



HOUSING AND MARKET CONDITIONS





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AFFORDABLE HOUSING NEEDS AND OPPORTUNITIES

The Frog Pond East and South areas are important for the City of Wilsonville's efforts to meet future housing needs and provide equitable housing options for residents. The City's 2020 Equitable Housing Strategic Plan (EHSP) recognized this, and called for the Frog Pond East & South Master Plan to establish targets for affordability, specifically:

As part of the master planning requirements for Frog Pond East and South, the City will establish goals or targets for accessibility to services/amenities, unit types, and unit affordability levels. The targets for affordability levels (number of units and depth of affordability for those units) should be reasonably achievable, allowing for sufficient market-rate development to support key infrastructure investments. This approach will provide a methodology and framework that can be applied in other growth areas beyond Frog Pond.

- Wilsonville Equitable Housing Strategic Plan

The EHSP also directs the Frog Pond East & South Master Planning effort to:

- Integrate affordable housing into the overall Master Plan, with access to amenities
- Identify specific properties that could help meet affordable housing targets
- Evaluate relationships to the infrastructure funding plan
- Engage affordable housing developers and other stakeholders to refine strategies

These elements were a key part of the Frog Pond East and South planning process.

HOUSING AFFORDABILITY IN WILSONVILLE

The estimated range of home prices by housing type and unit size in Frog Pond East and South is shown in Figure 7. The estimated income needed to afford these purchase prices, given standard lending assumptions is shown in Figure 8 as a percentage of the MFI for a four-person household in Clackamas County. This information was derived from 2021 data on recent home transactions for newer housing in Wilsonville and surrounding areas.



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Housing affordability is generally referred to in terms of “Median Family Income” (MFI) and the price at which households at a given income level will spend 30% of their income on housing. The housing needs of individuals and families at different income levels differ, as do the approaches to delivering new housing for them, as shown in Figure 6.

Figure 6. Approaches to delivering New Housing by Income Range

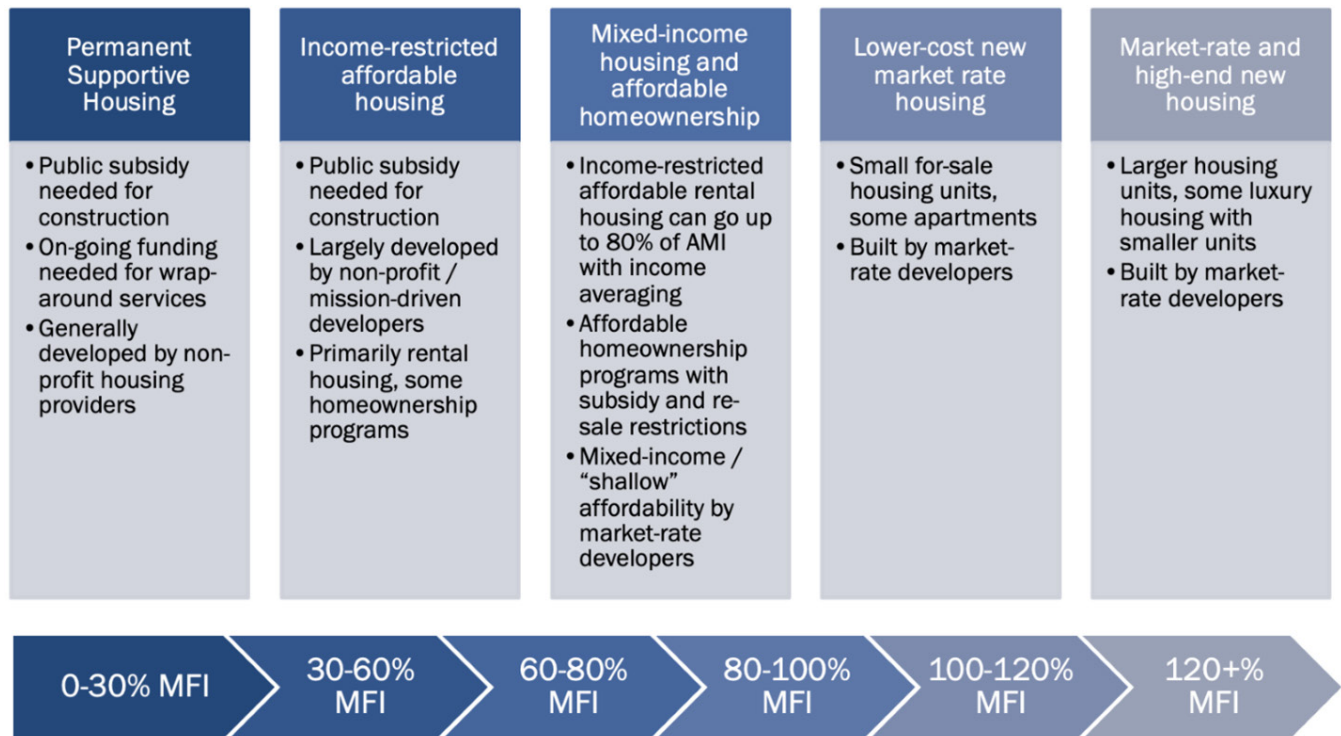


Figure Source: ECONorthwest

MARKET TRENDS

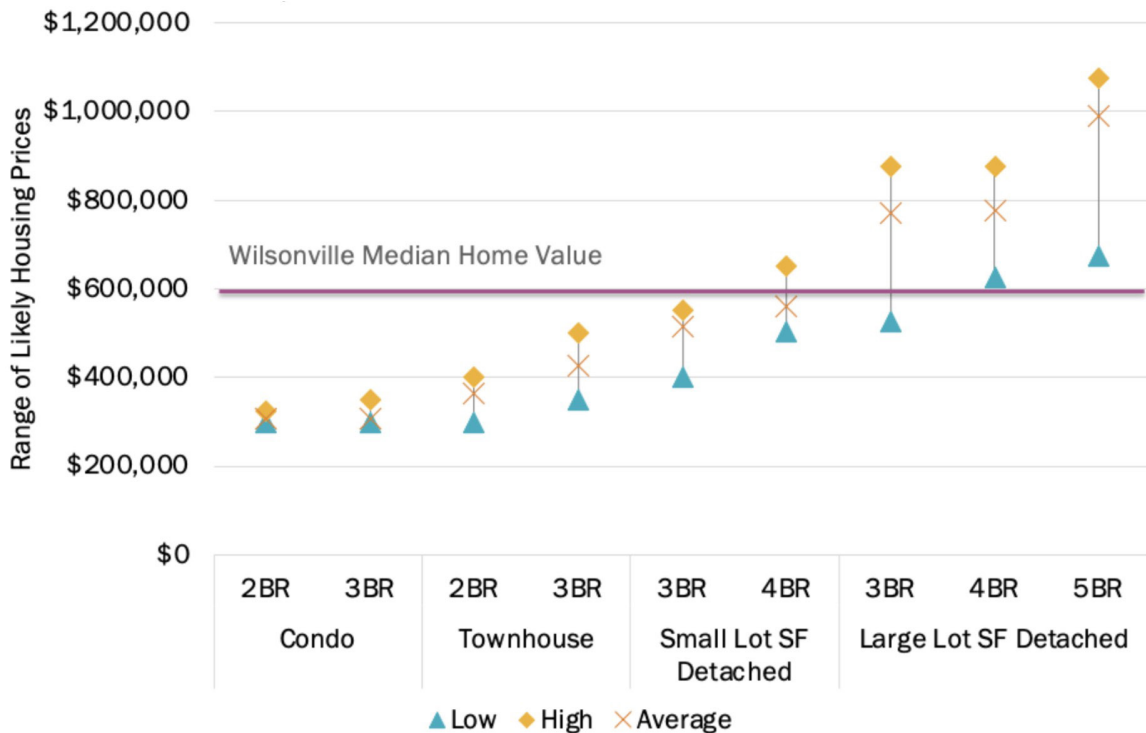
Housing prices will likely continue to escalate over the coming years, increasing the expected home values over time. In addition, recent increases in interest rates have impacted housing affordability for many and will continue to impact affordability unless rates fall to levels at or below the rates at the date of this analysis in October 2021. Based on these trends, estimates of the following ranges for affordability of new for-sale housing in Frog Pond East and South are as follows:



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- New large-lot detached housing in Wilsonville will more expensive than most existing homes in the City and likely be affordable only to households earning more than 120% of MFI, with many affordable only to households earning more than 150% of MFI.
- New small lot detached homes (on less than 4,500 SF lots) may sell for close to the median value of existing homes and are likely to be affordable mostly to households earning between 100% and 130% of MFI.
- New condominiums and townhouses will almost certainly sell for less than the median value of existing homes in Wilsonville and are likely to be affordable to households earning between roughly 70% and 100% of MFI depending on unit size.

Figure 7. Typical Sales Prices for Recently Built Housing by Housing Type, Wilsonville and Surrounding Area (October 2021)

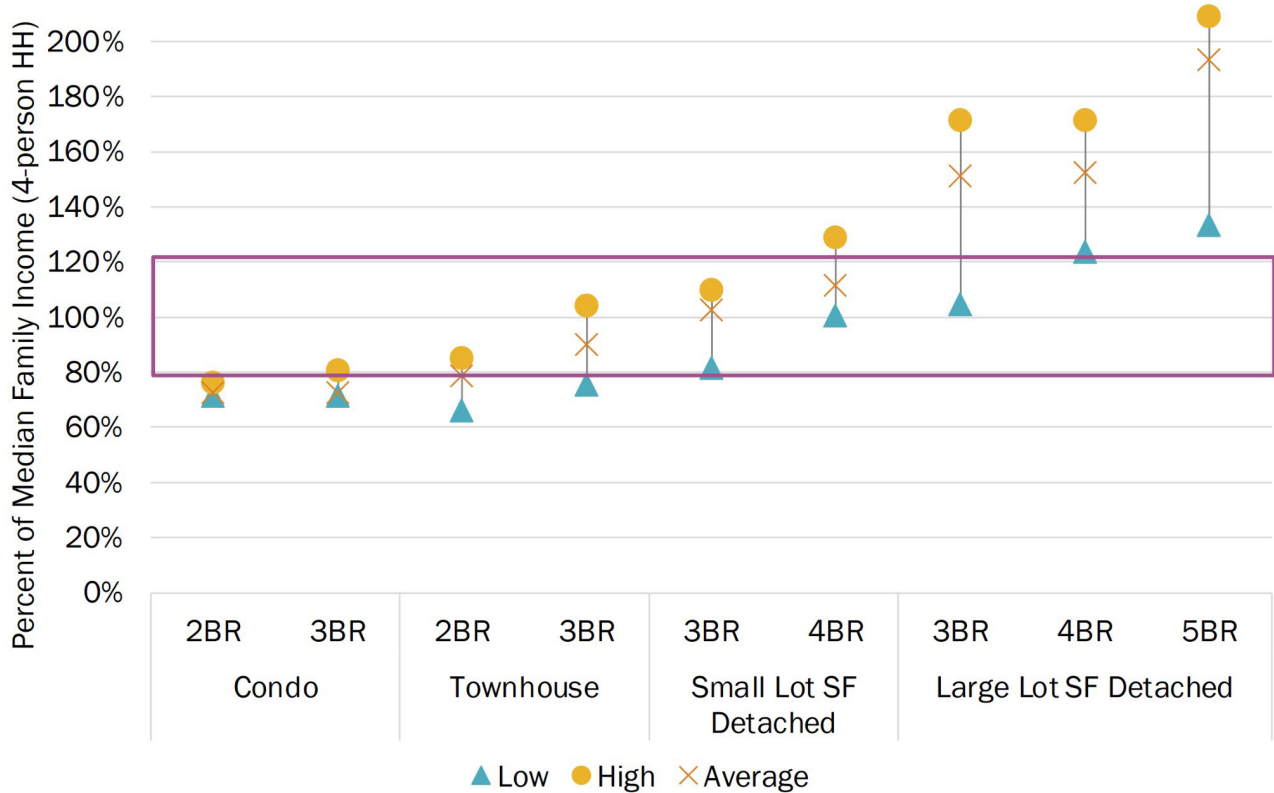


Source: ECONorthwest Analysis of Redfin Data, October 2021



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Figure 8. Housing Affordability as a Percent of Median Family Income by Housing Type for Recently Built Housing, Wilsonville and Surrounding Area (October 2021)



Source: ECONorthwest Analysis of Redfin Data, October 2021

AFFORDABLE HOUSING RECOMMENDATIONS FOR FROG POND EAST AND SOUTH

The City can support development of affordable and mixed-income housing in a number of ways, much of which will be the subject of citywide discussion in 2023-2024 as Wilsonville completes a Housing Needs Analysis and Housing Production Strategy required by the State of Oregon. Several strategies were also identified in the City’s Equitable Housing Strategic Plan. The following strategies are likely to have the greatest impact for Frog Pond East and South.

- Zone for All Housing Types.** Enable a full range of housing types in Frog Pond East and South, including multifamily, to expand first time homebuyer opportunities and to make it possible to build affordable rental housing using common federal and state sources of funding for subsidized housing.



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- **Acquire Land for Affordable Housing.** Attempt to find willing sellers for suitable properties for affordable housing within Frog Pond East and/or South, to ensure an opportunity to build affordable housing in the area. This would likely require funding, particularly if the City intends to offer the land for affordable housing development for little or no cost to make affordable housing development more viable. With private developers also seeking to secure land or options to purchase property, the sooner the City acts, the better its chances.
- **Partner with a Community Land Trust.** A community land trust (CLT) such as Proud Ground could help deliver affordable homeownership housing in Frog Pond East and South. If the City is unable to secure land for affordable housing, it could explore other ways to support a CLT in building affordable homes, such as direct subsidy (e.g., using Metro Bond money), SDC waivers, or tax abatements (see further discussion below).
- **Explore Tactics to Reduce Impact of SDCs on Affordable Housing.** The cost of SDCs and other infrastructure costs for greenfield development, while often a critical part to paying for needed infrastructure, may impact the feasibility for affordable housing. Options to reduce SDC cost impacts on affordable housing are being explored as part of the infrastructure funding plan for Frog Pond East and South to ensure that overall infrastructure needs can be met while minimizing impacts on housing affordability.
- **Incentivize Smaller and Lower-Cost Middle Housing.** There are several incentives that could be effective tools to support middle housing development that is affordable to middle-income households, including tax exemption programs and a tiered SDC system.

ACCESSIBLE AND VISITABLE HOUSING

With substantial new housing construction coming for Frog Pond East and South, the City can encourage units designed to be accessible or visitable to better meet the needs of individuals with mobility limitations in the community. The City can apply some of the same incentives noted above to apply to accessible or visitable units, such as tax abatements, fee subsidy, or allowances to build additional units.



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NEIGHBORHOOD COMMERCIAL MARKET FINDINGS

A vibrant center of neighborhood commercial activity serving residents and visitors has been envisioned for the Frog Pond area since the drafting of the 2015 Frog Pond Area Plan. There are examples of retail centers in other communities that serve as good examples for the Frog Pond area, as described in this section.

This information is informed by a market analysis and several interviews with retail developers and brokers to understand the opportunities and constraints of the Frog Pond location for future retail, as well as to determine any unmet community needs that could be satisfied in Frog Pond East and South. Figure 9 depicts the "Primary Market Area" that a commercial node in Frog Pond East would serve, along with nearby multifamily developments and commercial uses. Key points include:

- Developers generally agree that Wilsonville is an attractive market, primarily due to its demographics and balance of population and jobs.
- There is limited excess demand for retail in the region, given the availability of leasable space in the Town Center and elsewhere.
- The City's focus should be on establishing a commercial hub that provides some goods and services for local residents while creating a center of activity, sense of place, and social hub for the Frog Pond neighborhoods.





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PROJECT EXAMPLES

Retail is typically built in a series of standard formats. While each site has a unique context, retail developments are generally consistent in terms of anchor tenants, size (square footage), trade area, and other features. The most appropriate type of retail for this area would be a corner store, convenience center, or neighborhood center, described below.

Table 3. Types of Retail Centers

RETAIL CENTER TYPE	GROSS RETAIL AREA (SF)	DWELLINGS NECESSARY TO SUPPORT	AVERAGE TRADE AREA	ANCHOR TENANTS
Corner Store	1,500 - 3,000	1,000	Neighborhood	Corner store
Convenience Center	10,000 - 30,000	2,000	1 mile radius	Specialty food or pharmacy
Neighborhood Center	60,000 - 90,000	6,000 - 8,000	2 mile radius	Supermarket and pharmacy
Community Center	100,000 - 400,000	20,000 +	5 mile radius	Junior department store

Sources: Urban Land Institute, Leland Consulting Group

CASE STUDIES AND PRECEDENTS

This section includes brief case studies summarizing different projects whose stories have some relevance to the Frog Pond Area. All of the projects are greenfield projects (built on land that was mostly previously undeveloped); were built within a surrounding suburban context; were thoughtfully planned with an emphasis on quality of place and community; and were intended as neighborhood-serving commercial centers surrounded by housing, quality streets, open spaces, and other features. While each is unique, these case studies have takeaways for the City to consider for the implementation of commercial development in Frog Pond.

Leland Consulting Group (LCG) selected six commercial developments to study based on stakeholder interview input, industry expertise, and background research. Three of these are smaller, unanchored commercial centers, one is a commercial main street, and two are larger anchored centers with main street elements (provided primarily as points of comparison). Specific takeaways from LCG’s case study research include: Many developers seek to build and lease commercial and employment space within several years of land acquisition; for them, if the commercial market is weak at the time of initial residential construction, the potential of having some vacant land for upwards of 20 years after development represents an opportunity cost. The land could have been zoned for



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another use (typically housing) and been rented or sold in earlier years and renters and homeowners could have had homes to live in.

- From a policy and place-making point of view, if a city or other authority is seeking to ensure adequate land for long-term commercial and employment development, and associated jobs, a longer timeline for buildout of commercial uses still meets the long term purpose of creating a neighborhood destination and reducing need to make trips out of the neighborhood for provided services.
- Creating a strong sense of place is possible with a small amount of commercial development when it is carefully and deliberately built.
- A commercial main street is one important amenity that can make the rest of the community more desirable. While commercial space needs exposure to high-traffic arterials, pedestrian-oriented places should be created on main streets that are perpendicular to the arterials. It is often not comfortable for pedestrians to walk and talk or dine outside, along arterial roads, so creating a pedestrian-friendly environment is easier on perpendicular streets.
- Commercial development takes time in locations without large populations and traffic counts. Housing is often faster to build out, followed by commercial and employment areas.



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COMMERCIAL AREA RECOMMENDATIONS

Recommendations from the market analysis are shown below. Additional details are provided in Appendix D.

BUILDING SQUARE FEET. Up to 44,000 square feet.

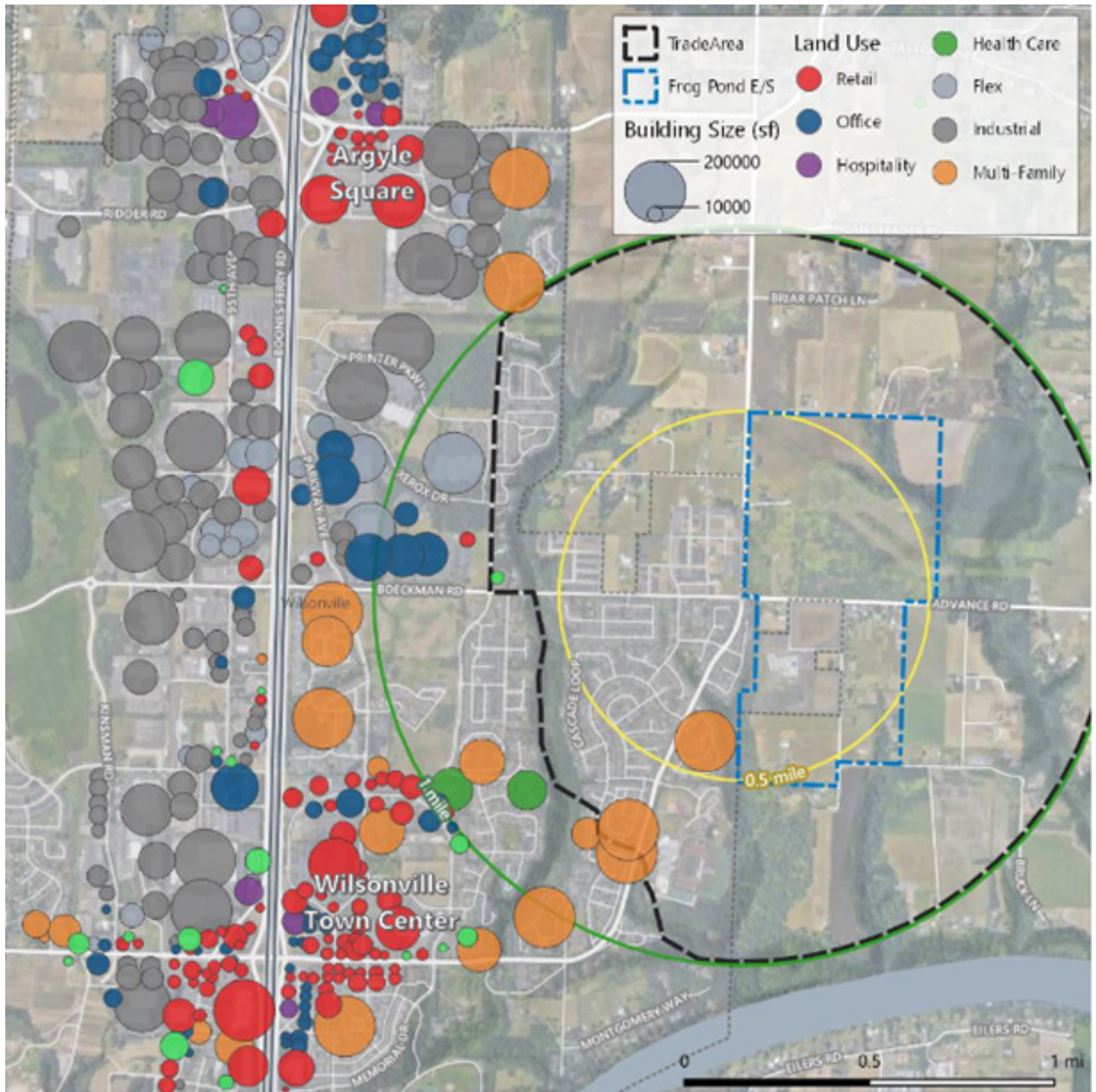
SITE ACREAGE. Up to 4.0 acres

LIKELY TENANT MIX. Commercial development today is flexible and accommodates a wide range of activities, including food and beverage, retail, general commercial, professional services/office, healthcare, fitness, daycare, banks, and more. Development should likewise be flexible to accommodate a range of potential tenants.

DEVELOPMENT TYPE. “Main Street, with buildings on both sides of the planned Brisband Street extension on the east side of Stafford Road. Buildings can be split up to address parking challenges. The main street approach can an authentic experience that promotes placemaking, creates a community amenity, and can have a positive impact on the surrounding residential uses and other commercial spaces. Vertical mixed use (residential above commercial uses) can also add vibrancy and customers to support commercial uses.

URBAN DESIGN. For a main street development, pedestrian-oriented design that invites nearby residents and visitors to enjoy the area on foot is key. This can be achieved through the location of parking (behind buildings rather than in front), ample sidewalks and sidewalk furnishings, open space features such as plazas, and a visually engaging building façade.

Figure 9. Frog Pond Primary Market Area



Source: Leland Consulting Group

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