



Oregon

Theodore R. Kulongoski, Governor

Department of Land Conservation and Development

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July 18, 2008

Mayor Gary Wheeler and
Medford City Council
411 West 8th Street
Medford, Oregon 97501



Subject: Comments on Medford's draft Housing Element

Dear Mayor Wheeler and City Councilors:

After meeting with city management and with the Mayor and Council President on July 1, 2008, and after meeting with city planning staff on July 9, 2008, the Department of Land Conservation and Development has chosen to address the city's urban growth boundary (UGB) review and draft Housing Element in three letters.

One letter will address the city's planning staff with detailed comments and questions regarding the draft Housing Element; this letter addresses the department's general comments regarding the draft Housing Element; and a third letter will address the UGB review process and its relation to the Bear Creek Valley regional planning project.

The Draft Housing Element

The following comments are intended to highlight areas of the proposal that we believe can be improved in order to better plan for the housing needs of the city and to assist the city in preparing a comprehensive plan amendment that complies with relevant statutes and administrative rules.

1. The draft does a good job of documenting Medford's severe housing affordability problem (*e.g.*, 47 percent of the city's residents are cost burdened for housing), and includes policies that are intended to address the problem. These policies are carried over from the previous Housing Element, but few of them appear to be fully or successfully implemented.

At our July 1 meeting, Jim Kuntz indicated that the city has a number of programs to address affordable housing. These programs should be documented in the Housing Element so that the city's efforts to address the problem are apparent. In addition to existing non-regulatory programs, the city can and should use its land use plan as a tool

Medford draft Housing Element

to respond to the problem. This is customarily accomplished by amending the comprehensive plan and implementing ordinances in order to shift the future housing mix to meet the housing needs of the community. Strategies would likely include more multi-family development; allow increased opportunities for infill development; and, in general, accommodate more housing units per acre. The draft Housing Element, however, provides few opportunities to manage housing affordability through land use changes.

2. We suggest that the council more fully consider whether the historical housing mix of 68 percent single-family and 32 percent multi-family is the most appropriate ratio to address Medford's evolving needs over the next 20 years. The period from 2000 to 2007, on which the proposed mix is based, does not reflect a typical trend. This period is an anomaly in housing trends and one that exacerbates the affordability issue. Based on projected demographic trends, increased costs of living, and rising fuel prices future housing needs are likely to be significantly different. The narrative portion of the draft Housing Element did a sound job of outlining these shifts; the policy portions of the plan should accurately reflect them as well.

The RPS regional plan anticipates a region-wide housing mix of 65/35 (single family/multi-family), including several smaller communities that are not reasonably expected to experience the same demand for multi-family development as the region's job center. The consultant's original recommendation of a 60/40 mix is more responsive to Medford's documented housing needs than the current 68/32 proposal, although even more appropriate, in our opinion, is a 55/45 mix. As the regional center in Southern Oregon, it is only natural to look to Medford as the leader in addressing housing affordability issues for the future.

3. An average residential density of 5.2 dwelling units per gross acre is lower than the city's commitment in the RPS regional planning project of 6.5 to 7.87 dwelling units per gross acre for all future UGB expansions. Even this committed range is likely to be low in the coming decades, given expected impacts on transportation preferences caused by rising fuel prices and continual increases in the cost of living.

4. Two global trends are expected to have an overwhelming impact on our cities now and into the future: peak oil and climate change. While it is too early to know the full effects of these trends, it is not too early for Oregon's cities to begin considering how their land use patterns will be affected, and to plan for these future demands. The state has already adopted targets for reduction of greenhouse gas emissions, and recognized transit-, pedestrian-, and bicycle-friendly development as a vital step in a viable strategy to meet emission targets.

For public transportation to work well, most cities must significantly increase the efficiency of residential land development in key locations¹ and encourage mixed-use development wherever feasible. More efficient development is also cost-effective for developers and for the city because it requires far less infrastructure investment per

¹ National literature indicates that at least 10 housing units per acre are needed along transit routes to provide adequate ridership to support a service interval that is attractive to prospective riders.

dwelling. We recognize that Medford is already committed to transit-oriented development in some locations; planning for more development and redevelopment in these areas is necessary for an effective response to peak oil and climate change.

5. A significant portion of the Housing Element is devoted to describing a special need for "active adult retirement communities." The department has advised the city that we believe that housing for retired and elderly people falls within the typical needs for urban single-family and multi-family housing types. In other words, it is not necessary to define a separate type of housing to meet these needs in the community. Nonetheless, while we discourage the definition of housing for retired and elderly as a separate housing type in the draft, we encourage you to use your projection of higher retirement populations to strengthen a greater commitment to more multi-family housing in general.

Conclusion

Department staff believes that the draft Housing Element needs further refinement because it does not adequately address the city's well-documented housing needs now or into the future. We recommend that the city revise the draft Housing Element along the lines suggested in this letter.

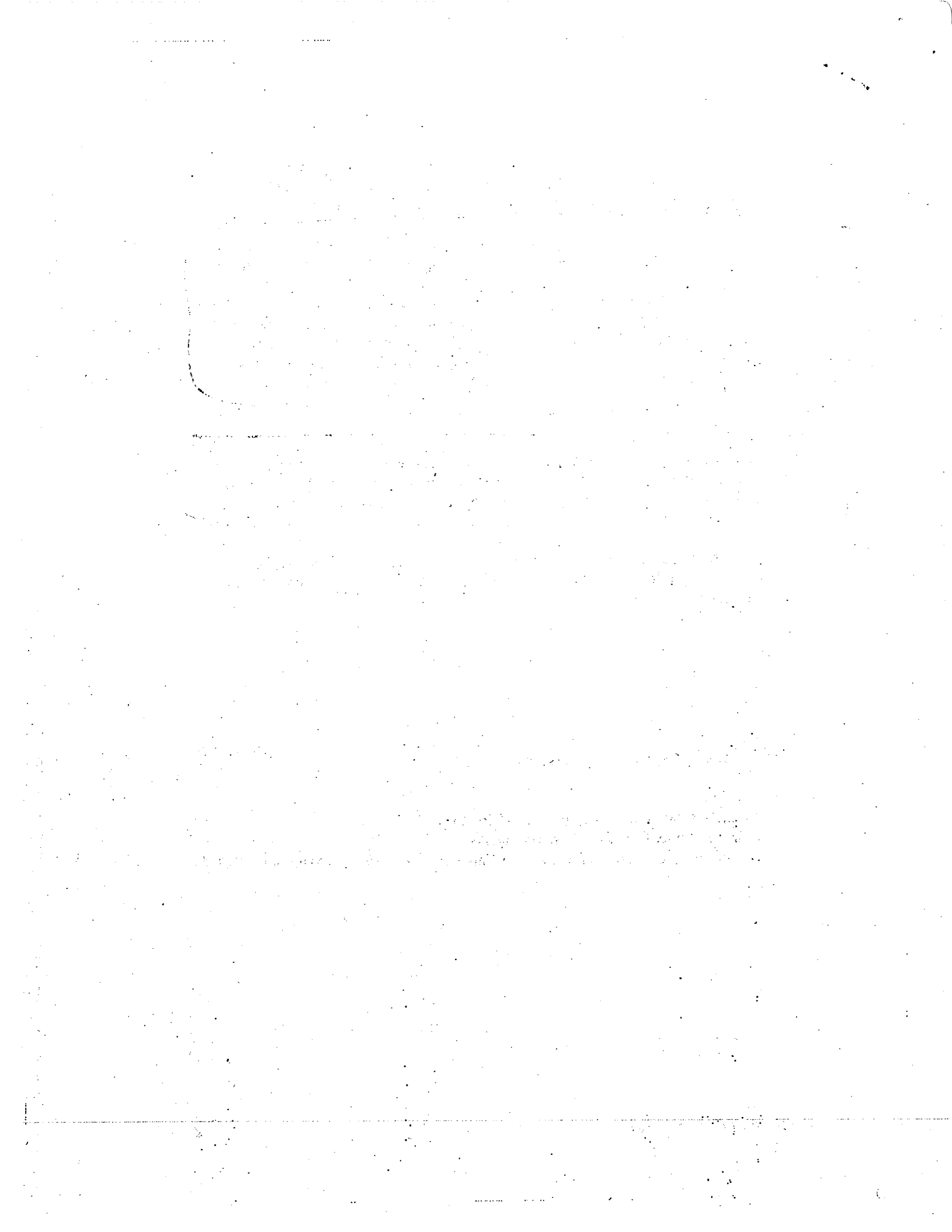
Thanks again for this opportunity to offer guidance and please let me know how the department can assist the City of Medford with its continuing efforts to plan for the future of the community.

Sincerely,



John Renz
Southern Oregon Regional Representative

cc: Bill Hoke
Susan Lee, Jackson County Planning Director
Jackson County Board of Commissioners
Gloria Gardiner, Darren Nichols, Rob Hallyburton and Richard Whitman - DLCD





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August 6, 2008

Bill Hoke
Interim Planning Director
200 S. Ivy Street
Medford, Oregon 97501



Subject: Detailed comments on Medford's 4-24-08 draft Housing Element

Dear Mr. Hoke:

The Department of Land Conservation and Development (DLCD) appreciates this opportunity to comment on the proposed draft Housing Element early in the process. These comments include suggestions for improving the product and ensuring compliance with relevant goals and rules. Comments on the document that are more of a policy nature are being sent to the City Council in a separate letter. These comments are addressed to you rather than the City Council following the advice of the city's planning staff.

Some points below are comments on the latest draft of the Housing Element, and some are questions regarding sections that appear incomplete or are unclear. We hope you will find these useful when completing the city's revised Housing Element. We have not attempted to identify the goal, rule or statute that forms the basis for each comment in this letter. We will be happy to continue to work with the city to answer any questions you may have regarding compliance issues.

We have a couple general comments to provide context for the specific comments and questions that follow. First, Goal 14 (Urbanization) states, in part: "Prior to expanding an urban growth boundary, local governments shall demonstrate that needs cannot reasonably be accommodated on land already inside the urban growth boundary." While "reasonably" is not defined in the goal, it does suggest that assuming there will be a continuation of past trends may not be adequate. We understand the city is not expanding its UGB at this time, but that the Housing Element will be one part of the plan used to justify a future capacity analysis.

Second, Goal 10 (Housing) states, in part, "Needed Housing Units means housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels." This requires consideration of housing needs for all residents of the city, now and in the future.

Finally, the data employed for the various trend analyses used in determining housing and residential land needs should use the same time period. We also suggest using as current information as possible.

Specific Comments

1. Table S-1, p. 2
 - a. The needed densities for the next 20 years for the UH (16.9 dwellings per net acre /14.4 gross) and UM (14.9 net/12.1 gross) designations are very similar, and both are within a typical medium density range.
 - b. The needed densities for the next 20 years for UR (5.0 net/4.1 gross) should be higher for a city of Medford's size. We suggest 8.1net/6.5 gross as an average density in areas of UGB expansion. This is based on the city's high land need density commitments in the Greater Bear Creek Valley Regional Plan. If this is used in the expansion area it more likely your consultants' recommendation of an overall average of 7.2 units per net acre to the Housing Stakeholder Committee on February 1 of this year could be the overall average for the city.¹ This average may more realistically be achieved by increasing the density of single-family detached housing², which has been predominant in Medford and is expected to continue to be predominant, than by expecting a relatively small percentage of housing units in UM and UH to make up the slack. An average of 7.2 net is a reasonable expectation for Medford, considering that major employment centers on regional transportation corridors with populations over 50,000 in the Portland Metro area are expected to achieve an overall minimum of 10 dwellings per net acre.

2. Figure 4, p. 17 & Table 20, p. 24: The trend in residential permits is down after 2003, housing sales declined after 2004, and housing prices declined after 2006. How is this taken into account in the residential land need analysis for the period 2008-2028?

3. Planned & built housing densities, Table 14, p. 18: It is good that the city has both minimum and maximum residential densities, however:
 - a. Because the UR range of 2-10 du/net acre is producing an average of only 4.8, the city should plan to increase efficiency in the UR zone by increasing the minimum density for the UR zone or some other measure.

¹ A discussion is about to ensue at the August 5, 2008 RPS Policy Committee about encouraging cities to meet the density targets by increasing the density in urban cores and along transportation corridors instead of pushing all the density increases to the expanded-UGB.

² Such as through higher minimum densities, smaller minimum lot sizes, average lot sizes, clustering to achieve planned densities on steeper slopes, and the land use efficiency measures in ORS 197.296 and in the consultants' Housing Needs Analysis. An overwhelming majority of Medford residents surveyed think that the city should adopt a minimum density for the LDR zone, adopt maximum lot sizes, increase allowable densities, expand the use of cluster development, expand the use of smaller lots, encourage more infill and redevelopment, encourage more transit-oriented design, and expand the housing types allowed in single-family zones. See the Housing Needs Analysis presented to the Housing Stakeholder Committee on February 1, 2008.

- b. Because the UH range of 15-30 du/net acre is producing an average of only 15.1, the bottom of the range, the city should take measures to significantly increase this average.
- c. There are no data for the UM designation.
- d. The above-recommended measures should increase the future average residential density above the historical 6.2 du/net acre. (See 1.b.)

4. Table 16, p. 19: Why is the density for single-family attached so much greater in UH (15.3) than in UR (6.3)? Are they not the same housing type?

5. Infill and redevelopment, Table 27 & 28, p. 29-31: What is the basis for assuming the stated percentages of qualifying parcels that will infill or redevelop during the planning period?

6. Vacant land (which includes portions of developed lots available for infill), p. 29: If the minimum size is one acre or more, and you subtract 0.25 acre for a house, then the remainder will always be at least 0.75 acre, not 0.25 acre as in the text.

7. Accessory dwelling units, p. 32: If "demographic changes are likely to drive demand for ADUs," and the demand for ADUs increases, the Housing Element should not assume that the future number of ADUs developed would remain constant at the historic rate of 12 units/year.

8. Table 29, p. 33: "The density assumptions are based on the allowable range of densities in Medford's policies." Because that range for SFR zones is low (0.8-10 du/gross acre), and development has been at the low end of the range, the city needs to take additional measures to increase the efficiency of residential development within the existing UGB and complete the ORS 197.296 analysis. The plan should not assume that the capacity of the existing UGB will remain at existing planned and built densities.

9. Table 30, p. 34: How was it determined that the capacity of housing units in commercial zones is seven percent?

10. Land developed since January 2007, p. 34: Can the city get this information from building permits?

11. Table 31, p. 35: The densities are not identified as gross or net acres.

12. Needed mix, p. 35: "The housing needs analysis assumes that future development will continue to respond to market pressures, resulting in a continuation of the historic housing split." The plan uses the historic housing mix of 68 SF/32 MF for the next 20 years, even though the cited facts about demographic trends and housing needs indicate that this mix should change and the city should take measures that will effect this change. The plan also incorrectly assumes that the market is the sole factor, and that public policy has no effect.

13. Future in-migration, p. 36: The Housing Element should explain the basis for assuming that "many" new residents will be wealthy retirees likely to buy a single-family detached home? What number or percentage is "many"? The city should also expect relatively poor immigrants from rural areas due to the price of fuel discouraging commuting from rural areas.

14. Assumptions pp. 38-40:

- a. We do not see substantial evidence that "households that move to Medford in the future will have characteristics similar to this [*sic*] that moved to Medford in the recent past (since 1996)."
- b. The fifth, sixth and ninth bulleted items suggest that the market has not been responsive to local housing needs: "The City has provided the opportunity for development of more dense, affordable housing than occurred over the 1996-2006 period. Despite increases in home value (and corresponding decreases in housing affordability), the market continued producing [the historical mix]." The report then states, "the housing needs analysis assumes that future development will continue to respond to market pressures, resulting in a continuation of the historic housing split." Again, the draft plan assumes that public policy will have no impact on what is built.
- c. The assumptions focus on wealthy retired or semi-retired in-migrants but do not address the less-affluent people who also must be able to find affordable housing in Medford. The plan needs to better address the needs of the full range of the city's citizens.
- d. Using the same justification as for housing mix, the plan shows future needed densities (*e.g.*, average 6.3 net/4.1 gross) that are virtually the same as the historical densities (average 6.2 net), which means Medford's plan would overestimate the need for single-family detached housing and underestimate other housing types. This appears to be inconsistent with the findings in the Housing Affordability and Income Analysis section of the draft Housing Element.³

³ For example, see pages 22-27:

- Housing in Medford has become less affordable since the last Housing Element update in 1995. "A comparison of sales price to household income highlights the increasing affordability gap."
- Between 2000 and 2006, home sales prices far outpaced income growth in Medford. Between 2000 and 2007, the average sales price in Medford increased by 90%, "suggesting that housing prices increased for most housing units, rather than concentrating in price increases in high-end housing."
- Medford households and families have lower income on average than the state average.
- Households earning 50% median family income are unable to afford a 2 bedroom apartment "without experiencing cost burden". HUD defines cost burden as, paying more than 30% of monthly income on housing.
- Medford households have experienced cost burden more frequently than Jackson County households.
- Because households compete for housing in the marketplace, "affordable units are not necessarily available to low income households."
- There is a deficit of 2,674 dwelling units, primarily rentals, affordable to households earning less than \$15,000 per year.

