

Notes UGB-RAC

Meeting: June 11, 2015

In attendance:

RAC: Jeff Condit, Nick Lelack, Damian Syrnyk, Alissa Hanson, Terry Moore, Peggy Lynch, Christe White, Erin Doyle, Pam Barlow-Lind, Mary Kyle McCurdy, Joy Vaughn (ODFW), Kim Travis (OHCD), Jerry Bohard, Jim Johnson (ODA), Gil Kelley, Catherine Morrow, Alissa Hansen, Damian Syrnyk; Gail Krumenauer (ED).

Guests/presenters: Rebecca Lewis (U of O).

Guests in the Audience: Brandon Reich (Marion Co), Mia Nelson (1000 F), Jim Hendryx (Woodburn), Janai Kessi (PSU), Eric Kancler (Bend)

Staff: Carrie MacLaren (chaired the meeting), Bob Rindy, Gordon Howard, Matt Spangler, Rob Hallyburton, Robert Mansolillo, Amie Abbott

Handouts in advance:

- Agenda
- Residential Need path
- Draft Employment Need Path
- Employment Department Forecast information

Introductions:

Carrie announced that Marilyn Worrix cannot join us today; Carrie will chair the meeting. Agenda times were noted and we will take a break as indicated on the agenda.

Item 1 – Additional UO research regarding Redevelopment, Infill, and Development of exception areas (Rebecca Lewis)

Gordon introduced the topic. There are three different areas of additional research underway by the University of Oregon (UO) involving: Mixed use, Redevelopment, and Development and Infill of Rural Residential Exceptions Areas that were added to UGBs. The latter is to determine what assumptions should be re the density of these highest priority areas and the assumption that they would develop at a lessor density than vacant lands.

Rebecca Lewis: Bob Parker is also working on this, could not be here today to help with this presentation. We have made real good progress and have much more than we indicated last April.

A. Mixed Use and Redevelopment are combined in one report. We have done a literature review to determine what else has been written on this. We did a survey of planning directors, and we are doing some case studies. One of the key findings is there is not a lot of literature on this; there is a lot of info

on determinants, less info on rates. There is real good Portland and Seattle data, but not applicable to smaller cities. (slide) She showed a list of studies by numerous, ULI, etc.

A Survey was sent to 216 cities, 115 responses. Definitions: Mixed use is defined as developments that contain housing and employment. 65 cities reported that they have zones that allow mixed use outright, but most of these are commercial zones (including retail). Summarized by city size, start to see trends by city size. Larger cities generally allow, different for small cities. Trends by region are not very clear except cities in Eastern Or report no mixed use. Hard to ground truth city data provided. 12 cities reported data re mixed use in the last 5 years. Lots of cities report having redevelopment. An inverse relationship between those that have redevelopment and those that track it. Problematic, which is why the case studies. Case studies will be more helpful. Redevelopment and employment lands is less clear by city size and region but part of this is unresponsive cities. Most common tool is urban renewal. Case studies will dig into other tools to promote redev. 10 redev case studies underway – trying to get geographical representation but also where we know there is data.

TM: your definition seems to include a lot that already has a building on it, may include even just adding a bedroom to a house, doesn't require a tear-down. GH: not just an increase in building size for residential. GK: How do you distinguish redev from ordinary infill development like vacant lots? A: this is the problem with using the survey rather than talking to planners. Didn't talk about tear downs or infill lot development. Those would be vacant land. GH: intent was to describe improvements on property over quarter acre. ED: doesn't seem to be lots of diversity in small cities. Not enough response plus they don't have much redevelopment and mixed use. Redev happens much more in larger cities. Already have background info on housing mix, vacant lots etc. Plan for case studies is to get to all the development happened in the last five years, put into buckets of redev and infill. Case studies will include both, plus separate case studies on exceptions land.

B. Exceptions study. Looking at lots of things now, gathering data, looking for lands that apply. We have made it pretty far, hope to come up with a discount. For all cities 38 cities and Lane County approx. 50 cities well along, haven't finished conclusions. Lots of discussion about urban transition zones. Will look at land added and land added to UGB. Looked at both rural residential and urban transition. Also have capacity to look at commercial and industrial, but today we are looking only at residential. Q how do we differentiate UT from RR? There's some cities that don't have any areas btw cities and UGBs, and some that don't have any transition. For Bend doesn't have any RR zones eg, not available for late '70s. Case studies: chosen where we think there is data, from Linn, Jackson, Deschutes and Marion, haven't finished Lane up yet. In the end will have 55 cities. Not a lot of geographic representation. In general, for large cities land that is annexed has generally developed, not so for small cities. MKM: can you tell whether differences in trends has to do with infrastructure? A: we don't know but expect to find that out in case studies. MKM interested in finding out whether some of the differences are due to inability of small cities to provide infrastructure. RL: could also be a demand issue. RL noted spikes in trends in UT in the 2000s. More development overall in UT, clearly higher density than parcels built prior to 1996. Noted that don't see a lot of splitting up of parcels less than an acre, much more with larger 2-5 acre parcels. Zoning changes are also studied, difficult to track. 67% of RR are still RR. About 26% of RR zones are Future Urban, most are remaining residential. A clear drop off of development of RR lands after 1980 as a result of the program no doubt. RL described remaining work tasks to be done on this study. Was noted that likely development of divided parcels will lag due to economics, we agreed we would

rather spend remaining time looking at infrastructure than how many divided parcels have actually developed.

More questions about difference between UT and RR. RL: UT zones are lands designated for future residential growth. Remaining questions about whether this is a meaningful distinction? Will work on that after this.

Was agreed we will distribute the study to RAC “for purposes of the RAC” not to be shared. They will complete the research, but will have more presentation of the research in its final form at the July meeting. Will see a final report before then.

GK: moving back to redevelopment, a lot of people read that as urban renewal. Wondering if we are capturing redevelopment that market forces alone would have caused without any additional incentives. A: we found that there hasn’t been much of that. We will try to get at both private and public redevelopment, but will be trying to get at that, won’t limit the study to only public incented.

Item 2: RAC review of revised residential need path and buildable lands inventory. Discussion by RAC of remaining policy issues.

(53:42 on the recording) Gordon introduced this topic. He sent out fpr background info the draft residential need path and a cover memo identifying five policy issues in the technical group. The original small group discussed this in three or four meetings but since then Gordon has also sent the draft to planning directors and has more input. Noted also that the numbers in the path for infill and redevelopment would be adjusted based on the studies we just talked about today. Would like a few minutes of discussion on each of five issues – only have a few minutes for each.

The policy issues are:

1. Vacancy rate for determining needed dwelling units. BLI’s generally add an amount based on vacancy rate. The issue is what to do about cities that have large vacancy rates due to seasonal and vacation units. The technical group proposed that we allow a base vacancy rate for all cities of 5% which is standard nationwide. Then we would allow use of additional rate for seasonal vacancy rates but only up to 10%. Highest rates are in coastal cities which generally have larger UGBs (compared to their population) and low growth rates. TM: Would consider cap if we have no knowledge of actual rates, why bother with a cap, why not just give them that rate? Discussion: Gordon, some of the coastal cities are well over 50% and there has been expressed objections to allow expansion of UGBs for second homes and vacation rentals. Carerie: this is a streamlined program for growing cities, but those cities that are “outliers” in that they have features that are outside the normal bell curve would probably not be able to use the streamlined method, or they could use it but it is not designed to deal with their anomalous conditions. Pamela: the affordable housing committee in Lincoln City were looking at lands in undesirable areas for normal growth, concerned that this limit could make it harder to annexation. BR noted nothing we are talking about deals with annexation, this is about UGB expansion. CM: this is not intended to restrict their land supply because if they are not growing and have relatively large UGB this won’t be a process for them, but they can use the “old” process. Jeff Condit indicated that for example, Manzanita has a relatively large UGB but does have affordable housing problem. Nick: Recently received PSU forecast and noted they look at occupancy rate rather than just vacancy rate. Was interesting to

note these for growing cities. CM asked group to hold up 1 thru 5 fingers on consensus. MKM, TM and GK were three, others were 5.

2. GH: Next topic concerns required housing mix. The formula we came up with was to look at existing housing mix by the census and then classify cities by their range currently. Those that were lower than the medium would be required to plan for at least the medium. The next group would be cities that are 50 to 75% of medium would be required to increase medium and high density by at least 1% over their current. And then those that are at or above would be required to at least maintain that level. All would be allowed to plan higher if they want. This discussion is about existing mix determined by the census. The issue is about whether there is a need to plan for even more because 1% is not aggressive enough, and about whether there could be backsliding. And then there is concern about whether a city would “overplan” ie significantly increase their density. (more discussion about details of the issue re Eugene, Corvallis, Bend).

Discussion: Pamela: are there any communities where we differentiate student housing? A. Don't know, have a way to differentiate. Alissa: We have some data but expect other cities don't. Gil: This is one of the most important issues. How does this play out for 2nd or 3rd cycle review – is this good enough 2 or 3 cycles in? A: We are currently using %s from census, so won't be a rolling thing. As cities get to higher percentages, we might hope that eventually they are all above average. We eventually will review the rule and adjust. Gil suggests at least we should say “the most recent decennial census.” Further discussion about caution of basing it on the past or (Mia) the long term vs the more recent past, because that average may not be reflective of the market. Erin: we don't necessarily have a concrete understanding of what the market really is. But also, concerned that if for example a community is way lower than the medium but reaching to the medium would imply a push so far so fast that it would not fly locally. CM: if people aren't ready to move forward with a recommendation then we need to get a little more analysis of how this plays out. Consensus on that. We will at our July meeting we will do some runs that expose how much push there is and the outcomes. TM: Summarized, the proposal was overall density, Mia proposed recent trends, and an alternative is “market trends”, and adding a fourth one which is “maybe we don't want to push too hard.” Suggests we might consider splitting the difference Terry: four options. All cities would be allowed to increase the mix. Concern is whether cities 1:24:00 He notes that it isn't really simple to read thru all this but it might be not that complicated if it was simply a spreadsheet. If a spreadsheet and simple guidebook was put together for local jurisdictions when we are done that might still be simple. BR also suggested we think about having the push factor being push by x% so much. MKM suggests that Goal 10 also needs to be considered, not mentioned so far. We understood in the design team that there needs to be special attention to that. Further discussion about trends changing, CM noting that with the shorter time frame we can hopefully get this more correct re long term.

3. Mia: GH: The ranges as written would allow a city achieving higher densities than the range, or within the range, to “move back” to a number within the range in making density assumptions. This is especially concerning with the broad range for MF density. Indicated where the 15 and 33% came from. Say the City of Eugene was currently at 33UPA density, could they in the future backtrack and assume less (because the range allows that)? Difficulty is “how far back” and how you measure density. Noted that HB 2254 holds cities to a range based on what's happening in their applicable region.

Discussion, JB noted that 33 DU/Acre would have a pretty substantial impact on transportation. CM noted that we will be looking at capacity of services, that's a requirement, but also note that this 33 number is for higher density cities. MKM noted language in HB 2254 that prohibits becoming less efficient. MN indicates that the root of this problem is that all cities are forced into the same categories, she suggests 4 categories for MF range rather than a wide range as proposed, more tailored to the size they are. GH problem is we don't have good data as to what those 4 ranges ought to be. GK: instead of say that they can't be worse than current density, it should instead be can't be worse plus a little bit better. Five finger poll: if we have a backstop in the rule, nods around the room, GK at 3 or 4 (How would it play out). NL: 3 or 4. DS: 5. Alissa: 5. MKM 3 or 4. JC: 5. TM: 3 or 4.

GH recommends we skip issue 4, already had a lot of discussion on CC& Rs, go to issue 5. People should send comments and we can have an up down vote. Please send Gordon comments by June 19th and we will work those in as options with draft language.

5. Re-designation: What happens if a city has a surplus of say low density, how much of the need for housing should be met by re-designating that surplus rather than expanding UGB. The biggest issue is political problem locally of re-designating employment or LD land. Other issue is that in terms of employment land, often it might be a bad idea to redesignate industrial land to meet a residential need. Another idea is that this requirement is different for large and small cities, currently .296 applies to large cities but also general standard of Goal 14 applies to all. TM added another concern, what if they assume they will rezone but then don't? MKM: Current G14 requires at least explanation of why they aren't going to. Treat employment land differently. Have a different requirement for say a city of 2,000 vs 10,000. Finally, the decision to rezone should actually be made as part of the final decision. CM: let's assume we have agreement on the framework, gradating a little more fine for city size.

Item 3 Draft Employment Need Path

CM introduced, hopefully some of these issues are similar enough to the residential need path that we can have a discussion more quickly. We only have about a half hour so we can at least get this started and continue more at the next meeting. BR introduced that the document displayed breaks the proposal down into six steps but the last three should be very similar to our previous discussion re residential need.

The law requires that we have two options to drive the employment need forecast, one using population and one using the Employment Department long range forecast. To begin this, we note here that there are several complications involved with the ED forecast. First, the forecast is only for 10 years, and may soon be issued only for eight years, so we somehow need to translate this to a 14 year forecast. ED has been clear that they don't necessarily recommend extrapolating this, and they themselves would not do that extension so we would have to, or hire someone to do it. More problematic, the forecast provides sectors of jobs but is issued for xx regions, and that will shrink soon to 9 regions. The forecast is heavily influenced by employment centers within the regions, so for example Eugene, while for cities further away from the center like Veneta we would expect that employment may not grow in the same manner as the regional forecast. So somehow we would have to translate the forecast to individual cities.

It could be problematic relying just on population; we sent to you a draft path that proposes a couple ways to deal with this. We would expect job growth for retail and services would probably track well with city population growth. But it is not so clear that industrial and warehouse jobs are correlated with city population growth. We could deal with this in a couple of ways. We could presume that the current city mix of population would reflect out to the future need. Or a city could mix the two methods and use the ED forecast for industrial and the pop for other needs. The small group recommended we not mix methods but that needs further discussion. Finally, the UO has given us a substantial amount of research on current development patterns as to what's been going on in a general way. We could instead use those numbers presuming a mix of sectors based on that research. All these are options – we don't necessarily have a favorite of these proposals. We're just introducing this today to get some input.

In the memo we recommend that once we have a job forecast the methods should converge so that steps 4, 5 and 6 would be the same regardless. We would have to make some assumptions for densities in order to translate the jobs forecast to land need, which would change according to the mix. This would be a heck of a lot easier if we simplified sectors to commercial and industrial. We had some discussion in the group about a more complex set of sectors.

Once we have those overall need numbers we turn to BLI, we have to come up with some rules of thumb I call them. We have some in the existing division 24, we would do something similar to what we just talked about with residential but putting the employment lens on it. We would take away constrained lands, there are existing emp designating lands that are in the river or flood plains etc. In the end we would have an amount of land available in the UGB for employment, we would compare that to the need and if there's a deficit the city would add lands. We would probably get into some of the same questions we just discussed for residential – if there's a deficit in one category would there be a requirement to rezone those.

Mia: My understanding of the law left it open to use either the employment or the population forecast and LCDC would choose one, or do you see it as requiring two methods? A: The dept is not necessarily ready to assert a position on that right now; there's perhaps some ambiguity in the language and there might perhaps be some way to read that language to give us more flexibility. CM: Don't need to interpret right now, we will put this in the parking lot, if people feel that perhaps one way is better than the other, I would be interested in hearing about that, so if the reason you ask that question is you think one way is preferable she'd like to hear. MN: she would defer to the small group but would like to know this basic policy question before we engage - what did the small group decide? BR: we didn't spend time on the legal question, we examined both and discussed this as to how would we use the ED forecast. TM: confirmed that the discussions had been about problems with that ED forecast and ways to deal with them.

Gail Krumenauer: When we move to nine workforce regions that is problematic because we now have for example K Falls, Bend and The Dalles in the same region where we might all agree there isn't enough commonality. She has some ideas to deal with that, and although she thinks her department is doing great work on this, recognizes that population forecasts were specifically designed for individual cities while not so for ED forecast. The question reveals some of the difficulty in using this. More discussion agreed this will be challenging and retail is more correlated to population. BR clarified that the dept's draft suggests the possibility of a mixed method but especially looking at the current retail/industrial mix and also the historic density research from UO. GK had mentioned that if there is a great disparity

from a proposed mix from ED or Pop method we should compare to the current mix and perhaps confine that disparity. GK need to determine how to define “industrial” – there is a lot of office in industrial and we should not push offices out to industrial rather than encourage them downtown. But generally industrial jobs are related more to a region than a particular location. JC: Industrial is also highly dependent on infrastructure and this would be reflected by looking at existing mix rather than population projections.

TM: His read on at least the old rules was that cities could plan for economic development to just get in the game and had to have some 2, 5, 10, 20 and 50 acre lots. But if you are a small city on the interstate, do cities have a right to say its not about what we have now but what we want to have. CM: this method is about cities falling within the norm and thus in the foreseeable future we still have the old method. Is there agreement on that solution? TM: that answer doesn't sound that bad. NL: What if Central Or could take the streamlined path but add in the regional industrial land process? BR: I might suggest cities could do both the new and the old process, this is the first time this has come up. CM: A city can try and use both but once a city has elected to do once they are within that approach. That's how she understands this was originally conceived. ED: OBDD is creating an inventory of sites, doesn't know where that is at this point but could be a helpful tool. Once we see the info from that it might help us figure out a more blended way.

CM: So far we have talked about forecast, but the second part of BR's presentation was about how we determine land. We are running out of time but would like some discussion. We suggested some ranges for employees per acre, and how many sectors. ED: Splitting sectors into retail and industrial would seem the easiest, the fewer sectors the faster the methodology would work. BR: do we need more sectors for large cities? AH: the concern Eugene has is whether we capture regional employment. TM: We are talking about sectors but what we should really focus on for land forecasting is the kinds of buildings and they are not as diverse as sectors. There's low density warehousing types, there's the next level up being some type of industrial with single floor, and after that we are talking about two or more story industrial and that's not much different than office. For example, if industrial allows Costco in with two fulltime employee shifts and that's quite dense. If he had to make the simplification splitting into warehousing and industrial and then combine them into a rule of thumb he'd be ok with that. The other category would be retail/office which for most cities don't have much difference except larger cities. GK: he agrees but suggests we have some sort of push factor for office and retail to try and push more into walkable arrangement rather than at the fringe.

CM summarizing: we will try and get additional info out on this prior to the next meeting.

Item 4: Status Update on additional Research items Brief introductory presentation by UO (Terry Moore) regarding white paper on market trends.

CM updated the RAC on this research project being done by TM. He described it as a UO affiliated study, was intended to be 10-20 pages, turned into 25 pages with lots of appendices. His main conclusion is that this work is largely irrelevant. First of all, the current rules already require a lot of market analysis and the conversations we are having now about push factors are driven by market analysis. My interpretation of the language in HB 2254 derived from an assumptions that the method would not otherwise consider market analysis but now we know that a whole lot of work has already

happened in the UO research and the proposals so far that are based on market considerations. His paper would be a background piece but would say that we did look at market conditions and indeed the proposed rules are based on that. DLCD will have this paper on Monday and the idea is to send it to you a couple weeks in advance of the next meeting. CN agreed that the paper generally supports where we have been going. This is being presented to the rulemaking advisory committee as a final report that the department has reviewed. We will of course want to hear comments from the RAC but we don't intend to have those drive a revised report but rather inform us as to whether there is more we need to do and if we find something missing.

Wrap up and Next meeting:

We may be sending something out suggesting a four hour meeting; we will expose that as we go forward.

BR mentioned there are two small group that are just starting, one on replacement for Periodic Review that Rob Hallyburton is running. We have a second group we don't have a meeting time yet but are trying to get together to talk about habitat outside UGBs. Finally, he noted that there is a requirement in the law that we find some combination of measures to increase density, we may not get to a small group on that but instead expose these ideas when we release a draft rule.

CM: we are also working on the question of serviceability, especially to feed into the periodic review group since that topic seems especially pertinent to their work. JV noted she hadn't been notified about that group, would like to be on it. If people do not have RH contact info he is on the web site.