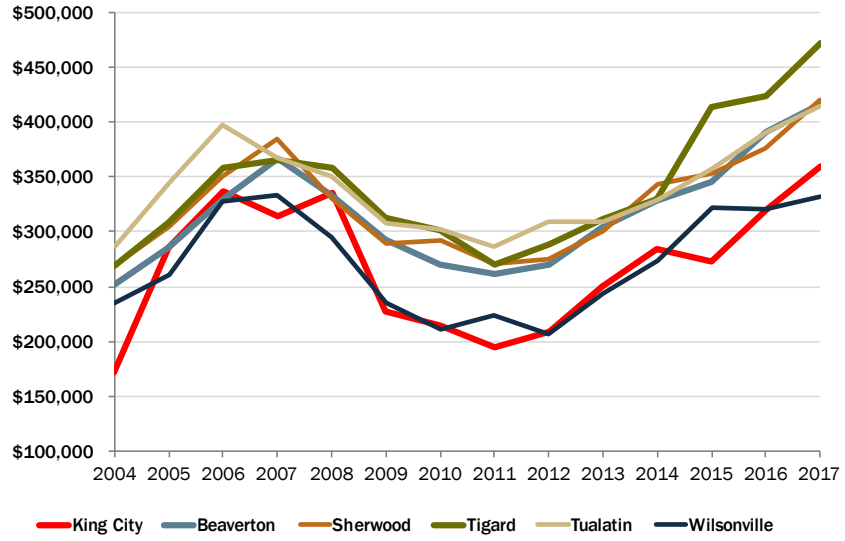


Median home sales prices in King City and across the Portland Region declined after 2007, but are generally at or above the 2007 peak.

The median sales price in King City in 2017 exceeded the sales price at the height of the housing market bubble in 2006.

Exhibit 32. Median Sales Price, King City, Beaverton, Sherwood, Tigard, Tualatin, Wilsonville, 2008–2017

Source: Metro RLIS Taxlot Data, August 2017.



Housing costs have increased slightly faster than income since 2000.

The median value of a house in King City was 4.4 times the median household income in 2000 and 4.5 times by the 2011–2015 period. The change in housing value compared to income was smaller in King City than in all comparison geographies.

Exhibit 33. Ratio of Housing Value to Income (Median to Median), 2000 to 2011–2015[14]

Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2011–2015 ACS, Tables B19013 and B25077.

2000	4.4 King City	3.9 Beaverton	2.9 Sherwood
	3.6 Tigard	3.4 Tualatin	4.1 Wilsonville
2011–15	4.5 King City	5.0 Beaverton	3.7 Sherwood
	4.9 Tigard	4.6 Tualatin	5.8 Wilsonville

[14] This ratio compared the median value of housing in King City to the median household income. Inflation-adjusted median owner values in King City increased from $177,784 in 2000 to $201,800 in 2011–15. Over the same period, median income increased from $40,207 to $45,283.

Changes in Rental Costs

Rent costs are relatively low in King City, compared to other comparable cities in Oregon.

Median contract rent in King City is about $861.

Exhibit 34. Median Contract Rent, 2011–2015
Source: US Census Bureau, 2011–2015 ACS Table B25058.

$861	$900	$1,084	$871	$891	$913
King City	Beaverton	Sherwood	Tigard	Tualatin	Wilsonville

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. HUD 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 is consistent with the Goal 10 requirement to provide housing that is affordable to all households in a community.

Throughout this report, a household that spends more than 30% of gross income on housing costs is considered cost burdened. Discussions of affordable housing (at any income level, from low-income to high-income households) assume a household can afford to spend no more than 30% of their gross income on housing costs.

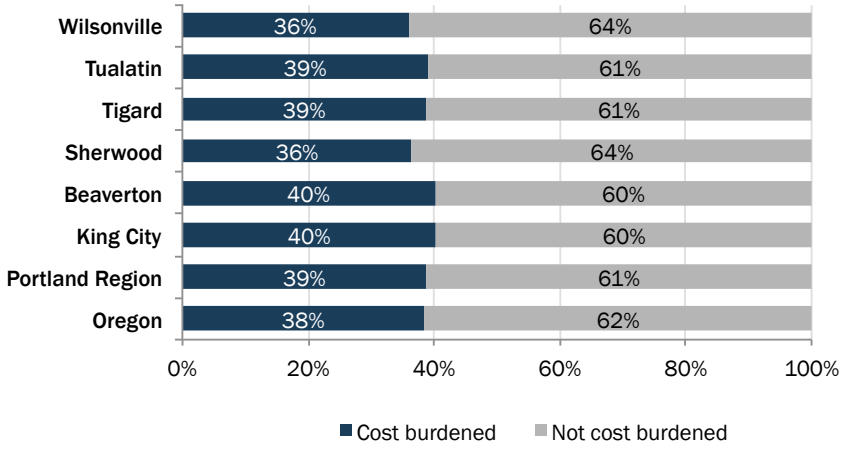
About 40% of King City's households are cost burdened. About 56% of renter households are cost burdened, compared with 36% of homeowners. Cost burden rates in King City for both owner and renter households are higher than in most comparable cities, the Portland Region, and Oregon. The two exceptions are in Tigard and Tualatin, where cost burden rates for owner households are equal to those in King City.

For example, almost one-half of King City households have incomes of less than $37,350 per year. These households can afford rent of less than $934 per month or a home with a value of less than $112,050. Most, but not all, of these households are cost burdened and cannot find suitable housing for a cost that they can afford.

About 40% of all households in King City are cost burdened.

The percentages of cost-burdened households is slightly lower than that of King City in all comparison geographies except Beaverton. The share of owners that are cost burdened is higher in King City than across the region and the state.

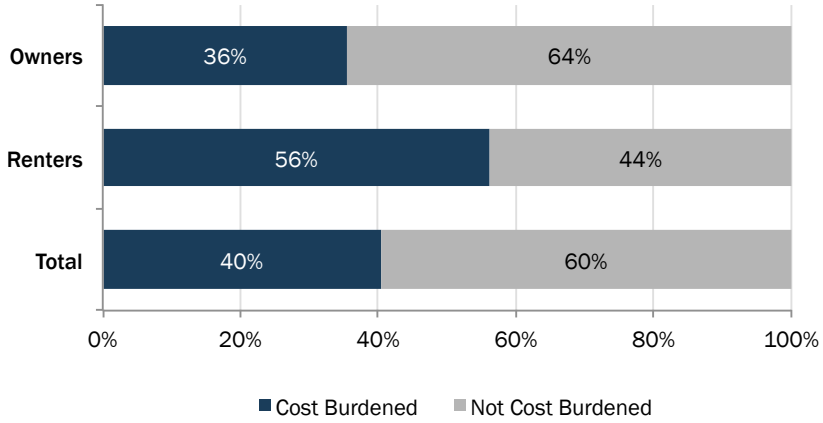
Exhibit 35. Housing Cost Burden King City, Wilsonville, Tualatin, Tigard, Sherwood, Beaverton, Portland Region, Oregon, 2011–2015
Source: US Census Bureau, 2011–2015 ACS Tables B25091 and B25070.



The majority of King City renters are cost burdened compared to a little more than one-third of homeowners.

Cost burden rates are higher among renters in King City than among homeowners. In the 2011–2015 period, about 56% of renters were cost burdened compared to 36% of homeowners. This trend is shared throughout the region and state.

Exhibit 36. Housing Cost Burden by Tenure, King City, 2011–2015
Source: US Census Bureau, 2011–2015 ACS Tables B25091 and 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 housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher income may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary 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 accumulated wealth on a household's ability to pay for housing. For example, a household with retired people may have relatively low income,

but it 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. This issue is particularly important in King City, where the population is substantially older than the average for Washington County, the Portland Region, or Oregon.

Cost burden is only one indicator of housing affordability. Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income. Exhibit 37 shows financially attainable housing based on the Median Family Income (MFI) in Washington County in 2017 ($74,700). The MFI is defined by HUD by county. Exhibit 37 shows the annual income at different levels of MFI based on HUD standards. Exhibit 37 also shows the monthly affordable rent, based on the assumption that households spend no more than 30% of their gross income on housing costs.

Almost half of King City households have an income of less than $37,350 and cannot afford a one-bedroom apartment at Washington County's Fair Market Rent (FMR) of $1,053. More than half of King City households cannot afford a two-bedroom apartment at a Fair Market Rent of $1,242.

Exhibit 37. Financially Attainable Housing, by Median Family Income (MFI) for Washington County ($74,700), King City, 2017
Source: U.S. Department of Housing and Urban Development
US Census Bureau, 2011–2015 ACS Table 19001.

% of Wa. Co. MFI	<30%	30%–50%	50%–80%	80%–120%	>120%
Annual Income	<$22,410	$22,410–$37,350	$37,350–$59,760	$59,760–$89,640	> $89,640
Monthly Affdble. Housing Cost	<$560	$560–$934	$934–$1,494	$1,494–$2,241	> $2,241
Percent of King City House-holds	16%	32%	16%	16%	20%
Attainable Owner Housing Types	None	Mfg. in parks	Mfg. in parks Mfg on lot Duplex	Townhome Single-family house Cottage	All housing types
Attainable Renter Housing Types	Subsidized housing	Subsidized housing Apartment Mfg. in parks	Apartment Duplex Townhome Single-family house	Most Single-family houses	All housing types

King City currently has a deficit of housing affordable to households earning less than $50,000.

The deficit of housing for households earning less than $50,000 results in these households living in housing that is more expensive than they can afford, consistent with the data about owner and renter cost burden in King City.

The housing types that King City has a deficit of are more affordable housing types such as apartments, duplexes, tri- and quad-plexes, manufactured housing, townhomes, cottages, and smaller single-family housing. King City also has a deficit of government-subsidized housing, affordable to households earning less than $37,000.

Exhibit 38. Rough Estimate of Housing Affordability, King City, 2015
Source: US Census Bureau, 2011–2015 ACS Tables 19001, 25075, 25063.

Annual Income	<$25K	<$25K–$50K	<$50K–$75K	<$75K–$100K	>$100k
HH in King City	373 21%	657 37%	311 17%	164 9%	295 16%
Monthly Affdble. Housing Cost	<$625	$625–$1,250	$1,250–$1,875	$1,875–$2,450	>$2,450
Affdble. Owner Housing Cost	<$75,000	$75,000–$150,000	$150,00–$250,000	$250,00–$350,000	>$350K
Est. of Number of Owner Units in King City	195	108	499	187	170
Est. of Number of Renter Units in King City	92	478	20	36	15
HUD Fair Market Rent (2017)		Studio: $946 1 bdrm: $1,053 2 bdrm: $1,242	3bdrm: $1,808	4 bdrm: $2,188	
Does King City Have Enough Units?	**No Deficit: 87 units**	**No Deficit: 71 units**	Yes Surplus: 209 units	Yes Surplus: 59 units	**No Deficit: 110 units**

Summary of the Factors Affecting King City's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have, on average, less income than people who are older. They are less likely to have children. All of these factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing.

The data illustrate what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never marrieds," the "dinks" (dual-income, no kids), the "empty nesters."[15] Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in King City over the next 20 years:

- **Growth in housing will be driven by growth in population and households.** King City is forecast to add 980 new households between 2018 and 2038, an increase of 46% at an average annual growth rate of 1.9%.

  King City's households are expected to grow at a slightly faster rate than the Metro urban growth boundary or the portion of Washington County within the urban growth boundary. The total number of households within the current Metro urban growth boundary is expected to grow at an average annual growth rate of 1.3% over the 2015 to 2040 period and households in Washington County within the Metro urban growth boundary are expected to grow at 1.2% over the same period.
- **Housing affordability will continue to be a key challenge in King City and around the Portland Region.** Housing affordability is a challenge in the Portland Region in general and in Washington County. The rates of cost burden in King City and the Portland Region are comparable, about 40% of households are cost burdened. Housing prices in King City in 2017 were generally below average for the Portland Region and for cities on the westside of Portland.

[15] See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

Housing prices are increasing faster than incomes in the Portland Region, consistent with state and national challenges. King City has relatively low housing prices and housing costs and incomes have kept pace with housing cost growth better than in most cities in the Region. However, growth in King City will be driven by growth in the Portland Region. King City's housing market will continue to become more like the housing market on the westside of the Portland Region as the City grows. Providing opportunity for development of affordable owner- and renter-occupied housing for households at all income levels will be a challenge in King City, as in other cities in the Region

King City has a relatively small share of housing that is multifamily housing (less than one-fifth of the city's housing stock). King City's key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types, from lower-cost single-family housing to market-rate multifamily housing.

- **The City's residential policies can impact the amount of change in King City's housing market, to some degree.** If the City adopts policies to increase opportunities to build smaller-scale single-family and multifamily housing types, especially multifamily that is affordable to low- and moderate-income households, a larger percentage of new housing developed over the next 20 years in King City may be relatively affordable. Examples of policies that the City could adopt to achieve this outcome include: allowing a wider range of housing types (e.g., duplex, cottages, or townhouses) in single-family zones, ensuring that there is sufficient land zoned to allow single-family attached multifamily housing development, supporting development of government-subsidized affordable housing, creating an exclusive multifamily zone where single-family housing is not permitted and encouraging multifamily residential development in commercial centers. The degree of change in King City's housing market, however, will depend on market demand for these types of housing in the Portland Region.
- **Where the future differs from the past, it is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, townhomes, and multifamily housing.

  Key demographic and economic trends that will affect King City's future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in the Hispanic and Latino population. An aging population, increasing housing costs (although lower than the Region), housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables are factors that support the conclusion of the need for smaller and less expensive units and a broader array of housing choices. Growth of retirees will drive the demand for small single-family detached units and townhomes for homeownership, townhome and multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in the Millennial and Hispanic and Latino populations will drive the demand for affordable housing types, including the demand for small, affordable single-family

units (many of which may be ownership units) and for affordable multifamily units (many of which may be rental units).

No amount of analysis is likely to make the distant future completely certain: the purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today. Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

5. Housing Need in King City

Project New Housing Units Needed in the Next 20 Years

The results of the housing needs analysis are based on: (1) the official population forecast for growth in King City over the 20-year planning period, (2) information about King City's housing market relative to nearby cities, Washington County and the Portland Region, and (3) the demographic composition of King City's existing population and expected long-term changes in the demographics of the Portland Region.

Forecast for Housing Growth

Exhibit 39 presents Metro's forecast for King City for the 2015 to 2040 period.[16] The Metro Council adopted this forecast as the official coordinated population forecast on October 12, 2016 in Ordinance Number 16-1371.

ECONorthwest used this forecast to extrapolate King City's forecast for 2018 to 2038.

King City will grow by 980 households between 2018 and 2038.

Exhibit 39. Forecast of Household Growth, King City, 2018 to 2038
Source: Metro 2040 Household Distributed Forecast, July 12, 2016.
Note: AAGR is Average Annual Growth Rate.
Green shading highlights the household forecast for 2018 and 2038.

Year	Households
2015	2,005
2018	2,122
2038	3,102
2040	3,222
Change 2018 to 2038	
Number	980
Percent	46%
AAGR	1.9%

[16] The forecasts can be accessed at: https://www.oregonmetro.gov/2040-distributed-forecast

New Housing Units Needed Over the Next 20 years

Exhibit 39 presents a forecast of new households in King City for the 2018-2038 period. We assume each new household represents the need for an additional dwelling unit. This section determines the needed mix and density for new housing developed over this 20-year period in King City.

Exhibit 40 shows that, in the future, the need for new housing developed in King City will include more housing that is generally more affordable, with some housing located in walkable areas with access to services. This assumption is based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in the demand for attached single-family housing and multifamily housing. The key demographic trends that will affect King City's future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in the Hispanic and Latino population. Growth of these groups has the following implications for housing need in King City:
    - *Baby Boomers.* Growth in the number of seniors in the Portland Region will have an impact on the demand for new housing through the demand for housing types specific to seniors, such as assisted living facilities or age-restricted developments. These households will make a variety of housing choices, including: remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted living facilities or nursing homes) as their health fails. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in an increased demand for single-family attached and multifamily housing. Some Baby Boomers may prefer housing in walkable neighborhoods, with access to services.
    - *Millennials.* Growth in Millennial households in the Portland Region will drive the demand for housing. King City currently has a smaller population of people under 40 years old (as well as under 60 years old) than the average in the Portland Region. People between 20 and 39 years old are expected to grow by 78,000 in the Portland Region between 2017 and 2035, and people 40 and 59 years old are expected to grow by about 117,000 during the same period. To the extent that Millennials move to King City, this growth will result in an increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, and some will prefer to locate in walkable neighborhoods, possibly choosing small single-family detached houses, cottage houses, townhouses, or multifamily houses.
    - *Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in an increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively

affordable. Hispanic and Latino households are more likely to be larger than average, with more children and possibly with multigenerational households. The types of housing that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing. In addition, growth in the number of farmworkers will increase the need for affordable housing for farmworkers.

- About 39% of King City's households are cost burdened and have affordability problems, indicating a need for more affordable housing types. More than half of King City's households could not afford a two-bedroom apartment at HUD's fair market rent level of $1,242. A household earning median family income ($74,400) could afford a home valued up to about $261,500, which is considerably below the median sales price for single-family housing of about $352,000 in King City.

  In addition, King City has a small supply of multifamily housing, which accounts for less than one-fifth of the city's housing stock. As a result, there are few choices for market-rate multifamily housing opportunities in King City.

  Continued increases in housing costs may increase the demand for denser housing (e.g., multifamily housing or smaller single-family housing) or locating in less expensive areas of the Portland Region or nearby areas, farther from employment centers. To the extent that denser housing types are more affordable than larger housing types, continued increases in housing costs will increase the demand for denser housing.

These findings suggest that King City's needed housing mix is for a broader range of housing types than are currently available in King City's housing stock. The types of housing that King City will need to provide opportunity for development of over the next 20 years are described above: smaller single-family detached housing (e.g., cottages or small single-family detached units), accessory dwelling units, "traditional" single-family detached housing, townhouses, duplexes and quadplexes, apartments, and mixed-use multifamily housing in the town center.

Exhibit 40 shows a forecast of needed housing in King City during the 2018 to 2038 period. The projection is based on the following assumptions:[17]

- Fifty percent of new housing will be single-family detached, including cottage housing. Exhibit 6 shows that 72% of King City's housing was single-family detached in the 2011–2015 period, an increase in single-family detached housing since 2000.

[17] While OAR 660-007 does not apply the regional housing mix standards to King City (OAR 660-007-0035 [4]), much of King City's housing need will result from overall growth in the Portland Region. As King City grows, the city will become more like other cities in the westside of the Portland Region, both in terms of demographic characteristics and the need for a wider range of housing types. The housing mix in Exhibit 40 is a reflection of the need for a wider range of housing types in the Portland Region and in King City to meet the increasingly diverse need of households at every level of income.

- Fifteen percent of new housing will be single-family attached, which includes duplexes. Exhibit 6 shows that 12% of King City's housing was single-family attached in the 2011–2015 period, with little change since 2000.
- Thirty-five percent of new housing will be multifamily. Exhibit 6 shows that 16% of King City's housing was multifamily in the 2011–2015 period, a sharp decrease from 2000.

King City will have demand for 980 new dwelling units over the 20-year period, with an annual average of 49 dwelling units.

Exhibit 40. Forecast of Demand for New Dwelling Units, King City, 2018 to 2038
Source: Calculations by ECONorthwest.

Needed new dwelling units (2018–2038)	980
Dwelling units by structure type	
Single-Family detached	
Percent single-family detached DU	50%
equals Total new single-family detached DU	490
Single-Family attached	
Percent single-family attached DU	15%
equals Total new single-family attached DU	147
Multifamily	
Percent multifamily detached DU	35%
equals Total new multifamily DU	343
Total new dwelling units (2018–2038)	980

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 41 allocates needed housing to plan designations in King City. The allocation is based, in part, on the types of housing allowed in the zoning designations in each plan designation.

The buildable lands inventory (Exhibit 3) shows that King City only has 3.8 acres of vacant buildable lands. As a result, King City will need to expand its city limits, based on an expansion of the Metro urban growth boundary, to accommodate new housing. The allocation in Exhibit 41 assumes that this new land will use the current zoning designations as are currently in use in King City. The allocation of new units will likely change when the City identifies land to bring into the city limits and the King City Comprehensive Plan designations are applied to the land.

Exhibit 41 shows:

- **SF Single Family** will accommodate new single-family detached housing.
- **SF Single Family** will accommodate new single-family detached housing and a small amount of single-family attached housing.
- **Multifamily Designations** will accommodate all types of housing, with a focus on single-family attached housing and multifamily housing. These designations include: R-12 Attached Residential, R-15 Multifamily, R-24 Multifamily, and AT Apartment Townhouse. They all allow the same type of housing and, since King City has nearly no vacant land in these plan designations, they are grouped together in Exhibit 41.
- **LC- Limited Commercial** will accommodate multifamily housing, which it allows outright along with commercial uses. King City has about two acres of vacant unconstrained land zoned LC. If an expansion of the city limits includes a designation of more land for LC, then a larger share of King City's housing could be located in LC, as part of mixed-use development.

Exhibit 41. Allocation of Needed Housing by Housing Type and Plan Designation, King City, 2018 to 2038

Source: ECONorthwest
Note: Multifamily plan designations include R-12 Attached Residential, R-24 Multifamily, and AT Apartment Townhouse. These plan designations all allow the same types of housing.

	Residential Plan Designations				
Comprehensive Plan Designation	SF - Single-Family	R-9 Residential	Multifamily Designations (R-12, R-15, R-24, AT)	LC - Limited Commercial	Total
Dwelling Units					
Single-family detached	217	216	57	-	490
Single-family attached		47	100	-	147
Multifamily	-	-	315	28	343
Total	217	263	472	28	980
Percent of Units					
Single-family detached	22%	22%	6%	0%	50%
Single-family attached	0%	5%	10%	0%	15%
Multifamily	0%	0%	32%	3%	35%
Total	22%	27%	48%	3%	100%

Needed Housing 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 requires an estimate of the income distribution of current and future households in the community. These estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

The analysis in Exhibit 42. Estimate of Needed New Dwelling Units by Income Level, by Median Family Income (MFI) for Washington County ($74,700), King City, 2018–2038

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

is based on American Community Survey data about income levels in King City, using information shown in Exhibit 37. Income is categorized into market segments consistent with HUD income level categories, using Washington County's 2017 Median Family Income (MFI) of $74,700. Exhibit 42. Estimate of Needed New Dwelling Units by Income Level, by Median Family Income (MFI) for Washington County ($74,700), King City, 2018–2038

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

is based on current household income distribution, assuming approximately that the same percentage of households will be in each market segment in the future.

About two-thirds of King City's households currently have income below 80% of Washington County's median family income (less than $59,760 in 2017 dollars). In comparison, about half of the Portland Region's households have income below 80% of the median family income.

Given the expectation that King County's households will become more like the Portland Region's population, the share of income below 80% of median family income may decrease somewhat.

Even with a change in income distribution, King City households will have a substantial need for affordable housing types, such as government-subsidized affordable housing, manufactured homes, apartments, townhomes, duplexes, and small single-family homes.

Exhibit 42. Estimate of Needed New Dwelling Units by Income Level, by Median Family Income (MFI) for Washington County ($74,700), King City, 2018–2038

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

% of Wa. Co. MFI	<30%	30%–50%	50%–80%	80%–120%	>120%
Annual Income	<$22,410	$22,410–$37,350	$37,350–$59,760	$59,760–$89,640	> $89,640
2015 Monthly Affdble. Housing Cost	<$560	$560–$934	$934–$1,494	$1,494–$2,241	> $2,241
Percent of King City House-holds	16%	32%	16%	16%	20%
New House-holds 2018-2038	**158**	**312**	**161**	**153**	**197**
Attainable Owner Housing Types	None	Manufact. in parks	Manufact. in parks Manufact. on lot Duplex	Townhome Single-family house Cottage	All housing types
Attainable Renter Housing Types	Subsidized housing	Subsidized housing Apartment Manufact. in parks	Apartment Duplex Townhome Single-Family house	Most Single-Family houses	All housing types

Need for Government Assisted and Manufactured Housing

ORS 197.303 requires cities to plan for government-assisted 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.). King 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 King 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.

- **Manufactured housing on lots.** King City allows manufactured homes on lots in all of its residential zones. King 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.** ORS 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. King City has one manufactured home park within the city limits, Mountain View on Beef Bend Road, with a Washington County zoning of R-6.

  ORS 197.480(2) requires King City to project the need for mobile home or 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 39 shows that the King City area will grow by 980 dwelling units over the 2018 to 2038 period.
  - Analysis of housing affordability (in Exhibit 42. Estimate of Needed New Dwelling Units by Income Level, by Median Family Income (MFI) for Washington County ($74,700), King City, 2018–2038

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

  -) shows that nearly half (and possibly less) of King County's new households will be low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.
  - National, state, and regional trends since 2000 showed that manufactured housing parks were 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.
  - Given the fact that King City only has one manufactured home park and that manufactured home parks have been closing, rather than newly opening, it is highly unlikely that King City will have future need for manufactured home parks. Lower income households will need different opportunities for housing, such as government-subsidized housing or lower-cost apartments.

    However, manufactured home parks are allowed in the R-9, R-12, R-15, R-24, and AT plan designations. If the city brings more land into the city limits, through a Metro urban growth boundary expansion, and designates some of that land with any of these designations, then King City will provide the opportunity for development of new manufactured home parks.

6. Residential Land Sufficiency within King City

This chapter presents an evaluation of the sufficiency of vacant residential land in King City to accommodate expected residential growth over the 2018 to 2038 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of King City's ability to accommodate needed new housing units for the 2018 to 2038 period, based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis.

Land Capacity Analysis

The buildable lands inventory summarized in Chapter 2 provides a *supply* analysis (buildable land by type), and Chapter 5 provided a *demand* analysis (household growth leading to a demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (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 not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape, can all affect the ability of land 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 UGB to accommodate new housing. This analysis, sometimes called a "capacity analysis,"[18] can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing based on the small amount of vacant land within the city limits and the densities allowed in the City's zoning code.

Exhibit 43 shows that **King City vacant residential land has capacity to accommodate approximately 12 new dwelling units**, based on the following assumptions:

[18] 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 UGB 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.

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in residential Plan Designations as shown in Chapter 2. King City has 1.5 acres of vacant, unconstrained land in residential plan designations.
- **Needed densities.** OAR 660-007 does not specify a minimum needed density for King City. Exhibit 43 and Exhibit 44 assume that the future density of vacant land will be 90% of the maximum density allowed in each Plan Designation.[19]

Exhibit 43. Estimated Housing Development Potential on Vacant Residential Lands, Number of Dwelling Units, King City
Source: Buildable Lands Inventory; Calculations by ECONorthwest.
Note: DU is dwelling unit.

Plan Designation	Unconstrained Buildable Acres	Density (Dwelling Units per Acre)	Dwelling Units
R-9 Small Lot Attached Reside	1.4	8.1	11
R-12 Attached Residential	0.1	11.1	1
Total	**1.5**		**12**

King City has 2.3 acres of vacant land in the LC (Limited Commercial) Plan Designation. While multifamily housing is allowed in LC, other commercial development is allowed in this Plan Designation. Exhibit 44 shows the potential capacity on vacant unconstrained LC land, ranging from 56 dwelling units (if all vacant LC land is developed with multifamily housing) to zero dwelling units (if no vacant LC land is developed with multifamily housing).

In this analysis, we assume that half of the vacant LC land will develop with multifamily housing, resulting in a capacity of 28 dwelling units.

Exhibit 44. Estimated Housing Development Potential on Vacant Limited Commercial Land, Number of Dwelling Units, King City
Source: Buildable Lands Inventory; Calculations by ECONorthwest.
Note: DU is dwelling unit.

Plan Designation	Unconstrained Buildable Acres	Density (Dwelling Units per Acre)	Dwelling Units
LC - Limited Commercial	2.3	24.5	
All Residential, no Com.	2.3	24.5	56
Mixture of Res. and Com.	1.2	24.5	28
All Commercial, no Res.	0	24.5	0

The estimated capacity in Exhibit 43 and Exhibit 44 do not include assumptions about redevelopment opportunities.

[19] Note that the capacity analysis does not make assumptions about land needed for rights-of-ways because King City's vacant land is all infill, where vacant land is in parcels with existing rights-of-ways.

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within King City is to compare the demand for housing by Plan Designation (Exhibit 41) with the capacity of land by Plan Designation (Exhibit 43 and Exhibit 44).

Exhibit 45 shows that King City has a deficit of capacity in most residential plan designations:

- **SF Single Family** has a deficit of capacity for about 217 dwelling units to accommodate growth over the 2018–2038 period.
- **SF Single Family** has a deficit of capacity for about 252 dwelling units to accommodate growth.
- **Multifamily Designations** have a deficit of capacity for about 471 dwelling units to accommodate growth.
- **LC- Limited Commercial** can accommodate 28 multifamily units. If the City Designates more land LC in areas brought into the city limits (through a Metro UGB expansion), then more multifamily housing may locate in LC, especially multifamily in mixed-use development.

Exhibit 45. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Deficit, King City, 2018–2038

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Housing Type	Capacity (Dwelling Units)	Demand for New Housing (Dwelling Units)	Comparison (Supply minus Demand)
SF - Single- Family	0	217	-217
R-9 Residential	11	263	-252
MF Designations (R-12, R-24, AT)	1	472	-471
LC - Limited Commercial	28	28	0

Conclusions and Recommendations

The key findings of the Housing Needs Analysis are that:

- **King City is planning for 980 new dwelling units.** Metro forecasts that King City will grow by 980 new dwelling units over the 2018 to 2038 period, averaging 49 new dwelling units annually. However, the vacant residential land within city limits can accommodate considerably fewer new dwelling units, as discussed below.
- **King City is meeting its obligation to plan for needed housing types for households at all income levels.** King City's residential development policies include those that allow for development of a range of housing types (e.g., duplexes, manufactured housing, and apartments) and that allow government-subsidized housing. This conclusion is supported by the fact that Metro's 2016 *Compliance Report* concluded that King City was in compliance with Metro Functional Plan and Title 7 (Housing Choice). King City will have an ongoing need for providing affordable housing to lower-income households. King City's ability to plan for needed housing types to accommodate growth depends on the expansion of the Metro urban growth boundary, as described below.
- **King City will need to plan for more single-family attached and multifamily dwelling units in the future to meet the City's housing needs.** Historically, about 72% of King City's housing was single-family detached. While 50% of new housing in King City is forecast to be single-family detached, the City will need to provide opportunities for development of new single-family attached (15% of new housing) and new multifamily housing (35% of new housing). This housing mix will be similar to King City's housing mix in 2000, before the rapid growth of single-family housing over the last decade or so.
    - The factors driving the shift in types of housing needed in King City include changes in demographics and decreases in housing affordability. The aging of the Baby Boomers and the household formation of the Millennials will drive the demand for renter- and owner-occupied housing such as small single-family detached housing, townhouses, cottage housing, duplexes, and apartments. Both groups may prefer housing in walkable neighborhoods, with access to services.
    - King City's existing deficit of housing affordable for low- and middle-income households indicates a need for a wider range of housing types, especially for renters. About 39% of King City's households have affordability problems, including a cost burden rate of 56% for renter households.
    - Growth of housing in King City will be driven by growth of housing across the Portland Region. As King City grows, the demographic characteristics of King City will become more like the Portland Region: a balance of older and younger households. King City has and will continue to have housing affordability problems similar to other cities on the Portland Region's westside.
- **King City has very little vacant, unconstrained buildable residential land.** King City has 3.8 acres of vacant, unconstrained buildable land. Of this, 2.3 acres is in the Limited Commercial Plan Designation, where multifamily housing is permitted but commercial

development is also permitted. The remaining 1.5 acres is in residential Plan Designations. This land has capacity for a total of 40 new dwelling units.

- **King City has a deficit of land for housing.** King City can only accommodate about 4% of the forecast for new housing on areas within the city limits. King City has a deficit of land for 940 dwelling units. The deficits are: 217 dwelling unit deficit in the Single-Family Designation, 252 dwelling unit in the R-9 Residential Designation, and 471 dwelling units in multifamily Designations (including the R-12, R-24, and AT Designations).
- **King City will need an expansion of the Metro urban growth boundary to accommodate its forecast of housing.** Given the limited supply of land within King City, the city needs an expansion of the urban growth boundary to accommodate the forecast of growth. King City is developing a Concept Plan for development in Urban Reserve Area 6D (URA 6D), which can accommodate King City's forecast of growth, with room for additional growth.

ECONorthwest's recommendations based on the Housing Needs Analysis are:

- **The City should work with regional partners to provide land for development as soon as possible.** The City is essentially out of land for development, with less than four vacant, unconstrained acres of land where residential development is allowed. Aside from redevelopment opportunities, King City has no substantial land for development. The City should continue to work with Metro and other regional partners to bring land in URA 6D into the urban growth boundary as soon as possible. Without URA 6D, King City will be unable to accommodate expected growth.
- **King City should plan to provide opportunities for development of the housing need identified in this report.** This analysis found that King City's housing needs are for more development of single-family attached housing and multifamily housing. The City should be planning for the development of: single-family detached housing at a range of lot sizes, accessory dwelling units, cottage housing, townhouses, duplexes, tri- and quad-plexes, apartment buildings, and mixed-use buildings. The City's housing needs will largely be met in URA 6D. While the City does not generally have a direct role in housing development, the City's planning framework sets the context for housing development. plans for development of URA 6D should include these housing types, integrated into broader neighborhood plans that include amenities such as parks, natural spaces, commercial centers, and a range of transportation options.
- **The City should consider changes to its residential policies to encourage development of more attached and multifamily housing.** These changes include designation of sufficient land to allow attached and multifamily housing types, development of zoning codes to allow and encourage cottage housing development, and policies such as an exclusive multifamily zone that ensures opportunities for development of multifamily housing through not allowing single-family housing development in the zone.
- **The City should consider implementing policies to encourage development of affordable housing.** Affordable housing can include government-subsidized housing (generally housing affordable to households with income below 50% of Median Family

Income [$37,000]) and middle-income housing (generally housing affordable to households with income of 60% to 80% of Median Family Income [$37,000 to $60,000] and sometimes as much as 120% of Median Family Income [up to $90,000]). Examples of these policies include:

- *Reduced Parking Requirements.* Parking is one of the more expensive parts of project development. To the extent that code requires more parking than a developer would otherwise want to provide, the cost of meeting these requirements creates financial burden. A city can adjust the zoning requirements for parking production relative to unit production, specifically for affordable housing projects. This reduces the construction and development costs of a project, especially for higher density projects with structured parking.
- *Financing building permit and planning fees or SDCs.* These programs reduce the impact of development fees and systems development charges (SDCs) on the development cost of the project by allowing the developer to avoid the upfront cost and finance the fees over time. A financing program can be used as an incentive to induce qualifying types of development or building features (in this case, affordable housing). The city still receives fees and SDCs, but at a later date. This can, however, create cash flow challenges.
- *Tax exemption program.* There are multiple tax exemption programs that cities can implement. The tax exceptions allow the city to incentivize diverse housing options in town centers.
- *Land Banking*. Land banks support affordable housing development by reducing or eliminating land cost from development. Cities can partner with nonprofits or sometimes manage their own land banks. Cities may also donate, sell, or lease publicly owned land for the development of affordable housing—even without a formal "land bank" organization.

- **King City should work with regional partners to understand the potential for additional residential growth over the planning period.** King City's growth is based, in large part, on growth of the westside of the Portland Region. Although Metro's forecast shows demand for King City to grow by 980 new households over the 20-year planning period, King City could be in a position to grow more over the next 20 years. On-going projects of regional significance, such as planning for the Southwest Corridor, may increase development in and around King City. If King City has sufficient land and the ability to make infrastructure investments to support development, the City could grow faster than Metro's forecast. We recommend that the City continue to work with Metro and other regional partners to plan for growth, considering key infrastructure investments made in and around the city.
- **King City should monitor residential land development.** Monitoring residential land development will help the City ensure that there is enough residential land to accommodate the long-term forecast for population growth. We recommend that the City develop and implement a system to monitor the supply of residential land. This includes monitoring residential development (through permits) as well as land

consumption (e.g., development on vacant, or redevelopable lands). Monitoring the City's land supply puts the City in a better position to work with its regional partners to plan for and accommodate regional growth in King City.

Appendix A: Buildable Lands Inventory Methodology

This appendix lists the data layers and data processing steps used for the buildable lands inventory. The results of the buildable lands inventory are summarized in Chapter 2.

Data Layers

Exhibit A- 1 lists data layers used for the residential buildable lands inventory. All data layers were bundled with Metro's Regional Land Information System (RLIS) data product.

Exhibit A- 1. Data Layers used for the Residential Buildable Lands Inventory

Data source	Dataset category	Dataset (type)	Description (from RLIS metadata)	Maps	Map date
Metro RLIS Q3 2017 Release (August)	Steep Slopes	slope_25.shp	Area with slope equal to or greater than 25%	Vacant land constraints by plan	1/18/2018
Metro RLIS Q3 2017 Release (August)	Steep Slopes	slope_10.shp	Area with slope equal to or greater than 10%	Vacant land constraints by plan	1/18/2018
Metro RLIS Q3 2017 Release (August)	Title 3 constraints	title3.shp (feature layer)	The Title 3 Land data delineates areas protected by the Stream and Floodplain Protection Plan, which aims to protect the region's health and public safety by reducing flood and landslide hazards, controlling soil erosion, and reducing pollution of the region's waterways. This data specifically delineates areas impacted by Title 3 for the following purposes: 1. protect against flooding, 2. enhance water quality in the region's streams, rivers, and wetlands, and 3. protect regionally significant fish and wildlife habitat areas.	Vacant land constraints by plan	1/18/2018
Metro RLIS Q3 2017 Release (August)	Title 13 constraints	title13_inventory.shp (feature layer)	The chief mapping data for the Metro Title 13 Resource Inventory adopted by the metro council in September of 2005. Combines Regionally Significant Riparian & Upland Wildlife habitat, Habitats of Concern, and impact areas into one integrated layer. Based on Metro's GIS models for mapping riparian functions and wildlife values. The precursor for the Metro Title 13 Habitat Conservation Areas. To comply with title 13 local jurisdictions may have developed their own maps and programs.	Vacant land constraints by plan	1/18/2018
Metro RLIS Q3 2017	Floodplains	floodplain.shp (feature layer)	100 Year Flood Plain as delineated by the Federal Emergency Management Association (FEMA). Digitized by the	Vacant land constraints by plan	1/18/2018

Release (August)			Portland Office of the Army Corps of Engineers. Updated with local input.		
Metro RLIS Q3 2017 Release (August)	Wetlands	wetlands.shp (feature layer)	Summary: The fundamental idea behind the layer is to assemble the best available information about the regions wetlands in one place so it can be a convenient resource to consultants, planners, and resource managers. It is mainly for planning purposes and does not constitute an exhaustive and fully complete collection of the regions wetlands. Description: This layer is based on the 1998 National Wetlands Inventory, finished and in-progress local wetland inventories conducted by local jurisdictions, and information/documentation collected during the development of Metro's Title 13 Nature in Neighborhoods program. The information source for individual wetland polygons are available in the layer attributes. The layer covers Multnomah, Washington and Clackamas counties in Oregon.	Vacant land constraints by plan	1/18/2018
Metro RLIS Q3 2017 Release (August)	Vacant land	vacant.shp	Summary: Area appearing unimproved on most recent aerial photography, without regard to developability and accessibility. On partially developed parcels, only undeveloped areas 1/2 acre or larger are included. Vacant tax lots are those that have no building, improvements or identifiable land use. Lots under site development are only considered developed if structure is evident. For example, earthwork and grading are considered vacant but buildings under construction (foundation or more) are considered developed. Parks and open spaces are treated as developed. During the assessment of each tax lot, no consideration is given to constrained land, suitability for building, or to redevelopment potential. Description: The current vacant land dataset represents the foundation for measuring buildable lands and analyzing carrying capacity within the region. Data is used in measuring buildable lands and analyzing carrying capacity with the region. Data also feeds into MetroScope forecasting model as part of the buildable lands dataset. The inventory reflects the status of vacant land on the date the photos were flown. No conclusions regarding capability or availability for development should be made.	Vacant land constraints by plan	1/18/2018

Metro RLIS Q3 2017 Release (August)	Plan designation	plan.shp	Summary: Land use plan designation boundaries from local comprehensive plans. This layer has been reviewed by each jurisdiction, and corrections were made by Metro where advised. Some errors are likely to remain and the jurisdiction should be used as the ultimate source for plan designations. In jurisdictions that use one map for comprehensive land use plan designations and zoning designations, the plan and zoning files are the same. Description: For use by planners and citizens to check land use plan designation boundaries from local comprehensive plans.	Vacant land constraints by plan	1/18/2018

Data Processing Steps

Following are the data processing steps used to analyze the Metro RLIS data (August 2017, Q3) and create the King City residential buildable land inventory.

- Intersected vacant land layer with King City city limit (Source: RLIS GIS data – August 2017, Q3). This layer is based on a combination of Metro's previous BLI results and aerial imagery. Metro is currently undergoing a BLI process, but the updated results were not available at the time of this analysis. The vacant land layer used for this analysis reflects the previous data, though the updated results of the Metro BLI would likely be similar in King City.
- Compiled development constraints using the following layers:
    - Landslide polygons (Source: SLIDO-3.0, DOGAMI)
    - Steep slopes 25%+ (Source: RLIS August 2017)
    - Public Facilities, based on zoning layer (Source: RLIS August 2017)
    - Floodplains, 100-year floodplain (Source: RLIS August 2017)
    - Title 3 Land, includes Water Resource Conservation Areas (Source: RLIS August 2017)
    - Title 13 Inventory, includes Habitat Conservation Areas Class I, II, A, and B (Source: RLIS August 2017)
    - Wetlands (Source: RLIS August 2017)
- Calculated constrained and unconstrained vacant land using the union and intersect tools. The union tool identified areas where vacant land and constraints overlapped. The intersect tool removed nonvacant constraint polygons.

- Added an attribute for vacancy status based on GIS analysis and comments from King City on recent development or errors in the data.
- For each layer—King City vacant land and all land in King City—calculated the following:
    - Calculated plan designation (plan layer, source: RLIS August 2017) for each area using the intersect tool.
    - Calculated acreage for each land area by vacancy status and plan designation.