



March 21, 2024

Elyse Vukelich, AICP
Associate Planner, Project Manager
City of Bend Growth Management Division



RE: DLCD Comments on the City of Bend's Climate-Friendly Area Study

Dear Ms. Vukelich,

Thank you for submitting your climate-friendly area (CFA) study in compliance with Oregon Administrative Rule (OAR) 660-012-0315(4) and (5). The department published the study on our website for public comment on January 19, 2024. One comment was received, which we are providing to you (see attachment). This comment letter from DLCD and any associated comments from the public should be considered in the next step in the CFA process, which is to determine which climate-friendly area or areas the city will designate and to adopt zoning and development standards, as needed, to implement the CFA requirements.

OAR 660-012-0315(4) lists the required elements of a CFA study, which include the following:

- a) Maps showing the location and size of all potential climate-friendly areas.
- b) Preliminary calculations of zoned residential building capacity.
- c) A community engagement plan for the designation of climate-friendly areas.
- d) Analysis of how each potential climate-friendly area complies, or may be brought into compliance, with the requirements of OAR 660-012-0310(2).
- e) A preliminary evaluation of existing development standards within potential climate-friendly areas and changes to the standards necessary to comply with CFA requirements.
- f) Plans for achieving fair and equitable housing outcomes in climate-friendly areas, including analysis of whether zone changes for CFAs might displace residents who are members of state and federal protected classes.

Your submitted materials meet the requirements in OAR 660-012-0315(4). We appreciate the work you have done thus far and your timely submittal!

The following comments are intended to inform your community's next step, which is to designate sufficient climate-friendly areas with a zoned residential capacity to accommodate at least 30 percent of the community's total housing needs. As part of that process, we are happy to provide support for a CFA mobility study, including a multimodal transportation gap summary, and code development for low-car district standards for Bend.

Here is some of the preliminary data we have gleaned from your study and other sources:

2023 Population Estimate (PSU):	106,275	Total Housing Need:	51,221 dwelling units through 2028
Methodology:	Prescriptive (0320(8))	30% of Housing =	15,366 dwelling units
Primary CFA Requirements:	25 DU/acre 85 foot allowed ht.		

Potential Studied CFA Locations:

Bend Central District:

221 gross acres, 137 net acres. Estimated capacity: 13,201 dwelling units, 86% of needed capacity (30% of total housing need equals "needed capacity").
Estimated current dwelling units: 35.

Strengths: High scores for connectivity and opportunity, zoning mostly consistent, good market feasibility, opportunity and enterprise zones, TIF and MUPTA available, favored in community outreach, low VMT

Weaknesses: Small portion has displacement risk, pedestrian barriers such as Hwy 97 and railroad, needs better amenities: public space, parks, and pedestrian and bike facilities

Central Westside:

501 gross acres, 163 net acres. Estimated capacity: 13,890 dwelling units, 90% of needed capacity (30% of total housing need equals "needed capacity").

Strengths: Zoning mostly consistent, low displacement risk, performed best in market study, enterprise zone, favored in community outreach, medium VMT

Weaknesses: Low score in connectivity (undeveloped OSU land), low opportunity, high land values, may not benefit from CFA status due to ongoing development plans and investments

Eastside:

187 gross acres, 99 net acres. Estimated capacity: 10,108 dwelling units, 66% of needed capacity (30% of total housing need equals "needed capacity").

Strengths: medium opportunity score, nearest CFA to Bend's largest employer – St. Charles Medical Center, enterprise and opportunity zones, most favored in community outreach, medium VMT, lower land values may make housing more affordable

Weaknesses: low connectivity, currently auto-dependent with large parking lots, high displacement risk, scored poorly in market study, Hwy 20 and 27th St. are significant pedestrian barriers,

Far South:

155 gross acres, 88 net acres. Estimated capacity: 8,919 dwelling units, 58% of needed capacity (30% of total housing need equals "needed capacity").

Strengths: medium connectivity and opportunity scores, lower land values, enterprise zone, TIF and HB 3450

Weaknesses: scored low in market study, high displacement risk, Hwy. 97 and 3rd St. are significant pedestrian barriers, significant rezoning required, low favorability from community outreach, high VMT

Near South:

125 gross acres, 64 net acres. Estimated capacity: 6,540 dwelling units, 66% of needed capacity (30% of total housing need equals "needed capacity").

Strengths: medium scores in connectivity and opportunity; within enterprise zone, core area TIF, MUPTE, HB3450; centrally located; Canal Trail offers off-street connectivity to the east and west; and medium VMT

Weaknesses: low market potential; high displacement risk; auto-oriented development pattern; and scored lower in favorability from community outreach

North:

145 gross acres, 80 net acres. Estimated capacity: 8,126 dwelling units, 53% of needed capacity (30% of total housing need equals "needed capacity").

Strengths: low displacement risk; enterprise and opportunity zone, MUPTE HB3450; medium score from community outreach; large parcels under uniform ownership might facilitate redevelopment, and medium VMT

Weaknesses: low scores on connectivity and opportunity; only 3-story walk-up apartments currently feasible, Hwys 97 and 20 create significant barriers

Greenwood:

22 gross acres, 9 net acres. Estimated capacity: 2,144 (typo) 925 dwelling units, 6% of needed capacity (30% of total housing need equals "needed capacity").

Strengths: medium connectivity score; high opportunity score; existing zoning mostly consistent with CFA requirements; enterprise and opportunity zones, Core Area TIF and MUPTE; highly favored from community outreach; and low VMT

Weaknesses: medium displacement risk; currently auto-oriented area with Greenwood Avenue as a pedestrian barrier (opportunities exist for bike and pedestrian improvements); small area does not add significant capacity; and Greenwood is under ODOT jurisdiction so City has more limited influence on roadway changes

Korpine:

32 gross acres, 21 net acres. Estimated capacity: 2,114 dwelling units, 14% of needed capacity (30% of total housing need equals "needed capacity").

Strengths: medium connectivity and opportunity scores; medium risk of displacement; zoning mostly consistent with CFA standards; Opportunity Zone, Core Area TIF, and MUPTE; low VMT; approved development plan is consistent with CFA style, with 1,600 housing units, hotel, retail, and office space

Weaknesses: low score from community outreach; since the development is already approved, CFA designation is not anticipated to impact actual development

Mid 3rd: 63 gross acres, 30 net acres. Estimated capacity: 3,105 dwelling units, 20% of needed capacity (30% of total housing need equals "needed capacity").

Strengths: high score in connectivity; medium score on opportunity; Enterprise and Opportunity Zones, Core Area TIF, MUPTE, and HB 3450; low VMT; and provides connectivity between Korpine and the Bend Central District

Weaknesses: high displacement risk; auto-oriented area; and market study shows a high degree of site-specific variation in redevelopment feasibility

North

Downtown: 183 gross acres, 92 net acres. Estimated capacity: 9,319 dwelling units, 61% of needed capacity (30% of total housing need equals "needed capacity").

Strengths: medium connectivity and opportunity scores; Enterprise and Opportunity Zones, Core Area TIF, MUPTE, and HB3450; medium score from community outreach; low displacement risk; and low VMT

Weaknesses: high degree of site specific variation in development feasibility; pedestrian barriers include Hwy 97, an interchange, and the BNSF railroad; and lack of cohesion throughout the area

Estimated Capacity of all potential CFAs: 77,436 dwelling units

Firstly, we'd like to commend you for the development of a creative and useful mapping and scoring system for the evaluation of potential CFA areas. This must have been a useful tool to promote discussion among the members of the Climate-Friendly Areas Work Group (CFAWG) and will likely be useful for community conversations as you move forward with the selection and zoning of CFAs in the next phase of work. Your balance of four objective categories (connectivity, opportunity, existing policy, equity) and four subjective categories (zoning impact, market feasibility, vehicle miles traveled, and community outreach) are appropriate considerations for upcoming community conversations; and your maps make this information more accessible to the public.

Your map of supportive Federal and State policies is particularly useful for spatially representing the potential for synergy between potential CFA areas and the City's Core Area Tax Increment Financing Area, areas eligible for the Multi-Unit Property Tax Exemption program, and candidate areas for residential and mixed-use development in commercial zones, per HB 3450 (2019). In the future, as Bend reports on residential development within CFAs, these are the types of tools that would be discussed in housing production strategy reports, and we are eager to learn which programs are most effective for the benefit of Bend and other communities around the state.

We were happy to fund the market study evaluating the market feasibility of various types of buildings in your potential CFA areas. The findings are very interesting, suggesting that in most potential CFA areas, the most intensive building types are likely not feasible in the near term.

This is consistent with testimony received from Bob Cortright (attached), who is concerned that assumed levels of development from the “prescriptive approach” (OAR 660-012-0320(8)) are overly optimistic. This market study provides you with the opportunity to “right-size” CFAs based on a better understanding of the local development market so that development standards can be tailored to market feasibility.

For that reason, we are happy to inform you that recent amendments to Rule 0320 now allow cities to designate CFAs at a lower scale that may be more responsive to local market conditions and neighborhood preferences. Specifically, OAR 660-012-0320(9) now allows an alternative approach (“outcome-oriented standards”) for cities with a population of more than 50,000 to designate a non-primary CFA with either a minimum residential density of 15 units per acre or a minimum floor area ratio of 1.0, if the development code allows for a zoned building capacity of at least 60,000 square feet per net acre. Depending upon setbacks and other requirements in your existing development code, it may be possible to meet these standards with building heights of 35 feet or less. The “burden of proof” for utilizing this alternative approach is relatively straightforward. Demonstrating that an existing zone provides adequate zoned capacity per the amended rule can be as simple as providing examples of recent development under the current zoning standards that have met or surpassed the 60,000 square feet per net acre threshold. The tradeoff is that you would need to recalculate residential capacity based on the lower building heights. As a large city, Bend may “pick from the menu” of alternative development standards for any non-primary CFAs you wish to consider, as shown in the table below.

Options for Land Use Requirements in Climate Friendly Areas:		Prescriptive Standards		Outcome-Oriented Standards*
Cities and Urbanized County Areas (by population)	Sizing of CFA Areas	Minimum Residential Density Requirement	Maximum Building Height No Less Than	Development Standards Must Allow:
5,001 – 10,000	At least 25 acres	15 dwelling units/net acre	50 feet	At least 60,000 sq. ft. construction/net acre
10,001 – 25,000	At least 30% of housing need	15 dwelling units/net acre	50 feet	At least 60,000 sq. ft. construction/net acre
25,001 – 50,000	At least 30% of housing need	20 dwelling units/net acre	60 feet	At least 90,000 sq. ft. construction/net acre
➤ 50,000	At least 30% of housing need	25 dwelling units/net acre	85 feet for one, 60 feet for any others	At least 120,000 sq. ft. construction/net acre

Department staff are very impressed with your community engagement plans and actions. We have reviewed input from the Climate-Friendly Areas Work Group (CFAWG), representatives from equity-based organizations, Avanza participants, the community questionnaire, and other sources. The breadth of engagement and quality of feedback received are notable, and should help you to be well-positioned for next steps. You have done a great job of framing policy choices and trade-offs for community conversations yet to come, particularly with your short-term and long-term options. We were impressed as well that the CFAWG advisory group generally supports designating more than the bare minimum required CFAs. As noted above, there is great potential to tailor CFAs to areas in your community using the outcome-oriented standards approach.

Lastly, we'd like to commend you on your analysis of displacement risk, which provides more in-depth analysis and local knowledge to the results of the department's anti-displacement mapping tool. Additionally, your thorough discussion of actions the City is taking or may take in the future to mitigate displacement provides many options for decision-makers to consider in conjunction with the designation of your CFAs.

Thanks again for your submitted study. We appreciate the good work you have done and look forward to supporting the CFA designation process yet to come. Please feel free to contact me, at (503) 602-0238, or at kevin.young@dlcd.oregon.gov if you have any questions or need further assistance.

Sincerely,

Kevin Young

Kevin Young, DLCD Senior Urban Planner

Cc: Brenda Ortigoza Bateman, DLCD Director
Kirstin Greene, DLCD Deputy Director
Brian T. Rankin, Long-Range Planning Manager, City of Bend
BreAnne Gale, Senior Planner, City of Bend
Matt Crall, DLCD Planning Services Division Manager
Angie Brewer, DLCD Central Oregon Regional Representative
Evan Manvel, DLCD Climate Mitigation Planner

Attachments

Public Comment Received from Bob Cortright on the City of Bend's CFA Study

February 8, 2024

TO: Department of Land Conservation and Development
(DLCD.CFEC@dlcd.oregon.gov)
Cities of Bend, Eugene, Springfield, and Medford

FROM: Bob Cortright, Salem

SUBJECT: BEND, EUGENE, SPRINGFIELD AND MEDFORD CFA STUDIES

Summary

With the exception of Bend's market feasibility study, CFA studies for these four cities grossly overstate the housing capacity of proposed CFAs. The consequence is that each of these cities is proposing too few CFAs with too little real housing capacity to meet the CFEC goal of getting 30% of all housing in Climate Friendly Areas.

The core problem is that these studies - except for Bend's market feasibility report - make clearly unrealistic assumptions about future densities and rates of redevelopment. These flawed assumptions result in estimates of housing capacity that are four or five times higher (400-500% higher) than what is "market feasible" or forecast in adopted local plans. In addition, studies for Eugene, Springfield and Medford ignore adopted plans and basic, readily-available data which make it clear that these estimates of housing capacity are unreasonable and unattainable.

Bend's Market Feasibility Study represents the kind of effort needed to produce a realistic estimate of housing capacity in CFAs. Eugene, Springfield and Medford - and other CFA cities - should prepare the kind of information and analysis that Bend has produced and then use these revised estimates to assure that enough CFAs with enough real capacity are designated to meet the 30% goal.

Each of these cities should also acknowledge that meeting the CFA 30% housing goal will require a major redirection of city planning efforts. This is because meeting the 30% goal will require that most new housing be built in CFAs and most housing in CFAs will occur through infill and redevelopment. And since most proposed CFAs are currently car-oriented areas, significant planning and public investment will be needed to remake them into walkable, mixed use neighborhoods that attract and support new housing and other development. Cities should begin CFA implementation by adopting specific housing goals for each CFA, and then using these goals to guide housing, transportation and other planning work.

Background

CFEC rules allow cities to use a so-called prescriptive path or method to calculate housing capacity in CFAs. For more than a year, climate advocates have advised CFA cities, DLCD and LCDC that the prescriptive option dramatically overstates housing capacity of CFAs because it makes unrealistic and unattainable assumptions about future built densities and rates of redevelopment.¹ Essentially, the prescriptive method asks cities to assume that every buildable property within a CFA will be developed or redeveloped to the highest density allowed by zoning. Instead, climate advocates encouraged cities to take advantage of the option in the CFEC rules to develop an alternative estimate that makes a more reasonable estimate of capacity considering local plans and local knowledge about likely future densities and rates of redevelopment.

In spite of these concerns and advice, cities - other than Bend - have opted to use the prescriptive method. The result, not surprisingly, is estimates of “capacity” that are many times higher than what cities have forecast in their adopted plans or that are considered “market feasible”.

CFA Studies dramatically over estimate CFA housing capacity

Available information shows that the assumptions and the resulting estimates in these four CFA studies are completely unrealistic and unattainable:

- Estimates of housing capacity are on the order of five to ten times (500 to 1000%) higher than what each city currently forecasts in its adopted housing and transportation plans:
 - Bend’s Market Feasibility Analysis concluded downtown Bend has potential for 2,845 housing units²: that’s just 22% of the capacity the city calculated using the CFEC prescriptive method.
 - Salem’s CFA study says that its downtown has capacity for 19,638 housing units, but adopted plans forecast only about 10% of that number - fewer than 2,000 housing units.
- Despite considerable experience developing detailed analysis of housing capacity as part of Buildable Lands Inventories (BLIs), Housing Needs Analysis (HNAs) and UGB expansion proposals, local planners for Eugene, Springfield and Medford (as well as most other CFA cities) have chosen not assess whether the prescriptive estimates of capacity are reasonable or achievable.
- As summarized in the table below, cities (except for Bend) have ignored or not reported readily available housing data and adopted plans which would enable them to assess whether prescriptive estimates are reasonable or achievable.

¹ 1000 Friends Memo to CFA Cities, January 10, 2023

² ECO NW Market Feasibility Analysis, June 2023, p. 24/31

- While they have not assessed whether CFA estimates are reasonable, city planners are clearly skeptical about the prescriptive path results. The CFA studies for Eugene and Springfield studies describe its calculations as estimates as “*theoretical*” zoned capacity. Ashland’s Planning Commission chair described estimates produced using the prescriptive method as “having no basis in reality.” And, Medford planning commissioners argued that the CFA process was of so little value that the city should do the “bare minimum” to meet state requirements.

CFA Studies lack basic information for meeting 30% Goal				
CFAs studies for Eugene, Springfield and Medford ignore adopted plans and lack basic information needed to assess whether proposed CFAs are sufficient to meet 30% climate friendly housing goal				
Key CFA Information	Bend	Eugene	Springfield	Medford
Estimates the number of <u>existing</u> housing units in proposed CFAs?	yes³	no	no	no
Reports number of <u>future</u> housing units forecast in CFAs from adopted plans (BLI, TSP, HNA)?	yes	no	no	no
Calculates # of <u>new</u> housing units that would need to be built in CFAs to reach the 30% goal?	no	no	no	no
Evaluates whether CFEC based prescriptive estimates are reasonable and achievable given local plans, trends and conditions?	yes	no	no	no
Includes market feasibility analysis for possible housing densities and redevelopment in CFAs?	yes	no	no	no

³ Bend’s study estimates the number of housing units within ¼ mile of several proposed CFAs (p. 90)

Why this information matters:Reporting existing housing units in CFAs

To reach the 30% target, cities need to know how much new growth - i.e. how many new housing units - need to be built in CFAs above and beyond the number of housing units currently located in CFAs. By not reporting the number of existing housing units in CFAs - data that is readily available - cities don't know how many new units (i.e. what percentage of expected growth) would need to be built in CFAs to meet the 30% target.

Reporting housing forecasts in adopted plans

Adopted housing and transportation plans include detailed forecasts of where future housing is likely to be built based on detailed analysis of zoning, market factors, and likely rates of redevelopment. This information provides a baseline for evaluating how much housing is feasible in CFAs and the scale of additional effort that would be needed to meet housing goals in CFAs.

Calculating number of new housing units needed to meet 30%

If cities don't calculate how many new housing units need to be built in CFAs, they can't assess whether or not they can meet the 30% goal (or what percentage of new housing units would need to be built in CFAs to meet the 30% goal.)

Evaluating whether CFEC based prescriptive estimates are reasonable and achievable given local plans, trends and conditions

The CFEC prescriptive method makes sweeping assumptions about future housing densities and rates of redevelopment: basically assuming that all built and buildable properties within CFAs will be developed or redeveloped to the highest density allowed by zoning over the next 20-25 years. Cities have spent considerable time and effort developing housing plans (BLIs and HNAs) that forecast future housing densities and redevelopment rates. Cities other than Bend have chosen to ignore these plans and extensive local knowledge and information that shows these estimates to be completely unrealistic and unattainable.

Conclusion

Eugene, Springfield and Medford - and other CFA cities - with DLCD support - need to develop more accurate and reasonable estimates of housing capacity in CFAs. Using these more accurate estimates, cities need to designate additional or larger CFAs to provide sufficient "real" capacity to meet the 30% target. It's deeply ironic that at the same time that state rules are being rewritten to assure that housing plans are based on realistic, attainable estimates of housing capacity, that CFA studies are using precisely the kind of "phantom" or "paper" estimates that the new rules would prohibit.

As they move to CFA implementation, cities also need to do more to acknowledge and address the need to change plans and public investments to redirect most new development from car-dependent suburban development to compact, walkable mixed use development. The current CFEC approach - that focuses on providing theoretical zoned capacity - is clearly inadequate and is overwhelmed when everything else we do with public plans, policies and investments supports a continuation of auto-oriented development. For city planners, change starts with plans. Cities should be planning for most new growth to happen in CFAs and other walkable mixed use areas. That requires changes not only to zoning but to housing, economic development and transportation plans to integrate our goals for climate friendly development into our other plans and planning processes. This logically begins with adopting housing (and employment goals) for each CFA area and then using these goals to guide subsequent housing, economic development and transportation plans. And since most proposed CFAs are currently auto-oriented commercial districts, cities need to provide detailed plans and supporting public investments to remake these areas into highly walkable mixed use neighborhoods.

Recommendations

Eugene, Springfield and Medford - and other CFA cities - with DLCD support - should:

1. Revise their estimates of the housing capacity of proposed CFAs to reflect adopted plans and best local judgment about likely densities for future development and rates of development /redevelopment considering market trends.
2. Estimate the number of existing and future housing units likely to be located in proposed CFAs - and “abutting areas” - to assess whether the CFAs are likely to meet the goal of getting 30% of all housing in CFAs.
3. Based on the results of #1 & 2, propose additional CFAs as necessary to meet the 30% climate housing goal.
4. Develop and adopt specific housing goals for each CFA area , including goals for affordable housing, to guide city planning to achieve the 30% goal.
5. Prepare redevelopment or refinement plans for each of the proposed CFAs that identifies specific investments and other actions to achieve CFA housing goals, including planning for and prioritizing investments in high quality pedestrian, transit and bicycle facilities and services.