



# Oregon

Tina Kotek, Governor

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March 19, 2024

Matt Brinkley, AICP  
Planning Director  
City of Medford



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

Dear Mr. Brinkley,

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 an urban design code audit and market study.

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

<b>2023 Population Estimate (PSU):</b>	90,887	<b>Total Housing Need:</b>	46,865 dwelling units through 2042
<b>Methodology:</b>	Prescriptive (0320(8))	<b>30% of Housing =</b>	14,060 dwelling units
<b>Primary CFA Requirements:</b>	25 DU/acre 85 foot allowed bldg. height		

**CFA Study Areas:**

**Downtown:** Areas A-1 (131.2 net acres), A-2 (43.58 net acres), and A-3 (93.51 net acres). Total net area is 268.29 acres. Primary capacity estimates range from 13,482 to 38,218 dwelling units. 28.6% estimate is 25,478.

**West Main and Ross:**

Total net area is 151.35 acres. Primary capacity estimates range from 4,881 to 21,794 dwelling units. 28.6% estimate is 14,530 dwelling units.

**Southeast Plan Area:**

Total net area is 140.35 acres. Primary capacity estimates range from 7,719 to 20,210 dwelling units. 28.6% estimate is 13,474 dwelling units.

Total estimated capacity of these three areas:

<b>Methodology</b>	<b>Housing Unit Capacity</b>
Vacant and Redevelopable Land Only	23,271 dwelling units (two-story assumption)
Two Residential Floors (28.6%)	53,482 dwelling units
Three Residential Floors (42.9%)	80,222 dwelling units
Hypothetical Mix, with 55% unchanged	26,082 dwelling units

Firstly, we are impressed with the variety of methodologies you have used to evaluate the potential zoned residential capacity in your CFA candidate areas! We appreciate that you included some analysis of both vacant and redevelopable lands existing within your candidate areas, as well as providing a more nuanced evaluation that assumes 55% of existing development will not redevelop over the planning period (the hypothetical mix approach). As planners, we know that predicting the future is a challenging task, so we appreciate your thorough exploration of different scenarios.

Although none of the methodologies precisely uses the 30% assumption provided for in OAR 660-012-0315(2)(d), the “two story” assumption provides a slightly more conservative estimate (2 floors of a possible 7 equates to 28.6% of potential development area). We also note that the “three floor” assumption is a more liberal approach than is provided by the methodology in Rule 0315 (assuming 3 of 7 floors would be developed with housing constitutes 42.9% of potential development area). To support this more aggressive development assumption, you would need to provide market studies or similar research and analysis supporting the assumption through the alternative methodology process described in OAR 660-012-0320(10).

Regardless, we note that your most conservative estimate of housing capacity, assuming development only on vacant and redevelopable lands, would come close to providing the target 30% of total housing units using just the Downtown CFA. The “two floor” estimate, which is slightly more conservative than the 30% estimate in Rule 0315 satisfactorily demonstrates that your proposed Downtown CFA would provide adequate area to accommodate at least 30% of total needed housing units.

In terms of “ground truthing” CFA assumptions, we also appreciate your analysis of recent residential development in Downtown Medford. It is encouraging to see three projects that will provide 186 new dwelling units in this walkable mixed-use area – just the type of development we need to meet our climate and equity goals. Your use of multiple methodologies for residential capacity calculation and “ground truthing” are responsive to concerns expressed by Bob Cortright, in his February 8, 2024, comment letter on the Bend, Eugene, Springfield, and Medford CFA studies (attached to this letter). Mr. Cortright’s letter expresses skepticism that development and redevelopment in CFAs meeting only the minimum requirements using the prescriptive standards in OAR 660-012-0320(8) will reach the goal of housing 30% of Medford households.

The discussion and analysis of abutting zones to the Central Business District on pages 9 and 10 of the study prompts us to suggest that you consider using the recently streamlined “outcome-oriented approach” for those areas. Recent amendments to Rule 0320 now allow cities to designate CFAs at a much lower scale that may be more compatible within abutting areas. Specifically, OAR 660-012-0320(9) now allows an alternative approach 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 codes, it may be possible to meet these standards with building heights of 35 feet or less. The tradeoff is that you would need to recalculate residential capacity based on the lower building heights.

A related question regards the “airport area of concern” noted near the downtown area. If this area is within the preferred CFA, please address whether the airport regulations effectively limit building heights in this area. Also, if the Downtown CFA is selected, findings should address how the City plans to make any needed improvements to sanitary and water facilities to support more intensive development in the area over time.

In your discussion of the potential for displacement of underserved populations in the potential Downtown CFA you note that you used information from the Census Climate Resilience Estimate, the DLCDC Anti-Displacement Toolkit, and GIS data to evaluate displacement vulnerability. However, your submitted study did not contain detailed information on these topics and did not identify what neighborhood typology or typologies apply to the potential CFA. Your study lists a good number of actions and policies the City is using to provide affordable housing to underserved populations. However, identification of the neighborhood typologies would help to identify those actions and policies from the department’s list of housing production strategies that would be most beneficial to underserved residents and future residents of the CFA.

Related to this, we must note that OAR 660-012-0315(6)(d) requires the following findings concurrent with the zoning and designation of a CFA:

*(A) Identification of all ongoing and newly-added housing production strategies the local government shall use to promote the development of affordable housing in climate-friendly areas. The local government may use the Housing Production Strategy Guidance for Cities to review and identify potential strategies, as provided in OAR 660-008-0050(3). These strategies shall be incorporated into future housing production strategy reports, as provided in OAR chapter 660, division 8.*

*(B) Identification of all ongoing and newly-added housing production strategies the local government shall use to prevent the displacement of members of state and federal protected classes in climate-friendly areas. Findings shall include a description of how the strategies will be implemented based on consideration of identified neighborhood typologies and the most effective measures to prevent displacement based on typology. The local government may use the Housing Production Strategy Guidance for Cities, along with the department's "Anti-Displacement and Gentrification Toolkit" to identify the most effective measures to prevent displacement based on neighborhood typologies. These strategies shall be incorporated into future housing production strategy reports, as provided in OAR chapter 660, division 8.*

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](mailto: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  
Carla Paladino, Principal Planner, City of Medford  
Casi J. Brown, AICP, Planner II, City of Medford  
Matt Crall, DLCD Planning Services Division Manager  
Josh LeBombard, DLCD Southern Oregon Regional Representative

Attachment:

Public Comment Received from Bob Cortright on the City of Medford CFA Study

February 8, 2024

TO: Department of Land Conservation and Development  
([DLCD.CFEC@dlcd.oregon.gov](mailto: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.<sup>1</sup> 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 units<sup>2</sup>: 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.

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<sup>1</sup> 1000 Friends Memo to CFA Cities, January 10, 2023

<sup>2</sup> 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.

<b>CFA Studies lack basic information for meeting 30% Goal</b>				
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				
<b>Key CFA Information</b>	<b>Bend</b>	<b>Eugene</b>	<b>Springfield</b>	<b>Medford</b>
Estimates the number of <u>existing</u> housing units in proposed CFAs?	<b>yes<sup>3</sup></b>	no	no	no
Reports number of <u>future</u> housing units forecast in CFAs from adopted plans (BLI, TSP, HNA)?	<b>yes</b>	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?	<b>yes</b>	no	no	no
Includes market feasibility analysis for possible housing densities and redevelopment in CFAs?	<b>yes</b>	no	no	no

<sup>3</sup> 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.