



MEMORANDUM

DATE: April 19, 2023

TO: VISTA RESIDENTIAL PARTNERS
25 NW 23rd Street
Suite 6, #414
Portland, OR 97210

FROM: Brendan Buckley
Johnson Economics, LLC

SUBJECT: Needs Analysis for Multifamily Housing Uses at a Site in South Tualatin, OR

JOHNSON ECONOMICS have completed an analysis of the appropriateness of a site located in south Tualatin, Oregon for the common uses under its current and proposed zoning. The 9.2-acre site is currently zoned Institutional (IN) and Medium-Low Density Residential (RML). An application has been submitted to rezone the parcel to High-Density High Rise (RH-HR) to allow a multi-family housing complex including buildings of four stories in height.

This analysis examines the site for appropriateness for the proposed use from a market perspective, assessing the layout and location for successful multi-family housing. This memo reviews the findings of our analysis of demand and supply of land for housing uses in Tualatin.

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I. EXECUTIVE SUMMARY

The analysis presented in this memo supports a zone change at the subject site from a medium-low density residential zone and institutional zone to a high-density residential zone based on market factors and land need findings. The following is a summary of major findings:

- The subject site's location and configuration are supportive of multi-family development at this location. The use would be compatible with neighboring uses, while having a greatly mitigated impact on any low density residential nearby. The proposed use will be complementary to the Plambeck Gardens development underway nearby.
- Multi-family development is a common transitional use found at the border of residential neighborhoods and active institutional uses with proper buffering.
- The subject location is advantageous in terms of site size and configuration and transportation access, and multi-family housing will be in demand and market feasible at this location. Buildable residential sites of this size, and roughly rectangular, are rare not just locally but in much of the Metro area. These sites are well suited for multi-family development, while low-density development can more easily adjust to smaller and more irregular parcels.
- The rental housing market in Tualatin is strong and supportive of the continued development of additional market-rate rental supply. Average rents have climbed steadily over the past decade, outpacing inflation, while the vacancy rate has fallen. This indicates a tight supply of available units which generally leads to increasing rent levels for renter households and offers them less choice among properties. New housing supply helps to alleviate rent increases and helps renter households remain in the community.
- The proposed development should not lower nearby property values and will very likely increase property values in the immediate area.
- There are compelling reasons to conclude that the housing need forecast included in the 2019 HNA is low, and the forecasted need for 1,014 units is significantly understated for a 20-year timeframe. The updated data demonstrates that demand is outpacing the HNA forecast and supports a policy choice by the City to provide needed housing based on the updated information. It is important to note that cities are not bound by the forecasts adopted in an HNA and may adapt to a new reality if it outpaces the forecast.
- The recent Decennial Census provided a new higher population estimate for Tualatin that is higher than not only the 2020 population assumption in the HNA, but higher than the *2040 population at the end of the forecast period*.
- The HNA assumes that multi-family housing will be built on RMH, RH, or RH-HR zoned land. The HNA concludes that there is a deficit of land in two of these zones, while most of the remaining RH land is under development at Plambeck Gardens. This means that the supply of land zoned for multi-family identified in the HNA has been exhausted, while the need for such housing has not been met.



- The low HNA forecast and rate of development already experienced since adoption indicate that the need for new housing of all types, including multi-family, is likely to be greatly in excess of the HNA forecast.
- The findings of the HNA and the subsequent Housing Production Strategy are supportive of rezoning lower density residential land and encouraging housing opportunities for households at middle income, many of whom are typically served by market-rate rental apartments. The policies laid out in the Strategy call for greater diversity of housing types, increased rental unit availability, and more housing for all segments of the local workforce so more residents can live and work in the same community.

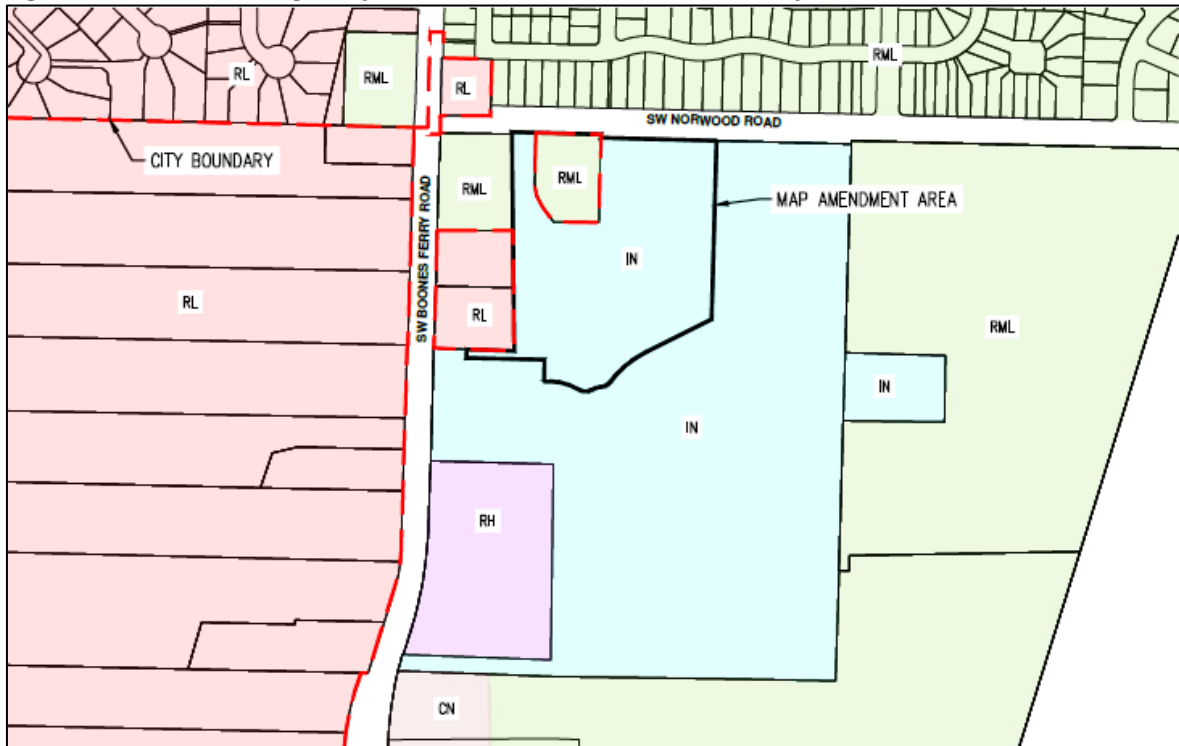
Analysis supporting these findings is presented in the following sections.

II. SUBJECT SITE AND PROPOSED USE

The subject site is located east of SW Boones Ferry Road and south of SW Norwood Road in south Tualatin. The site is roughly 9.2 vacant acres that was formerly a portion of the grounds of the Horizon Christian High School, plus one adjacent single-family home.

To the north of the subject site, across SW Norwood Road is a neighborhood of single-family homes, with medium-low density zoning. To the west are parcels with RML and RL zoning (Figure 1).

Figure 1: Current Zoning, Subject Site & Area, South Tualatin Subject Site Location, South Tualatin

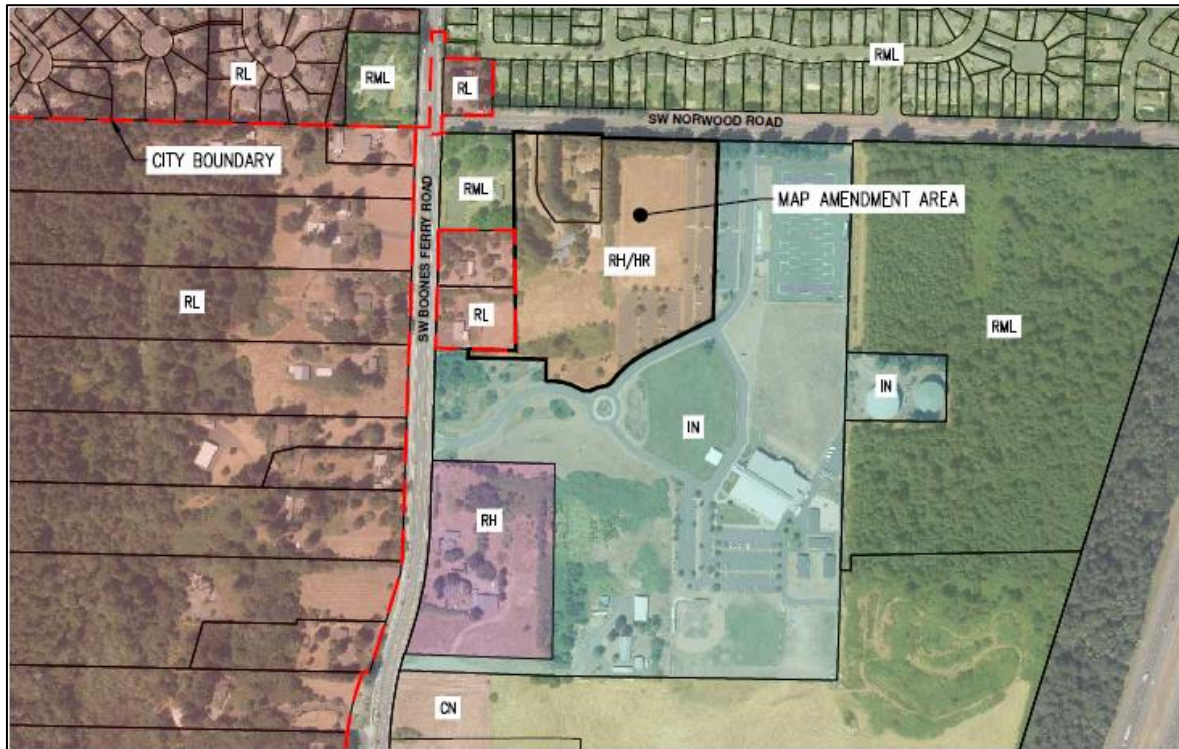


Source: AKS Engineering



To the south of the site, beyond the access road of the high school, is a parcel of high-density residential zoning where the Plambeck Gardens apartments are currently under development. That 116-unit project will be compatible with the proposed development at the subject site. To the east of the site, beyond the alternate access and playing field of the high school is the large Autumn Sunrise master planned subdivision. This subdivision, currently underway on 62 acres, is zoned RML and planned to eventually accommodate 400 new single family units (80% detached, 20% attached).

Figure 2: Subject Site Location (Map Amendment Area), With Proposed Zoning, South Tualatin



Source: AKS Engineering

CURRENT ZONE: Medium-Low Density Residential (RML) - 1 acre of the site

Purpose and Permitted Uses

The City of Tualatin Development Code defines the purpose of the RML zone as follows:

The purpose of this zone is to provide household living uses with a variety of housing types at moderately low densities. This district is primarily oriented toward middle housing types including attached dwellings, multi-family development, and manufactured dwelling parks. (TDC Chapter 41.100)

The RML zone permits a range of residential uses at a density of up to 25 townhouse units per acre.



CURRENT ZONE: Institutional (IN) - 8-acres of the site

Purpose and Permitted Uses

The purpose of the Institutional (IN) Zone is to provide areas of the City that are suitable for public, educational, religious, recreational, and incidental support facilities to serve the community.

(TDC Chapter 49.100)

The IN zone permits assembly uses such as churches as well as schools, government offices, or infrastructure. Oregon Senate Bill 8, passed in 2021, updated ORS 197.308 and allows for affordable housing to be located on property that is zoned for religious assembly. Therefore, affordable housing could currently be built on the IN zoned land at an undefined density.

PROPOSED ZONE: High-Density High Rise (RH-HR), Purpose and Permitted Uses

The proposed new zone for the subject site is RH-HR with some proposed textual amendments to that zone in the Tualatin Development Code. The following is the purpose of this zone as shown in Code, ***with the proposed textual changes of the applicant presented in red:***

The purpose of the High Density High Rise (RH-HR) zone is to provide areas of the City ~~within the City's Central Urban Renewal area, an area west of the Central Urban Renewal area, north of the wetlands, and south of the Tualatin Country Club~~ that are suitable for high density apartment or condominium ~~s-towers~~. (Chapter 44.100)

The zone allows for residential density of up to 30 units per acre, the only residential zone to allow housing developments at this density. (The RH zone allows household uses at 25 units per acre). The proposed textual changes to the chapter would limit the height of development at the subject site to four stories, or 50 feet, whichever is less. (Elsewhere in this zone, the maximum allowed height is 64 feet.)

III. SITE AND LOCATION ANALYSIS

From a market perspective the subject site, like any property, will have strengths and weaknesses as a physical location for different potential land uses. While zoning determines what is allowed on a specific property, real estate market forces will determine if or when a property is actually developed.

HIGH-DENSITY RESIDENTIAL USE OF THE SUBJECT SITE

The subject site is well-suited to multi-family apartment development, given the location and site attributes. The surrounding area of the Basalt Creek Plan Area is intended to house medium-to-high density housing. Much of the remainder of the Plan Area is intended for low-density residential development. In general, residential uses do not face the same requirements of visibility and access as commercial properties do and can be located in internal neighborhoods and away from major arterial streets.



Access: As a high density residential use, the site will have access for its residents to SW Norwood Road, with ready access to SW Boones Ferry Road immediately to the west. SW Boones Ferry Road is a major arterial that provides access to North Wilsonville and the I-5 freeway roughly 1.25 miles to the south, and central Tualatin roughly 2 miles to the north. The location near this arterial will also greatly increase the visibility and marketability of apartments at this location, which helps to ensure that the project is successful in attracting and housing local households.

The arterial is served by Trimet Route 96, which runs roughly every half hour during rush hour periods, between Wilsonville and central Portland. It also features bike lanes for most of the length between central Tualatin and Wilsonville.

Site configuration: The 9.2-acre site is well configured for multi-family housing development. The site is roughly rectangular allowing for flexibility in site planning and building layout, while allowing open space and buffering of neighboring uses as well as the road. Buildable residential sites of this size, and roughly rectangular, are rare not just locally but in much of the Metro area. These sites are well suited for multi-family development, while low-density residential development can more easily adjust to smaller and more irregular parcels. Growth management measures limit the number of these large “greenfield” sites that come available, making it valuable to use these opportunities effectively.

Neighboring uses: The proposed multi-family development is compatible with neighboring uses. The high school produces traffic, noise, and other activity expected of an active daytime use. Multi-family development is often used as a buffer between active daytime uses, such as a school or commercial use, and neighboring low-density residential. Multi-family zoning is a common “step down” land use between higher activity land uses, and low activity neighborhoods. Also adjacent to the site, at the corner of SW Norwood and Boones Ferry roads is a church, which is a less active, but still non-residential use compatible with multi-family development.

In form and density, the proposed multi-family development will be very similar to the approved Plambeck Gardens apartments, currently under construction roughly 500 feet to the south of site.

To the west, are two low-density residential properties that will likely be redeveloped, and across Norwood Road to the north is a medium-low density residential neighborhood. These uses are commonly located near multi-family development, and impacts can be mitigated with setbacks, landscaping, fencing and other buffering. The neighborhood to the north is separated from the subject site by the road, a 30 foot landscape buffer, and a multi-use path. Furthermore, the homes in this neighborhood are not accessed via Norwood Road, but SW Stone Drive to the north, meaning these homes face away from the proposed development and are further buffered by backyards and fencing.



Residential Conclusions: The site and location are well-suited for multi-family housing, and this is likely the “highest and best” economic use for a parcel of this size and configuration. Low density housing is more adaptable to using smaller and more irregular sites. Rental apartments will be market feasible at the subject site as evidenced by the success of medium to high-density residential uses in the immediate area. The higher density of the proposed land use is compatible with surrounding uses, and can be further buffered by setbacks, landscaping, and other measures. The site is neighbored on two sides by non-active portions of the high school property (drives and parking), and a church to the west. Existing low-density residential use in the area is compatible with a nearby apartment complex, and properly buffered.

IV. RENTAL HOUSING MARKET TRENDS

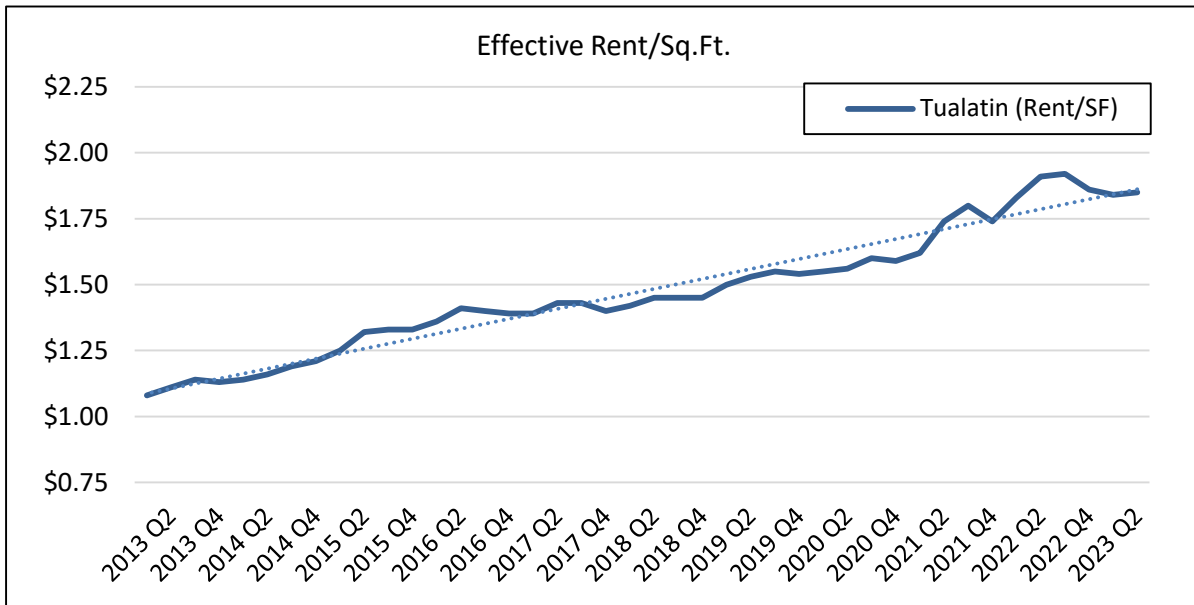
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Rent levels in Tualatin are supportive of new development at the subject site, and the feasibility of multifamily housing in general. Development of new rental housing has migrated from Central Portland to suburban markets in recent years, due to the impacts of COVID including increased working from home, and households seeking different living situations during the “lockdown” phase. Simultaneously, Portland has implemented some conditions on new rental housing development and operations that have caused some regional developers to look to outer markets. These trends mean that demand for multi-family housing and the feasibility of building will likely continue to increase in coming years.

Figure 3 shows growth in effective rent per square foot in Tualatin over the prior decade. In that time, average rent grew by 77%, from \$1.08/SF to \$1.85/SF. The average monthly rent per unit grew from \$945 to \$1,613. Estimated inflation over this period was 31%, so the growth in average rent significantly outpaced inflation.

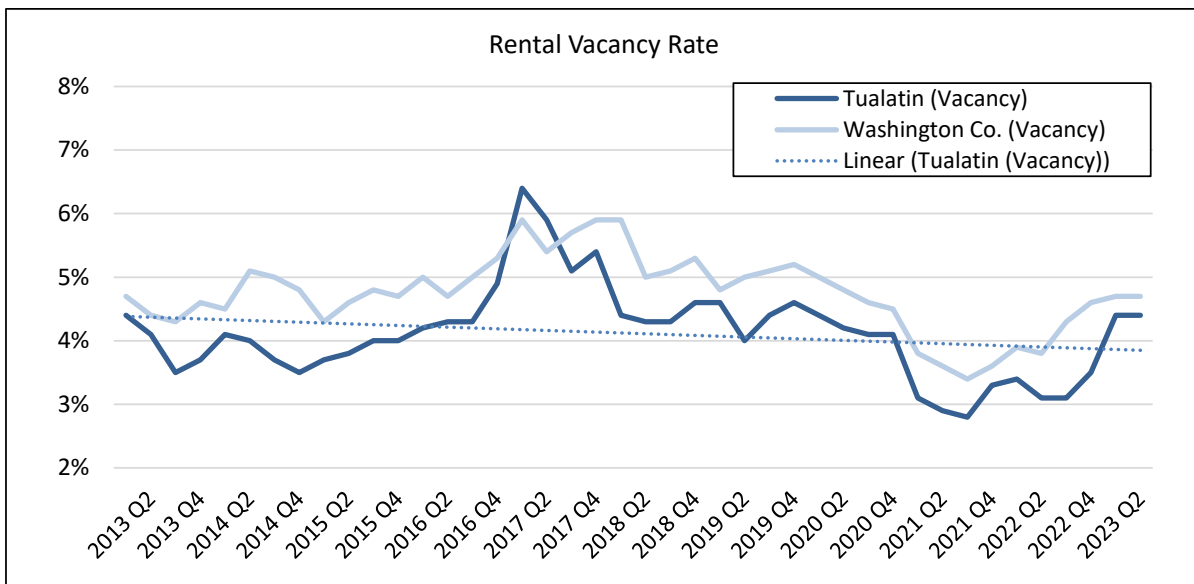


Figure 3: Average Effective Rent per Sq.Ft., Tualatin (2013 – 2023)



Source: CoStar

Figure 4: Average Vacancy Rate, Tualatin and Washington County (2013 – 2023)



Source: CoStar

Figure 4 shows vacancy rate trends over the same period. The vacancy rate shows more volatility than average rents, but still presents a general downward trend over time as the supply has tightened over the past decade. Tualatin has tended to experience a lower vacancy rate than Washington County. Generally, the rental housing market considers 5% to be a “healthy” vacancy rate, allowing choice and mobility for renters while supporting the upkeep of properties. The extended period of sub-5% vacancy in Tualatin over the last decade is another indicator that the community has

Tualatin Zone Change: Multifamily Housing Market Analysis



experienced a tight housing supply for many years. The low vacancy is contributing to increasing rent levels for local households as demand is high for the more limited supply.

The latest statistics tracked by Multifamily Northwest indicate that market rent units in broader Tualatin market area are generally affordable to households earning roughly \$50k to \$125k per year depending on unit size. The median household income in Tualatin is an estimated \$98k per year. Therefore, market-rate rental housing in the city tends to serve those earning between 50% and 125% of the median income.

V. PROPERTY VALUE IMPACTS

The proposed development is unlikely to have demonstrable negative impacts on property values of surrounding properties. As a general rule, land zoned for multi-family development is *more* valuable than lower-density residential land, including land zoned for single-family homes. This is because multi-family land allows for a greater density of economic use and returns on investment per square foot of buildable land.

The new multi-family uses in the area (the subject site and Plambeck Gardens) should be expected to increase the value of nearby uses in the long run, as it increases the viability of more intensive development on those sites as well, if the property owners should choose to pursue it. This includes the adjacent high school site, and church site, though these users may not choose to sell their property for a very long time, if ever. Adding new households in an area also tends to attract new services and amenities to the area that can benefit the property values of everyone in the neighborhood.

Some community members might voice an intuitive concern that new apartments may decrease to nearby properties due to negative externalities such as additional traffic, noise, or appearance. However, there is little to support that multi-family properties have this impact on nearby property values. Multiple studies have demonstrated that multifamily housing does not have an impact on the value of neighboring properties, and in many cases increases the value of adjacent homes (Obrinsky, 2008; Eskic, 2021)¹. The Eskic study found that homes within a half mile of newly constructed apartments actually appreciated faster than those located farther away. Additional studies support

¹ Obrinsky, Mark and Debra Stein. March 2007, *Overcoming Opposition to Multifamily Rental Housing* Massachusetts: Joint Center for Housing Studies Harvard University.

Eskic, Dejan. February 2021, *The Impact of High-Density Apartments on Surrounding Single-Family Home Values in Suburban Salt Lake County* Salt Lake City: Kern C. Gardner Policy Institute.

Chakraborty, A., & McMillan, A. November 2018, *Is Housing Diversity Good for Community Stability? Evidence from the Housing Crisis*: Journal of Planning Education and Research.



that a diverse mix of housing types within a neighborhood have greater stability in the face of a housing market downturn (Chakraborty, 2018).

The proposed development will be well buffered from neighboring properties, particularly to the north, east, and south. To the west, site plan considerations such as setbacks and landscape buffering will mitigate impacts on neighbors. Multi-family development is a common land use adjacent to lower density housing. As noted, the subject development is likely to *increase* the value of the church property and the adjacent single-family lots in the long run, by making them eventual candidates for greater residential density development in the future, either through a zone change or the new statewide middle housing rules.

VI. NEED FOR HOUSING IN TUALATIN/BASALT CREEK

The proposed zone change from Institutional (IN) and Medium Low Density Residential (RML) use to High Density High Rise (RH-HR) use at the subject site will increase the supply of land zoned for high-density residential development and the capacity for new housing units in the area. A review of the most recent relevant studies of housing land need in the city supports the increase in RH-HR land based on projected growth and identified need.

HOUSING NEEDS ANALYSIS (ADOPTED 2019)

The most recently adopted Tualatin Housing Needs Analysis (HNA) forecasted a need for 1,014 new housing units in the city between 2020 and 2040. Figure 5 summarizes the forecasted need (which is Exhibit 97 in the HNA report):

Figure 5: Comparison of Residential Land Capacity and 20-Year Need, Reproduced from HNA

Exhibit 97. Comparison of capacity of existing residential land with demand for new dwelling units and land surplus or deficit, Tualatin City Limits and Basalt Creek, 2020 to 2040

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

Residential Plan Designations	Capacity (Dwelling Units)	Demand for New Housing	Remaining Capacity (Supply minus Demand)	Land Surplus or (Deficit) Gross Acres
Low Density	523	466	57	10
Medium Low Density	386	71	315	27
Medium High Density	13	122	(109)	(7)
High Density	285	254	31	2
High Density High-Rise	-	101	(101)	(4)

Source: City of Tualatin Housing Needs Analysis (2019), ECONorthwest

- There was an estimated need for 571 units within the 2019 City limits, and 443 in the Basalt Creek planning area, most of which was not yet annexed. Of the total, an estimated 456 (or 45%) were forecasted to be multi-family units.



- The 2019 HNA concluded that there was a deficit of land for medium-high and high-density high-rise development, which are zones the HNA concludes are supportive of multi-family housing.

As discussed in detail below, there are reasons to believe that this 20-year housing forecast will prove to significantly understate the actual achieved growth over that period, and need for housing of all types, including multi-family will prove to be higher than was stated in the HNA.

HNA Population and Forecast Assumptions: An HNA analysis presents a good faith effort to estimate future growth in a city based on the best data and assumptions available at the time. But like any forecast, an HNA can be quickly overtaken by events on the ground.² The following is a range of points regarding the assumptions reflected in the HNA with the benefit of a few years of new data and observations:

- Like all Metro cities, Tualatin utilized the distributed population forecast from Metro regional government as the source of its growth figures. In the case of the adopted HNA, the analysis used the Metro forecast from 2020 to 2040; a forecast that was adopted in 2016.
- The forecast projected that the city (not including Basalt Creek area) would have 26,745 people in 2020 and grow to 27,372 people in 2040. This is 20-year growth of 627 people. These figures are reflected in the HNA document.
- However, the subsequent 2020 Decennial Census showed that Metro's 2020 population assumption (from 2016) was low. The 2020 Census counted a higher population of 27,942 people in Tualatin, or 533 people more than the HNA projected would live in Tualatin in 2020 (26,745 people).
- *This correction to the 2020 population figure means that 85% of the population growth forecasted in the HNA **had already occurred** before the base year of the analysis had even arrived (533 people/627 people).*
- In addition, the Census estimated a higher population in 2020 than the number forecasted by Metro in 2040, at the end of the forecast period.
- This indicates that Tualatin had been growing faster than assumed by either Metro or the PSU Population Center at the time the HNA was prepared in 2019.
- In the decade between 2010 and 2020, the Census estimates that the city grew by 1,888 people, or an average of roughly 190 people per year. At this rate, the total population

² Johnson Economics regularly prepares Housing Needs and Analysis for Oregon cities and has over a decade of direct experience on these analyses.



growth forecasted in the HNA (627 new people) *over 20 years*, would be realized *in just 3.3 years*.

- The achieved average population growth rate between 2010 and 2020 (Census) was 0.7% per year. The Metro 2020-2040 forecast used in the HNA reflects a much slower average annual growth rate assumption of 0.1% per year. Compounded over 20 years, this is a large difference. For instance, if we assume that the 0.7% growth rate continues into the future, that would mean over 31,000 residents in Tualatin by 2040, or over 4,000 new people.
- This indicates that the growth assumptions in the HNA for the period both prior to 2020 and going forward to the year 2040 were likely too low. Therefore, the finding of need for 1,014 housing units over 20 years is also likely very low.
- Since adoption of the HNA at the end of 2019, more than 800 units have already been permitted in Tualatin, including 380 multi-family units combined in the Plambeck Garden and the Commons on the Tualatin, and 400 single family units in Autumn Sunrise (320 detached and 80 attached). This means that roughly 80% of the 20-year forecasted housing growth (a total of 1,014 units) has been permitted in just the few years since the HNA's adoption.
- The HNA assumes that multi-family housing will be built on RMH, RH, or RH-HR zoned land. The HNA concludes that there is a deficit of land in two of these zones, while most of the remaining RH land is under development at Plambeck Gardens. This means that the supply of land zoned for multi-family identified in the HNA has been exhausted, while the need for such housing has not been met.
- As Figure 3 shows, as of 2019, Tualatin (including Basalt Creek) had an estimated remaining capacity for an additional 1,207 new housing units within its residential zones. As noted above, over 800 units have since been permitted in just a few years. Therefore, the estimated remaining capacity is likely to be greatly diminished.

The implication of the above points is that Tualatin is very likely to exceed the forecasted growth in population and households well before 2040, and perhaps in the next few years. It is safe to assume that new housing of all types, particularly multi-family, will be needed in coming years in excess of the amount forecasted in the HNA.

The points made above are not to disparage Tualatin's adopted HNA, which must reflect the best assumptions available at the time and is required by statute to use the forecasts provided by Metro. The 2019 HNA reflects these limitations.

Impacts of the HNA: It is important to note that cities are not bound by the forecasts adopted in an HNA if reality outpaces the forecast. The number of units forecasted is a floor, not a statutory ceiling beyond which more permits cannot be issued. If the population growth exceeds the forecast in the HNA (as it already has), the City is not obligated to put limits on growth to conform to the HNA. The HNA (with dated information) demonstrated a need for additional RH-HR zoned land. The updated population data indicates that the need is even greater than projected.



TUALATIN HOUSING STRATEGY (ADOPTED 2019)

The Housing Needs Analysis was accompanied by a Housing Strategy memo based on its findings. The Strategy, developed with input from advisory committees and City staff and officials, identified six major strategic priorities, with 24 underlying action items. The following findings and adopted strategies are most relevant to the proposed zone change application:

The results of the HNA show that Tualatin has a deficit of land designated for housing the Medium High Density Residential and High Density/High Rise Residential comprehensive plan designations. The City will need to develop policies to meet this deficit, such as redevelopment or rezoning land to meet these housing needs. (Page 1)

Strategy 1: Ensure adequate supply of land that is available and serviceable.

- Recommendation 1.2b: Evaluate opportunities to re-zone Residential Low Density and Medium-Low Density residential land for higher-density housing.

Strategy 3: Support development and preservation of housing that is affordable for all households.

- Action 3.2: Develop policies to support development of housing affordable to people who have incomes between 60% and 120% of MFI... and live and work in Tualatin.

Source: Tualatin Housing Strategy (2019), ECONorthwest

The adopted strategies identified are supportive of rezoning residential lands to allow greater housing density. The strategy also encourages development of market-rate rental housing, which is typically affordable to middle-income households, and having a higher density supplies more units for these households more efficiently.

TUALATIN HOUSING PRODUCTION STRATEGY (2021)

A more formal Housing Production Strategy was adopted in 2021. It is intended to establish a framework of policies and strategic actions that address the housing needs described in the Tualatin Housing Needs Analysis. The Housing Production Strategy included the following key findings that are applicable to the proposed zone change application.

- Tualatin needs increased housing diversity. Nearly two-thirds of Tualatin's housing stock is single-family detached housing. The City's demographic and socioeconomic characteristics suggest a need for a wide variety of housing types to meet the needs of a growing and diverse pool of existing and future residents.
- Tualatin needs greater housing affordability and availability for renters. Competition for lower-priced affordable units in Tualatin is strong and many cannot afford these rents or housing sales prices without cost burdening themselves. In the 2013-2017 period, about 56% of Tualatin's renters were cost burdened.
- Housing is needed for people to live and work in Tualatin. Tualatin's Economic Opportunities Analysis report (December 2019) reported that 93% of people working in Tualatin lived in



another community and commuted into Tualatin each day. Some people who work in Tualatin can afford rent or homeownership in Tualatin, but some would be cost burdened in Tualatin.

The Housing Production Strategy also identified barriers to development of needed housing within the City of Tualatin which include:

- Land for Housing – There is a limited amount of unconstrained, vacant buildable residential land within the city. Of this land, more than 90% is Low Density or Medium Low Density Residential, providing limited opportunities for development of multifamily housing. “Scarcity of vacant land, especially for multifamily development, is one of Tualatin’s primary barriers to development of needed housing.
- Complexity and expense of redevelopment - While areas can be identified for redevelopment, the costs and complexity of redevelopment are substantial. Barriers to redevelopment include higher site acquisition and preparation costs, higher construction costs, and costs of upgrades to infrastructure to support increased development density. In a suburban environment, rents may not be high enough to justify these higher development costs. In addition, a number of the sites that the City has identified as potential redevelopment opportunities are located in a floodplain, or have other site-specific constraints that create challenges for development.

- Tualatin Housing Production Strategy (2021), ECONorthwest

Another consideration outlined in The Housing Production Strategy is the importance of supporting and leveraging the private market’s ability to deliver market-rate development, stating that “...increasing the overall supply of available housing units plays a significant role in overall housing affordability...” (Pg. 21).

Finally, the following goal and strategic actions were adopted with the Housing Production Strategy and would be addressed by the proposed zone change:

Goal 11: Increase housing development opportunities through regulatory and zoning changes to accommodate a diverse range of housing types and price points to meet the housing needs in Tualatin.

11.a. Evaluate updating density standards for multifamily housing in medium-density, high-density, and mixed-use zones.

11.b. Evaluate opportunities to rezone lower-density residential land to higher density.

- Tualatin Housing Production Strategy (2021), ECONorthwest

These actions support increasing residential densities to allow for efficient development, especially in proximity to transit. It encourages rezoning to the RH-HR to provide more housing on the limited available buildable land.



VII. CONCLUSIONS

The analysis presented in this memo supports a zone change at the subject site from a medium-low density residential zone and institutional zone to a high-density residential zone based on market factors and land need findings. The following is a summary of major findings:

- The subject site's location and configuration are supportive of multi-family development at this location. The use would be compatible with neighboring uses, while having a greatly mitigated impact on any low density residential nearby. The proposed use will be complementary to the Plambeck Gardens development underway nearby.
- Multi-family development is a common transitional use found at the border of residential neighborhoods and active institutional uses with proper buffering.
- The subject location is advantageous in terms of site size and configuration and transportation access, and multi-family housing will be in demand and market feasible at this location. Buildable residential sites of this size, and roughly rectangular, are rare not just locally but in much of the Metro area. These sites are well suited for multi-family development, while low-density development can more easily adjust to smaller and more irregular parcels.
- The rental housing market in Tualatin is strong and supportive of the continued development of additional market-rate rental supply. Average rents have climbed steadily over the past decade, outpacing inflation, while the vacancy rate has fallen. This indicates a tight supply of available units which generally leads to increasing rent levels for renter households and offers them less choice among properties. New housing supply helps to alleviate rent increases and helps renter households remain in the community.
- The proposed development should not lower nearby property values and will very likely increase property values in the immediate area.
- There are compelling reasons to conclude that the housing need forecast included in the 2019 HNA is low, and the forecasted need for 1,014 units is significantly understated for a 20-year timeframe. The updated data demonstrates that demand is outpacing the HNA forecast and supports a policy choice by the City to provide needed housing based on the updated information. It is important to note that cities are not bound by the forecasts adopted in an HNA and may adapt to a new reality if it outpaces the forecast.
- The recent Decennial Census provided a new higher population estimate for Tualatin that is higher than not only the 2020 population assumption in the HNA, but higher than the *2040 population at the end of the forecast period*.
- The HNA assumes that multi-family housing will be built on RMH, RH, or RH-HR zoned land. The HNA concludes that there is a deficit of land in two of these zones, while most of the remaining RH land is under development at Plambeck Gardens. This means that the supply of land zoned for multi-family identified in the HNA has been exhausted, while the need for such housing has not been met.



- The low HNA forecast and rate of development already experienced since adoption indicate that the need for new housing of all types, including multi-family, is likely to be greatly in excess of the HNA forecast.
- The findings of the HNA and the subsequent Housing Production Strategy are supportive of rezoning lower density residential land and encouraging housing opportunities for households at middle income, many of whom are typically served by market-rate rental apartments. The policies laid out in the Strategy call for greater diversity of housing types, increased rental unit availability, and more housing for all segments of the local workforce so more residents can live and work in the same community.