

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Envision Eugene - Housing Mix and Industrial Lands

Meeting Date: September 28, 2011
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: A
Staff Contact: Lisa Gardner
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ISSUE STATEMENT

This work session provides an opportunity to discuss Eugene's future mix of single-family and multi-family homes to be planned for over the next 20 years. Information on potential expansion areas for industrial land will also be discussed.

BACKGROUND

Housing Mix

Eugene's total projected housing demand of 15,000 new homes is based on the population forecast of 34,000 additional residents over the next 20 years. The housing demand must be further refined to estimate how many of those 15,000 homes should be planned as single-family housing and how many should be planned as multi-family housing. This is what is referred to as the future housing mix. It should be noted that for the purposes of this discussion, the multi-family category includes attached housing types such as duplexes and row houses, as well as apartments and condominiums.

Staff has received input from several groups regarding housing mix and considered reports, studies and research. While there are arguments to be made for each end of the housing mix spectrum, the following are notable points regarding housing affordability, trends and community values that will be presented for discussion.

Housing Affordability-

A housing affordability analysis conducted by ECONorthwest has shown that Eugene has a deficit of housing for low and some moderate income levels. This analysis uses a base assumption that households should pay no more than the U.S. Department of Housing and Urban Development recommended 30 percent of income on mortgage costs or rent plus utility costs. The analysis specifically shows that in 2008, Eugene had a need for an additional 9,000 units that would be affordable to households with an annual income of \$25,000 or less.

Analysis also shows that households with lower incomes are more likely to live in multi-family housing than those households with higher incomes. To that point, in 2000, 60 percent of households earning less than \$17,500 lived in multi-family housing types compared to 80 percent of households earning more than \$45,000 that lived in single-family housing. However, there is also information that points to the fact that, due to high construction costs, it may not be feasible to build new, unsubsidized multi-family housing that is affordable to the lower income levels.

While the state requires that the City plan housing for all income levels, and adjust the housing mix accordingly, planning for a different housing mix will not address the housing affordability problem altogether and a comprehensive action plan is needed to make gains in this area. The City currently has programs that support subsidized housing for lower incomes, but there is more that can be done to remove barriers to lower income subsidized and unsubsidized housing. Another important component of housing affordability is raising income levels and creating more jobs through economic development efforts.

Demographics and Housing Trends-

The demographic trends that have the most significant effect on housing choice include household size, age and income. Regarding household size, Eugene has a relatively low household size compared to the nation and other parts of the state. The average household size in Eugene is 2.25 people per dwelling unit (2007) and in part, reflects a declining number of households with children, an increasing number of single-person households, and an increasing number of households with older residents (household size decreases around age 55).

When looking at the age make-up of those in the community, baby boomers, those 46-65 years old in 2010, and 66-85 years old by 2031, are the fastest growing population segment in Lane County. Eugene also has a larger share of college-aged people than surrounding areas, no doubt due to the presence of the University of Oregon.

While it is impossible to forecast what housing choices various population groups will make and whether those choices will be different than past choices, there is a relevant correlation between age and income level that has an effect on housing choice. Younger individuals with lower incomes tend to be renters (approximately 71 percent of people age 25-34 years were renters). While 75 percent of individuals in their higher income years, between 45 and 74 years of age, are homeowners, particularly of single-family homes. Then, at age 75, homeownership rates begin to decrease. The majority of single-family detached homes are owner-occupied while the majority of multi-family homes are rented. An additional demographic trend that was considered for its impact on housing mix is the Hispanic/Latino population. While this is the fastest growing ethnic group in Eugene (259 percent increase since 1990), it represents just seven percent of the overall population, an amount that while important, is not significant enough to have an impact on housing mix.

Additional Factors-

Additional factors that influence the housing mix decision include community values, such as those inherent in the seven pillars that make up the Envision Eugene proposal and the resulting effect on the triple bottom line of social equity, economic prosperity, and environmental stewardship. There are also statewide trends that can be seen by looking at other Oregon jurisdictions, as well as direction that is given from state regulators.

Adjusting the housing mix creates more opportunities for the housing types which the city has become deficient in, however it is important to acknowledge that the City has limited control to influence the market and future development trends. Over the past 20 years, the share of single-family housing types has held relatively steady at 59-61 percent.

Flexible Implementation-

Consistent with the 7th pillar of Envision Eugene, flexible and adaptable implementation are extremely important given the degree of uncertainty regarding our future housing need. Ongoing monitoring of factors such as actual population growth, the market demand for various housing types, and affordability measures will be necessary to enable adjustments to the various implementation strategies.

Following additional analysis by staff and the Technical Resource Group, a final land need determination for single-family homes will be completed. This information, and a City Manager recommendation, is expected to be brought before the Planning Commission in October and the City Council in November. A public hearing will precede any action by the City Council.

Land Need for Industrial Lands

On March 9, the council directed staff to begin analyzing lands outside the current urban growth boundary (UGB) for industrial land development and to schedule a council work session to review the results of this analysis. Preliminary wetland information was completed and letters were sent to specified property owners. This information was shared with the council at a work session on July 27. Since that time, additional letters have been mailed to property owners and a majority of those contacted have responded. This work session provides an opportunity to update the council on this information.

Additionally, a reconfigured Economic Development Group has been brought together to assist staff with developing strategy recommendations for our industrial land need that are consistent with the Envision Eugene pillars and the JEO Regional Prosperity Plan.

RELATED CITY POLICIES

Growth Management Policies

COUNCIL OPTIONS

No formal action is required at this time.

CITY MANAGER'S RECOMMENDATION

No action is required on this item. Therefore, no recommendations are offered by the City Manager.

SUGGESTED MOTIONS

No action is required on this item. Therefore, no motions are suggested.

ATTACHMENTS

- A. ECONorthwest Memo, July 2010
- B. Technical Resource Group Housing Mix Comparison
- C. Sustainability Commission Memo RE: Housing Mix
- D. Housing Policy Board Memo RE: Housing Mix
- E. Planning Commission Letter RE: Housing Mix

- F. Technical Resource Group and Sub-committee Membership
- G. Economic Development Group Membership

FOR MORE INFORMATION

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July 28, 2010

TO: Heather O'Donnell
FROM: Beth Goodman and Bob Parker
**SUBJECT: PROCESS FOR LOCAL DETERMINATION OF HOUSING NEEDS
 PROJECTION IN EUGENE INCLUDING HOUSING DENSITY AND
 MIX**

The City of Eugene is conducting an assessment of land within its Urban Growth Boundary (UGB) to determine whether Eugene has enough land within its UGB to accommodate expected population growth. The first part of the assessment, the Eugene Comprehensive Lands Assessment (ECLA), provided a baseline analysis of residential land sufficiency within the UGB. The key residential land assumptions used in ECLA were: Eugene's adopted population forecast, analysis of long-term trends in housing mix, analysis of housing density achieved over the 2001 to 2008 period, and other recent and long-term residential trends (e.g., household size or residential vacancy).

ECLA was accepted by the City Council as the baseline analysis for the second phase of the land assessment: Envision Eugene. The residential land analysis in ECLA was based on the *actual* housing density and mix achieved in Eugene achieved between the 2001-2008 period. ORS 197.296 requires that cities base their residential land estimates on *needed* density and mix to provide housing for households at all income levels for the 20 year period. This memorandum presents ECO's analysis of Eugene's needed density and mix based on factors that may affect housing need over the planning period. The changes in density and mix presented in this memorandum do not take the potential affects of land-use efficiency measures into account for land need. Some of the land-use efficiency measures that the City is considering may help the City achieve the needed density and mix presented in this memorandum.

EVALUATING ACTUAL AND NEEDED DENSITY AND MIX

The language of Goal 10 and ORS 197.296 refers to housing *need*: it requires communities to provide needed housing types for households at all income levels. Goal 10's broad definition of need covers all households – from those with no home to those with second homes. In the context of Goal 10 and the Goal 10 Administrative Rule (OAR 660-008), housing need is addressed through the local "Housing Needs Projection." OAR 660-008(4) defines the Housing Needs Projection as follows:

- (4) "Housing Needs Projection" refers to a local determination, justified in the plan, of the mix of housing types and densities that will be:
- (a) Commensurate with the financial capabilities of present and future area residents of all income levels during the planning period;
 - (b) Consistent with any adopted regional housing standards, state statutes and Land Conservation and Development Commission administrative rules; and
 - (c) Consistent with Goal 14 requirements.

Thus, the determination of housing need must be based on analysis of a range of data. We addressed this issue in some detail in Appendix C of the ECLA report. State policy does not make a clear distinction between need and demand. Following is our definition, which we believe to be consistent with definitions in state policy:

- *Housing need* can be defined broadly or narrowly. The broad definition is based on the mandate of Goal 10 that requires communities to plan for housing that meets the needs of households at all income levels. Goal 10, though it addresses housing, emphasizes the impacts on the households that need that housing. Since everyone needs shelter, Goal 10 requires that a jurisdiction address, at some level, how every household will be affected by the housing market over a 20-year period. In short, housing need is addressed through the local Housing Needs Projection.
- *Housing market demand* is what households demonstrate they are willing to purchase in the market place. Growth in population means growth in the number of households and implies an increase in demand for housing units. That demand is met, to the extent it is, primarily by the construction of new housing units by the private sector based on its judgments about the types of housing that will be absorbed by the market. ORS 197.296 includes a market demand component: buildable land needs analyses must consider the density and mix of housing developed over the previous five years or since their most recent periodic review, whichever is greater. In concept, what got built in that five-year period was the *effective demand for new housing*: it is the local equilibrium of demand factors, supply factors, and price.

The direction provided by the Statutes and Administrative Rules imply that the Housing Needs Projection is largely a technical exercise that involves evaluating the relationship between income, demographic characteristics, housing choice, and housing cost. The state does not provide much direction on how to make the determination. The determination, in our view, is not solely a technical exercise – it also includes a policy component that considers what communities want. The difference between what communities want and what the data suggest often creates tension in making the local determination.

ACTUAL AND NEEDED DENSITY AND MIX

Appendix A describes the framework for determining whether residential land within the Eugene UGB is sufficient within the context of State planning requirements from Goal 10 (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008). This memorandum focused on two steps of the residential land need analysis: (1) determining *actual* mix and density of existing housing and (2) determining average density and mix of *needed* housing. These steps are described in Appendix A and Figure A-1 (in steps 4 and 5).

Actual density and mix

ORS 197.296 requires the analysis of housing mix and density to include the past five years or since the most recent periodic review, whichever time period is greater.¹ Eugene completed periodic review in 1999. The City, however, made significant changes to the residential densities allowed in its zoning code in August 2001. The period used in ECLA for the analysis of housing density was 2001 to 2008 because residential development prior to 2001 was not subject to the new standards in the zoning code.

Housing density

Eugene had residential development on 4,727 tax lots had residential development during the 2001 to 2008 period, adding 6,532 *new* dwelling units. Some tax lots had pre-existing multifamily dwelling units. The average density for all residential development over the 2001 to 2008 period was 7.2 dwellings per net acre.² The average housing density for each housing type was:

- 5.4 dwelling units per net acre (du/net) for single-family detached
- 20.2 (du/net) for single-family attached
- 8.6 (du/net) for structures with 2 to 4 units
- 24.1 (du/net) for structures with 5 or more units

¹ Specifically, ORS 197.296(5) (b) states: "A local government shall make the determination described in paragraph (a) of this subsection using a shorter time period than the time period described in paragraph (a) of this subsection if the local government finds that the shorter time period will provide more accurate and reliable data related to housing capacity and need. The shorter time period may not be less than three years."

² The average housing density over the 2001-2008 period (7.2 dwelling units per net acre) was based on a housing mix of 69% single-family detached and 31% multifamily housing types. The housing density in the baseline analysis for the 2011-2031 period uses the same housing densities by housing types as in the 2001-2008 period but uses a different housing mix (61% single-family detached and 39% multifamily types). As a result, the average density for all housing types in the baseline analysis assumes more multifamily housing and is slightly higher (7.3 dwelling units per net acre) than the average housing density for the 2001-2008 period (7.2 dwelling units per net acre).

Housing mix

The actual housing mix achieved over the 2001 to 2008 period for new construction was 69% single-family detached (including manufactured homes) and 31% for attached housing types. The mix of Eugene's entire housing stock in 2007 was: 61% single-family detached (including manufactured homes), 7% were single-family attached, 10% was structures with 2 to 4 units and the remaining 22% were structures with 5 or more units.

The baseline forecast of new housing in ECLA used the long-term mix of Eugene's housing stock (61% single-family housing types and 39% attached housing types) rather than the actual mix achieved over the 2001 to 2008 period for the following reasons:

- The achieved mix over the 2001 to 2008 period (69% single-family housing types and 31% attached housing types) was the result of an unusual housing market bubble, which is not likely to be repeated over the 20-year period.
- The analysis presented in Appendix C of the ECLA report suggests that housing affordability is a problem in Eugene. The ECLA analysis also concludes that higher density housing types tend to be more affordable. The achieved mix over the 2001 to 2008 period does not provide enough affordable attached housing types necessary to meet the need for more affordable housing.

Needed density and mix

Cities are required to determine the average density and mix of *needed* housing over the next 20-years (ORS 197.296(7)). The determination of needed density and mix should consider the following factors that may affect future housing need:

- The number, density and average mix of housing types of urban residential development that have actually occurred;
- Trends in density and average mix of housing types of urban residential development;
- Demographic and population trends;
- Economic trends and cycles; and
- The number, density and average mix of housing types that have occurred on the buildable lands.

ECLA determined Eugene's actual housing density (average of 7.2 dwelling units per net acre) and actual housing mix (61% single-family housing types and 39% multifamily housing types). ECO concludes that Eugene's needed future housing density and mix for the 2011 to 2031 period is different than actual housing density and mix, based on the following factors (as specified in ORS 197.296(5)(a)):

- Eugene has a need for housing of all types, including single-family detached, single-family attached, structures with 2 to 4 units, and structures with 5 or more units.
- Lane County and Eugene are growing, with most growth resulting from in-migration. The County grew by 62,966 people between 1990 and 2008. More than two-thirds of this growth occurred in Eugene, which grew by 41,951 people over the 18-year period. Seventy-four percent of population growth in Lane County was the result of in-migration to the County.
- Eugene's adopted forecast projects that population inside the Eugene UGB will grow by about 33,900 people between 2011 and 2031.
- Lane County and Eugene's economy have grown. Between 2002 and 2007, Lane County added more than 15,500 jobs and the average wage increased by 18% (about \$5,300). While the economy and the housing market are currently experiencing a downturn in growth, Eugene can expect to experience one to two complete economic cycles (from faster growth to little or no growth) over the planning period.
- The share of single-family housing types held relatively steady over the 1990 to 2007 period, increasing slightly from 60% in 1990 to 61% in 2007. The share of multifamily housing decreased slightly from 40% in 1990 to 39% in 2007. Single-family housing accounted for 69% of permits issued for the 2001 to 2008 period.
- Eugene provided approximately 44% of the region's multifamily housing between 2000 and 2008.
- Fifty-four percent of housing in Eugene was owner-occupied in 2007, up from 51% in 1990. Eugene's homeownership rate was lower than the County average of 63% or the State average of 65% in 2007.
- Future housing demand will be driven by in-migration and changes in age-demographics. It is likely that households that move to Eugene in the future will have characteristics similar to those that moved to Eugene in the recent past (since 2001). New households and existing households are likely to undergo similar changes in age-demographics. The Office of Economic Analysis projects that Lane County's share of people over 60 years will increase from 17% in 2000 to 26% in 2030, adding nearly 56,000 people 60 years and older over the thirty year period.
- Changes in Eugene's composition will affect the types of housing needed. The composition of Eugene's households has changed over the last two decades, with household size decreasing slightly, from 2.30 persons per household in 1990 to 2.25 persons per household in 2007, a change of 2.2% over the 17-year period. Single-person households became more common, with 31% of households in one-person households in 1990 and 34% in 2007.

- The average net density for all residential development occurring in Eugene between 2001 and 2008 was 7.2 units per net acre. The net density in the Low Density Residential designation (LDR) was 5.2 dwelling units per net acre, the Medium Density Residential designation (MDR) had an average of 13.2 dwelling units per net acre, and the High Density Residential designation (HDR) had an average of 31.0 dwelling units per net acre.
- Average net density for single-family detached housing increased from an average of about 5.0 dwelling units per net acre built during the 1980's to an average of about 5.6 dwelling units per net acre built during the 2000's, a density increase of about 10%.
- Average lot sizes for single-family detached housing decreased from an average of about 8,700 square feet built during the 1980's to an average of about 7,800 square feet built during the 2000's, a decrease in lot size of about 10%.
- Eugene's housing became less affordable for renting and owning over the last decade. Some indicators that illustrate this decrease in affordability include:
 - Between 1999 and 2008, growth in homeownership costs outpaced growth in income. Median owner value increased by 71% between 1999 and 2008, while median household income increased by 13% and median family income increased by 18%.
 - Average sales prices increased by at least 50% over the 2001 to 2008 period in most areas within Eugene, increasing by between \$56,500 (in Danebo) to \$147,800 (in East Eugene) per unit over the eight year period.
 - Between 1999 and 2008, growth in renter costs outpaced growth in income by a small margin. Median gross increased by 25% between 1999 and 2008, while median household income increased by 13% and median family income increased by 18%.
 - Forty-five percent of Eugene households were cost burdened in 2008.³ The rate was much higher for renters (58%) than for homeowners (33%). In comparison, 42% of Lane County's households and 39% of State households were cost burdened in 2008.
- In 2008, Eugene had a gap in affordable housing for households that earn less than 50% of Lane County's Median Family Income (MFI) of about \$27,700.
 - Eugene had a deficit of about 9,000 dwelling units that would be affordable to households earning \$25,000 or less based on the U.S.

³ Cost burden is a typical standard used by HUD to determine housing affordability, which says that a household should pay no more than a 30% of household income for housing, including payments and interest or rent, utilities, and insurance.

Department of Housing and Urban Development's (HUD) affordability guidelines.

- About one-fifth of Eugene households could not afford a studio apartment at HUD's fair market rent level of \$495, and one-third of households could not afford a two-bedroom apartment at HUD's fair market rent level of \$760.
- A household earning median family income (\$55,500) could afford a home valued up to about \$138,750.

The implications from the preceding analysis are, in our opinion, unequivocal: the needed housing density and mix for new housing is different than the actual housing density and mix. In short, the affordability gap described above (e.g., cost burden for renters or owners, as well as the affordability gap for households making 50% less than the median income) implies that Eugene needs to shift towards higher densities and more multifamily housing types, which are typically more affordable because land costs are lower and service costs for multifamily are spread out over multiple units. While the City will not be able to fill the housing affordability solely through land use policy, the residential land use strategy will need to create opportunities for development additional affordable housing. The implications of Eugene's housing affordability gap on needed housing density and mix are:

- The City will need to provide opportunities for additional affordable housing; this will require planning for more multifamily dwellings of any type.
- The City can, to some degree, influence housing costs by requiring higher housing density, which will reduce the amount of land needed per dwelling.⁴
- The City can affect single-family housing costs by developing policies that allow or require building single-family units on smaller lots.⁵

Table 1 shows Eugene's needed density and mix for needed new housing between 2011 and 2031 based on these factors. Table 1 shows the following changes between the needed density and mix and the ECLA Baseline:

⁴ There are limits to the amount that increasing housing density can increase housing affordability. Housing that requires less land is generally more affordable. The affordability of multifamily housing depends, in part, on the construction techniques and materials used to build the structure. For example, multifamily structures that are less than four or five stories tall are generally wood-framed structures and are generally less costly than multifamily housing taller than four or five stories, which are generally steel-framed structures.

⁵ With respect to single-family housing, land accounts for a higher percentage of the overall cost, but does not account for the majority of costs. For example, a lot valued at \$50,000 might have a home worth \$250,000; the land accounts for 20% of the total value of the dwelling. A recent study by the Lincoln Institute of Land Policy indicates that land accounted for 26.8% of total home value in Oregon during the first quarter of 2010 (<http://www.lincolninst.edu/subcenters/land-values/metro-area-land-prices.asp>)

- Change in housing mix from 61% single-family detached housing types and 39% multifamily housing types to 55% single-family detached housing types and 45% multifamily housing types.
- Change in average housing density from 7.3 dwellings per net acre to 8.9 dwellings per net acre, an increase of 1.6 du/net acre or 22%. About one-quarter of the change in density resulted from the change in housing mix because increasing the share of multifamily housing increased the average mix. The remaining three-quarters of the density increase resulted from increases in the assumptions about housing density by structure type.
- A nearly 500 gross acre decrease in Eugene's deficit of residential land within the UGB.

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Table 1. Needed housing density and mix, 2011-2031, Eugene UGB

Assumptions	Needed Density and Mix	ECLA Baseline
Housing Mix		
Single-family detached	55%	61%
Single-family attached	8%	7%
Two to four units	12%	10%
Five or more units	25%	22%
Number of Units		
Single-family detached	7,565	8,390
Single-family attached	1,100	963
Two to four units	1,650	1,375
Five or more units	3,439	3,026
Total	13,754	13,754
Housing Density (dwelling units per net acre)		
Single-family detached	6.2	5.4
Single-family attached	21.0	20.2
Two to four units	10.0	8.6
Five or more units	30.0	24.1
Total Average	8.9	7.3
Housing Density by Plan Designation (dwelling units per net acre)		
Low Density Residential	6.1	5.4
Medium Density Residential	15.9	13.5
High Density Residential	35.3	31.6
Commercial Designations	24.6	20.8
Total Average	8.9	7.3
Land Deficit by Plan Designation (gross acres)**		
Low Density Residential	750	1,243
Medium Density Residential	78	72
High Density Residential	94	93
Commercial Designations*	36	42
Total residential land need	958	1,451

Source: ECONorthwest

*Note: The 36 acre deficit in commercial plan designations is for residential development that is expected to occur in commercial plan designations, not residential plan designations.

**Note: The gross acres estimate for Low Density Residential, Medium Density Residential and High Density Residential plan designations includes the acreage needed for housing as well as public and semi-public uses as shown in Table C-45 of the *Preliminary Eugene Comprehensive Land Assessment* document.

Table 1 presents ECO's analysis of housing needs; or in the language of the Goal 8 rule, the Housing Needs Projection. This is our assessment of what the minimum overall density and mix of new housing units built between 2011 and 2031 is to meet identified housing needs. The City has the discretion, within limits, to adopt a more aggressive housing density and mix. These limits are the results of three main factors: (1) market demand for housing, based on households' purchasing choices and

preferences; (2) the community's preferences for both accommodating growth within the UGB and for protecting the quality and characteristics of existing neighborhoods; and (3) the requirements of Goal 10 for the City to show that it can achieve the needed density and mix.⁶

Given these considerations, what is the reasonable upper bound on housing density and mix? We address this question in more detail below:

- Would it be reasonable for the City to plan for a 100% increase in density, from an average of 7.3 dwellings per net acre to an average of 14.6 dwellings per net acre? That would require a change in mix to about 40% single-family detached and 60% multifamily housing types, with densities for all types of units increasing by 50% or more.⁷
- Would it be reasonable for the City to plan for a 50% increase in density, from an average of 7.3 dwellings per net acre to an average of 10.9 dwellings per net acre? That would require a change in mix to about 45% single-family detached and 65% multifamily housing types, with densities for all types of units increasing by about 30% or more.⁸

These assumptions do not seem reasonable because there is no precedence for these magnitudes of change in a suburban city of Eugene's size in Oregon. In addition, these housing types are in the upward bounds of housing density developed in Eugene over the last decade and representative of housing demand for a portion of the market but not a broad range of the market. By comparison, Portland Metro sets density targets for cities within the Metro Urban Growth Boundary. For larger cities, the target is 10 dwelling units per net acre and a 50/50 housing mix split. Eugene would need to establish a robust policy framework like Metro's to achieve an average density of 10 dwelling units per net acre.

In our opinion, a reasonable upper bound of the increase in overall housing density over the next 20 years would be on the order of 25% to 30%. A 30% increase in overall

⁶ Those limits result from the requirement that the city provide evidence that demonstrates that it can achieve the needed density and mix. In short, as the density and mix deviates more from the actual observed results, the higher the burden of proof that policy initiatives will result in the needed density and mix.

⁷ For example, single-family detached units would have a density of 8.6 du/net acre and structures with five more units would have a density of 39.7 du/net acre. The average gross lot size for all units would be 2,980 square feet and 5,056 square feet for single-family units.

⁸ For example, single-family detached units would have a density of 6.8 du/net acre and structures with five more units would have a density of 31.3 du/net acre. The average gross lot size for all units would be 3,981 square feet and 6,406 square feet for single-family units.

density would result in an average housing density of 9.5 dwellings per net acre and a 50% single-family and 50% multifamily mix.⁹

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⁹ For example, single-family detached units would have a density of 6.3 du/net acre and structures with five more units would have a density of 31.3 du/net acre. The average gross lot size for all units would be 4,589 square feet and 6,914 square feet for single-family units.

APPENDIX A: FRAMEWORK FOR DETERMINING WHETHER RESIDENTIAL LAND IS SUFFICIENT (STATE REQUIREMENTS)

This appendix presents the framework for determining residential land sufficiency within the UGB used in ECLA. The land need analysis in ECLA determined the amount of new housing necessary to accommodate expected population growth over the 2011 to 2031 period, based on actual density (achieved over the 2001 to 2008 period) and actual housing mix (over the 1990 to 2008 period). ECLA did not determine the needed housing density and mix for the 2011 to 2031 period.

The purpose of this appendix is to describe the entire process that the City will need to complete through Envision Eugene. This memorandum focused on Step 4 (Determine actual mix and density of existing housing) and Step 5 (Determine average density and mix of needed housing) shown in Figure A-1.

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197), established the Land Conservation and Development Commission (LCDC), and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008). Goal 10 requires incorporated cities to complete an inventory of buildable residential lands¹⁰ and to encourage the availability of adequate numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as “housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.” ORS 197.303 defines needed housing types:

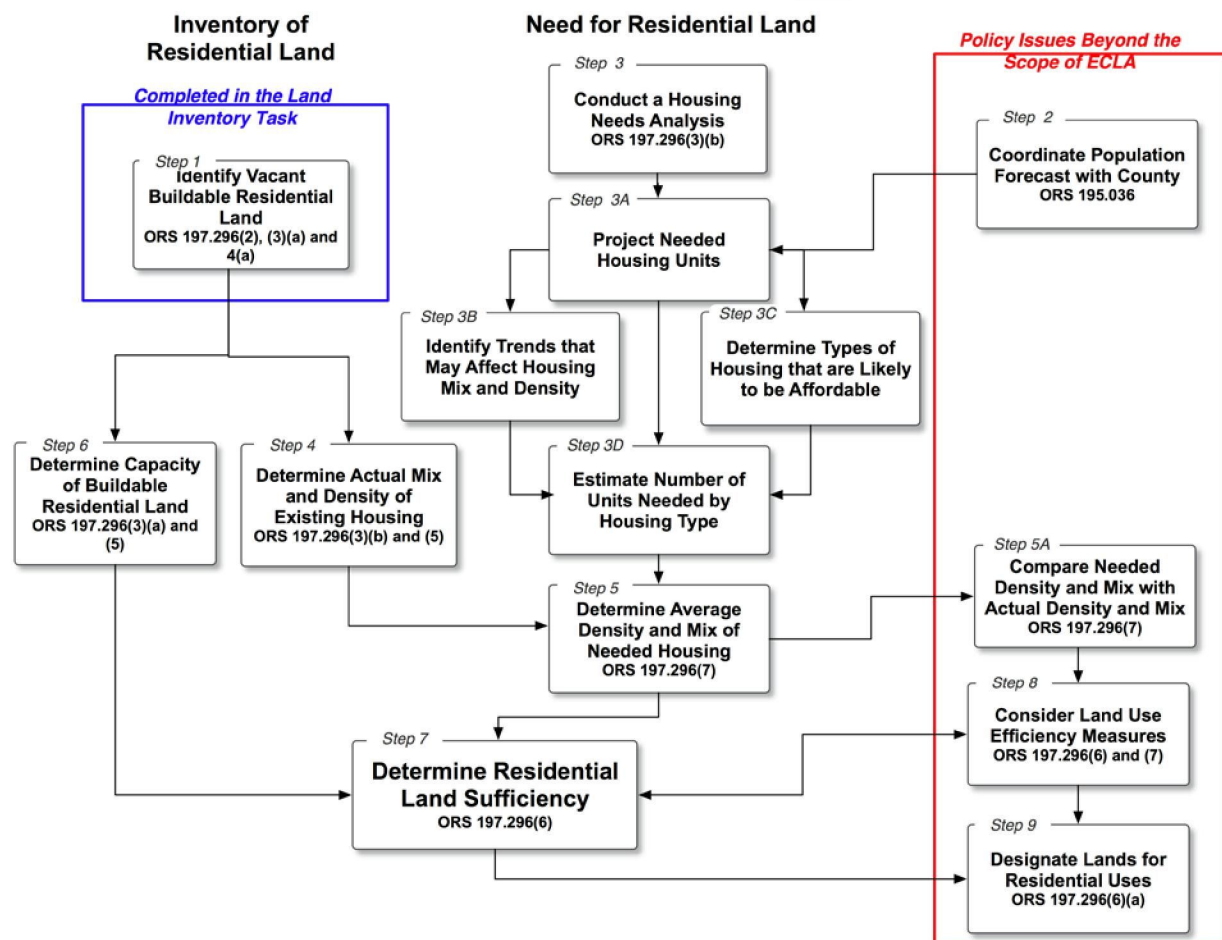
- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy;
- (b) Government assisted housing;¹¹
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490; and
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

¹⁰ The definition of buildable residential land from OAR 660-008 is presented in the glossary in Appendix A.

¹¹ Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

The Department of Land Conservation and Development (DLCD) provides guidance on conducting a housing needs analysis in the document "Planning for Residential Growth: A Workbook for Oregon's Urban Areas,"¹² referred to as the Workbook. Figure C-2 provides a graphic representation of the housing needs analysis process as defined in ORS 197.296 and the Workbook.

Figure A-1. Process for assessing the sufficiency of residential land used in ECLA



Source: ECONorthwest

The steps in this assessment are:

1. **Inventory of residential land.** Cities are required to demonstrate that its comprehensive plan or regional plan provides sufficient buildable lands within the urban growth boundary established pursuant to statewide planning goals to accommodate estimated housing needs for 20 years (ORS 197.296(2)). Cities must

¹² "Planning for Residential Growth: A Workbook for Oregon's Urban Areas" was prepared for the State by ECONorthwest and Lane Council of Governments in June 1997.

develop an inventory of vacant, partially vacant, mixed-use, and redevelopable residential lands (ORS 197.296(3)). The residential lands inventory was prepared by the Lane Council of Governments (LCOG). The methods and legal context for the BLI are described in Appendix A.

2. **Population forecast.** Cities are required to have a 20-year coordinated population forecast (ORS 195.036). The population forecast can be developed and coordinated by the county or it can be based on a safe harbor for population forecasting (OAR 660-024-0030). This study uses the coordinated population forecast for Eugene adopted by Lane County in June 2009.
3. **Housing Needs Analysis.** Cities with a population of 25,000 or more are required to comply with ORS 197.296 and must conduct an analysis of housing need by housing type and density range to determine the number of needed dwelling units and amount of land needed for each needed housing type in the next 20 years (ORS 197.296(3)(b)). The statute defines needed housing types as including (but not limited to): single-family detached, single-family attached, multifamily (for rental and ownership), mobile or manufactured housing in parks, manufactured housing on lots, and government assisted housing. Other housing types may be considered in the housing needs analysis. The steps in the housing needs analysis are:
 - A) **Project housing units needed.** The projection of needed housing units is based on the growth in population from in the population forecast over the 20-year period. The projection considers other factors, such as number of people expected to live in group quarters, household size, housing mix, and vacancy rates. These assumptions are typically based on historical trends.
 - B) **Identify trends that may affect housing mix and density.** These trends include relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix. Examples of these trends include: mortgage rates, homeownership rates, or population growth and in-migration. The housing needs analysis also considers demographic characteristics and housing trends that relate to demand for different types of housing. Examples of these trends include: regional and local trends in housing mix, the aging of the baby-boomers, or household income and housing affordability.
 - C) **Determine types of housing that are likely to be affordable.** Cities must consider the housing needs of all households, from low-income households to affluent households. Cities are required to determine what types of housing are likely to be affordable to new households based on household income and housing costs. The assumption implicit in this analysis is that some housing types are more affordable than others. For

instance, renting an apartment is often more affordable than purchasing a single-family detached dwelling.

- D) **Estimate the number of units needed by housing type.** The estimate of needed units by housing type is based on the projection for needed housing units, trends that may affect housing density and mix, and types of housing that are likely to be affordable. This estimate generally breaks down housing need into housing types and estimates the number and type of dwelling units needed in each plan designation.
4. **Determine actual mix and density of existing housing.** The analysis of actual mix and density of housing is based on residential development within the UGB since the last periodic review or five years, whichever is greater (ORS 197.296(5)). This determination is typically based on an analysis of building permits and land that was developed with each building permit.
 5. **Determine average density and mix of needed housing.** Cities are required to determine the average density and mix of needed housing over the next 20-years (ORS 197.296(7)). The needed average density and mix of housing is based, in part, on the historical mix and density described in Step 4. If a range of densities is allowed within the plan designation, decision makers may give direction on the density assumptions that are used.
 - A) **Compare needed density and mix to actual.** Cities are required to compare needed density and mix for housing over the 20-year period with actual density and mix (Step 5). If the needed density or mix is greater than the actual density or mix, cities are required to adopt land-use efficiency measures (Step 8) to increase the likelihood that residential development will occur at the identified density and mix (ORS 197.296(7)).
- ECLA did not include determining needed density and mix of housing.
6. **Determine capacity of buildable residential land.** Cities are required to estimate the capacity of buildable residential land within the UGB (ORS 197.296(5)). Determining capacity is typically done by comparing the estimate of buildable land (both vacant and partially vacant) in residential plan designations with the density allowed in the residential plan designation. The result is an estimate of the number of dwellings that could be built on vacant residential land. Determining residential land capacity is complicated by a number of factors, such as: (1) development density on residential lands with constraints (such as steep slopes) may be lower than on lands without constraints, (2) plan designations often allow a wide range of densities and determining the capacity of residential land requires assuming a specific density target, (3) different housing types are likely to develop at different densities within the same plan designation.
 7. **Determine residential land sufficiency.** Cities must compare the need for residential land (Step 5) with the capacity of buildable residential land within the

UGB (Step 6) to determine whether there is enough land in the UGB to meet expected housing need (ORS 197.296(6)).

8. **Consider land-use efficiency measures.** Cities are required to consider land-use efficiency measures if the housing needs analysis finds that the City may not meet identified housing needs (ORS 197.296(6) and (7)). The statute requires that the City evaluate land use efficiency measures when *needed* density and mix are different than actual density and mix.

ECLA did not include assessing or adopting land-use efficiency measures.

9. **Designation of lands for residential uses.** Cities that identify a deficiency of residential land (Step 7) must either adopt land-use efficiency measures and/or amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20-years (ORS 197.296(6)).

ECLA did not include potential amendments to the UGB.

The analysis of residential land sufficiency within the UGB from Envision Eugene may be different from the analysis in ECLA based on the analysis of needed density and mix, as well as the potential adoption of land-use efficiency measures.

APPENDIX B: DATA AND ADDITIONAL TABLES

This appendix presents additional data and tables, which supplements the discussion about variations on Eugene's housing density and mix in this memorandum. This appendix presents historical housing density and mix data that support the assumptions about density and mix used in ECLA.

Table B-1 shows average net residential density by structure type for the 2001 to 2008 period. Table C-6 shows that 4,727 tax lots had residential development during the 2001 to 2008 period, adding 6,532 *new* dwelling units. Some tax lots had pre-existing multifamily dwelling units. The average density for all residential development over the 2001 to 2008 period was 7.2 dwellings per net acre.¹³

Table B-1. Average development density by structure type, dwelling units per net acre, 2001-2008, Eugene UGB

Structure Type	Tax Lots	Dwelling Units on Lots with Development between 2001-2008			Net Acres	DU/Net Ac
		Multifamily built prior to 2001	All DU Built 2001 to 2008	Total DU		
Single-family detached	4,335	NA	4,503	4,503	837	5.4
Single-family attached	173	NA	660	660	33	20.2
Structures with 2 to 4 units	178	75	371	446	52	8.6
Structures with 5 or more units	41	412	998	1,410	59	24.1
Total	4,727	487	6,532	7,019	980	7.2

Source: LCOG GIS data and City of Eugene Planning Department, 2008, ECLA Housing Needs Analysis

Note: The density of 7.2 units per net acre accounts for all development on the 4,727 tax lots shown in Table B-1. While the density analysis focuses on development that occurred between 2001 and 2008, we would underestimate density on these tax lots if we did not account for multifamily dwellings built in phased development prior to 2001.

Housing mix is the mixture of housing (structure) types (e.g., single-family detached or apartments) within a city. Table B-2 shows changes in Eugene's housing mix from 1990 to 2007. Between 1990 and 2007, the City's mix of housing did not change substantially. The share of single-family detached units (e.g., single-family houses and manufactured homes) remained at 61% over the 17 year period. The share of attached structures did not change substantially, accounting for 40% of dwellings in 1990 and 39% of dwellings in 2007.

¹³ The density of 7.2 units per net acre accounts for all development on the 4,727 tax lots shown in Table B-1. While the density analysis focuses on development that occurred between 2001 and 2008, we would underestimate density on these tax lots if we did not account for multifamily dwellings built in phased development prior to 2001.

OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net Buildable Acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

Table B-2. Dwelling units by type, Eugene city limits, 1990, 2000, and 2007

Structure type	1990		2000		2007		New Units 1990-2007		
	Units	Percent	Units	Percent	Units	Percent	Units	Percent of total	Percent Increase
Single-family detached	28,768	60%	36,151	59%	41,923	61%	13,155	63%	46%
Single-family attached	3,264	7%	4,011	7%	4,828	7%	1,564	7%	48%
Two to four units	4,886	10%	5,877	10%	6,773	10%	1,887	9%	39%
Five or more units	11,073	23%	15,293	25%	15,371	22%	4,298	21%	39%
Total	47,991	100%	61,332	100%	68,895	100%	20,904	100%	44%

Source: U.S. Census 1990 SF3 H020, U.S. Census 2000, SF3 H30, American Community Survey 2007 B25024

Note: Single-family detached housing includes manufactured homes. The Census does not distinguish between manufactured homes in parks or on single lots.

Table B-3 shows needed density and mix in comparison to the ECLA baseline. Table B-3 also shows a version of residential land need with the needed mix (55% detached housing types and 45% attached housing types) but with the ECLA average density by housing type (e.g., single-family detached 5.4 dwelling units per net acre, single-family attached 20.2 dwelling units per net acre, etc.).

When the mix is changed to the needed mix (55%/45%), the average net density increases because of the increase in percent of denser housing types (e.g., structures with 5+ units) and the decrease in less dense housing types (e.g., single-family detached). The change is an increase of 0.4 dwelling units per net acre (a 5% increase), from 7.3 dwelling units per net acre in the ECLA Baseline analysis to 7.7 dwelling units per net acre.

Table B-3. Needed housing density and mix, 2011-2031, Eugene UGB

Assumptions	Needed Density and Mix	Needed Mix & Baseline Density	ECLA Baseline
Housing Mix			
Single-family detached	55%	55%	61%
Single-family attached	8%	8%	7%
Two to four units	12%	12%	10%
Five or more units	25%	25%	22%
Number of Units			
Single-family detached	7,565	7,565	8,390
Single-family attached	1,100	1,100	963
Two to four units	1,650	1,650	1,375
Five or more units	3,439	3,439	3,026
Total	13,754	13,754	13,754
Housing Density (dwelling units per net acre)			
Single-family detached	6.2	5.4	5.4
Single-family attached	21.0	20.2	20.2
Two to four units	10.0	8.6	8.6
Five or more units	30.0	24.1	24.1
Total Average	8.9	7.7	7.3
Housing Density by Plan Designation (dwelling units per net acre)			
Low Density Residential	6.1	5.3	5.4
Medium Density Residential	15.9	13.4	13.5
High Density Residential	35.3	30.9	31.6
Commercial Designations	24.6	21.1	20.8
Total Average	8.9	7.7	7.3
Land Deficit by Plan Designation (gross acres)**			
Low Density Residential	750	1,046	1,243
Medium Density Residential	78	114	72
High Density Residential	94	112	93
Commercial Designations*	36	42	42
Total residential land need	958	1,314	1,451

Source: ECONorthwest

*Note: The 36 acre deficit in commercial plan designations is for residential development that is expected to occur in commercial plan designations, not residential plan designations.

**Note: The gross acres estimate for Low Density Residential, Medium Density Residential and High Density Residential plan designations includes the acreage needed for housing as well as public and semi-public uses as shown in Table C-45 of the *Preliminary Eugene Comprehensive Land Assessment* document.

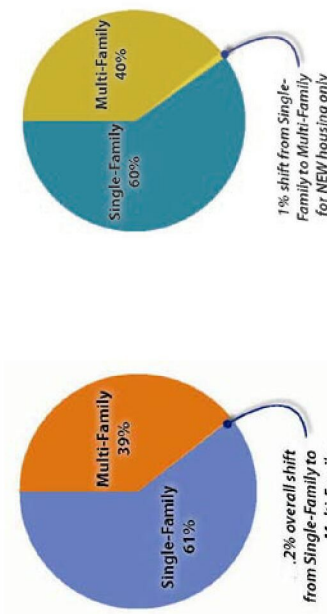
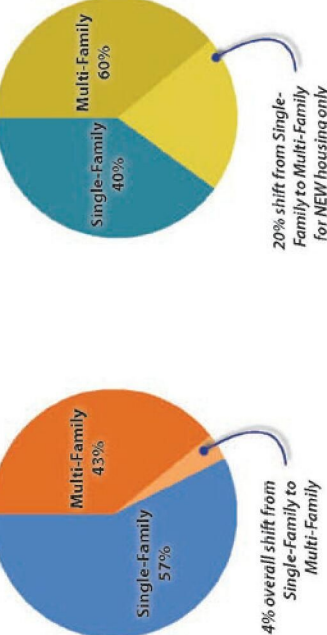
Housing Mix Comparison

This is a summary of community statements and a compilation of data and studies that have been brought forward related to the issue of what mix to plan for our new housing stock. The information is categorized by the two bookends of the discussion.

Other housing mixes in between the 60%SF/40%MF – 40%SF/60%MF mixes have also been discussed:

- The Housing Mix subgroup of the Community Resource Group established a housing mix range of between 60%SF/40%MF to 55%SF/45%MF.
- ECONorthwest’s July 2010 memo on needed housing mix and density identified a preliminary recommendation of 55%SF/45%MF.

*** The number of homes cited under each mix is rounded.

Factors	60% SF / 40% MF	40% SF / 60% MF
Housing Need Breakdown	<p>Existing dwelling units: 68,762 (41,790SF/26,972MF) New dwelling units: 14,951 (8,971SF/5,980MF) Total dwelling units by 2031: 83,713 (50,761SF/32,952MF)</p> <p>Overall (new and existing) Mix</p> <ul style="list-style-type: none"> • The current and ECLA assumed housing mix is 61%SF/39%MF • Under this mix, the share of single-family as a percentage of the overall housing mix decreases by less than 1% (or 149 new units) by 2031 • Overall mix by 2031: 61%SF/39%MF <p>Overall Mix (2031) Mix of new housing only</p> 	<p>Existing dwelling units: 68,762 (41,790SF/26,972MF) New dwelling units: 14,951 (5,980SF/8,971MF) Total dwelling units by 2031: 83,713 (47,770SF/35,943MF)</p> <p>Overall (new and existing) Mix</p> <ul style="list-style-type: none"> • The current and ECLA assumed housing mix is 61%SF/39%MF • Under this mix, the share of single-family as a percentage of the overall housing mix decreases by 4% (3,140 new units) by 2031 • Overall mix by 2031: 57%SF/43%MF <p>Overall Mix (2031) Mix of new housing only</p> 

Factors	60% SF / 40% MF	40% SF / 60% MF
	<p>Housing is accommodated as follows under this mix: Demand: 14,951 dwelling units</p> <p>By building type: SFD: 8,971 units SFA: 1,047 units 2-4 du: 1,495 units 5+ dus: 3,439 units</p> <p>By plan designation: LDR: 9,277 du MDR/HDR/Com: 5,674 du</p> <p>Homes accommodated on vacant land (under ECLA assumptions): Vacant LDR land: 4,600 SF units 300 MF Vacant MDR land: 200 SF units 1,700 MF Vacant HDR land: 0 SF units 1,400 MF</p> <ul style="list-style-type: none"> Overall densities could be affected by strategies implementing this mix. <p>Remaining deficit to be accommodated (under ECLA assumptions): Re-development / Re-designation / Expansion: 4,300 SF units 2,400 MF</p>	<p>Housing is accommodated as follows under this mix: Demand: 14,951 dwelling units</p> <p>By building type: SFD: 5,980 units SFA: 1,794 units 2-4 du: 2,243 units 5+ dus: 4,934 units</p> <p>By plan designation: LDR: 6,803 du MDR/HDR/Com: 8,148 du</p> <p>Homes accommodated on vacant land (under ECLA assumptions): Vacant LDR land: 4,600 SF units 300 MF Vacant MDR land: 200 SF units 1,700 MF Vacant HDR land: 0 SF units 1,400 MF</p> <ul style="list-style-type: none"> Overall densities could be affected by strategies implementing this mix. <p>Remaining deficit to be accommodated (under ECLA assumptions): Re-development / Re-designation / Expansion: 1,300 SF units 5,500 MF</p>
Context	<ul style="list-style-type: none"> Similar to historic mix and mix of all housing as of 2007 Assumes a continuation of previous housing trends and environmental and economic factors 	<ul style="list-style-type: none"> Assumes a significant shift in housing trends and environmental and economic factors towards more multi-family housing
Strategies Needed	<ul style="list-style-type: none"> Some land use efficiency strategies will be implemented regardless of the housing mix determination because of state law and community visioning, but the aggressiveness/investment to which they are pursued could be less 	<ul style="list-style-type: none"> Some land use efficiency strategies will be implemented regardless of the housing mix determination because of state law and community visioning, but the aggressiveness/investment to which they are pursued would be more such as:

Factors	60% SF / 40% MF	40% SF / 60% MF
		<ul style="list-style-type: none"> ○ Incentives and changes to key transit corridors and core commercial areas required to increase multi-family housing ○ Increased flexibility in Commercial zones to facilitate multi-family housing ○ Will need additional strategies that have yet to be determined
<p><u>Potential Implications</u></p>	<p>Larger Community</p> <ul style="list-style-type: none"> ● Fewer land use changes needed (code or plan designation) within the current UGB ● Fewer changes to corridors needed <p>Market</p> <ul style="list-style-type: none"> ● Provides more housing for market segment that desires yards/space and single-family detached (as compared to multi-family housing) ● If single-family demand decreases, the entire single-family expansion area may not be needed ● Single-family homes in an expansion area could be vulnerable to higher transportation costs <p>Climate Change and Energy Uncertainty</p> <ul style="list-style-type: none"> ● If single-family detached demand is not met in Eugene, it may be met in outlying communities, increasing the transportation cost burden and vehicle miles traveled (VMT) for those households 	<p>Larger Community</p> <ul style="list-style-type: none"> ● Land use changes needed to focus redevelopment along key transit corridors and core commercial areas such as through code amendments, area planning, etc. ● Focuses denser housing along key transit corridors and core commercial areas, possibly relieving infill pressure in existing single-family areas <p>Market</p> <ul style="list-style-type: none"> ● Provides more housing for market segment that desires quicker access to services (e.g. transit, retail, daily services) ● Increases the variety of housing types in the housing stock ● Change may be too much for market to support resulting in underdevelopment of multi-family lands <p>Climate Change and Energy Uncertainty</p> <ul style="list-style-type: none"> ● Better prepares community for climate and energy changes and reducing greenhouse gas emissions from transportation per Senate Bill 1059 by increasing density near the core, including around transit and services (could lower VMT) ● Likely to result in buildings with lower energy use, cost and greenhouse gas emissions per capita (multi-family dwellings are on average, significantly more energy efficient than single-family detached dwellings of the same square footage and occupancy)

Factors	60% SF / 40% MF	40% SF / 60% MF																								
<p><u>Potential Implications</u></p> <p>Public Infrastructure</p> <ul style="list-style-type: none"> • Current public investment levels will need to continue facilitating redevelopment (such as continued financial investment in downtown) • More infrastructure needed for transportation and utility extensions to serve housing in expansion areas <p>Affordability</p> <ul style="list-style-type: none"> • Presumes that other factors and policies will address the widening housing affordability gap • The TRG has not yet been able to establish findings regarding the affect on housing affordability <p>UGB</p> <ul style="list-style-type: none"> • Larger UGB expansion for housing, greater infrastructure need and cost outside the current UGB • As an example, under the ECLA assumptions, an approximately 860 acre expansion would be needed for LDR housing <p>Overall Density</p> <ul style="list-style-type: none"> • Less than 1% increase to overall average net density from the current/ECLA assumption of 7.3 dwelling units per net acre to 7.4 dwelling units per net acre: <table border="0" data-bbox="1201 1218 1396 1785"> <tr> <td>By Plan Designation:</td> <td>By building type:</td> </tr> <tr> <td>LDR 5.4</td> <td>SFD 5.4</td> </tr> <tr> <td>MDR 13.5</td> <td>SFA 20.2</td> </tr> <tr> <td>HDR 31.6</td> <td>2-4 du 8.6</td> </tr> <tr> <td><u>Com 20.8</u></td> <td><u>5 or more 24.1</u></td> </tr> <tr> <td>Total 7.4</td> <td>Total 7.4</td> </tr> </table>	By Plan Designation:	By building type:	LDR 5.4	SFD 5.4	MDR 13.5	SFA 20.2	HDR 31.6	2-4 du 8.6	<u>Com 20.8</u>	<u>5 or more 24.1</u>	Total 7.4	Total 7.4	<p>Public Infrastructure</p> <ul style="list-style-type: none"> • More investment is needed by the city to remove barriers to denser housing and mixed use (see Strategies Needed above) within the current UGB • Less infrastructure needed for transportation and utility to serve housing in expansion areas • Compact development in the core and along transit corridors may increase ridership and make existing transit routes more financially feasible <p>Affordability</p> <ul style="list-style-type: none"> • The TRG has not yet been able to establish findings regarding the affect on housing affordability <p>UGB</p> <ul style="list-style-type: none"> • Smaller UGB expansion for housing, greater infrastructure need and cost inside the core area • As an example, under the ECLA assumptions, an approximately 280 acre expansion would be needed for LDR housing <p>Overall Density</p> <ul style="list-style-type: none"> • Approximately 23% increase in overall average net density from the current/ECLA assumption of 7.3 dwelling units per net acre to 9.0 dwelling units per net acre (because there are more multi-family units which utilize less space): <table border="0" data-bbox="1201 378 1396 945"> <tr> <td>By Plan Designation:</td> <td>By building type:</td> </tr> <tr> <td>LDR 5.5</td> <td>SFD 5.4</td> </tr> <tr> <td>MDR 13.5</td> <td>SFA 20.2</td> </tr> <tr> <td>HDR 31.6</td> <td>2-4 du 8.6</td> </tr> <tr> <td><u>Com 20.8</u></td> <td><u>5 or more 24.1</u></td> </tr> <tr> <td>Total 9.0</td> <td>Total 9.0</td> </tr> </table>	By Plan Designation:	By building type:	LDR 5.5	SFD 5.4	MDR 13.5	SFA 20.2	HDR 31.6	2-4 du 8.6	<u>Com 20.8</u>	<u>5 or more 24.1</u>	Total 9.0	Total 9.0	
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Factors	60% SF / 40% MF	40% SF / 60% MF
<p><u>Potential Implications</u></p>	<p>Average dwelling units per year Historically, from 2001-2008: SFD: 526 dwelling units built per year MF: 218 dwelling units built per year</p> <p>Under this mix: SFD: 8,971 / 20 yrs = 448 SFD dwelling units built per year MF: 5,980 / 20 yrs = 299 MF dwelling units built per year</p>	<ul style="list-style-type: none"> Multi-family housing densities might increase slightly (thus increase overall average slightly) to accommodate all multi-family inside the UGB <p>Average dwelling units per year Historically, from 2001-2008: SFD: 526 dwelling units built per year MF: 218 dwelling units built per year</p> <p>Under this mix: SFD: 5,980 / 20 yrs = 299 SFD dwelling units built per year MF: 8,971 / 20 yrs = 448 MF dwelling units built per year</p>
<p>Eugene/Lane County Relevant Data with Potential Implications</p>	<p><u>Key demographic factors and possible affects on housing trends</u> Eugene has a larger share of college aged people than Lane County as a whole</p> <p>Eugene’s population is growing older Eugene’s older households and housing choice: ○ Provides more single-family homes for older households (over age 45) that are typically homeowners Eugene’s younger households and housing choice: ○ Provides more single-family residential for younger households that want to live in single-family</p>	<p><u>Key demographic factors and possible affects on housing trends</u> Eugene has a larger share of college aged people than Lane County as a whole</p> <ul style="list-style-type: none"> Provides more multi-family for college aged people of which the majority rent and are more likely to live in multi-family <p>Eugene’s population is growing older Eugene’s older households and housing choice: ○ Provides opportunities for more housing types responding to older households decreasing from living in single-family detached after ages 65- 70. Eugene’s younger households and housing choice: ○ Provides opportunities for alternative housing types to own for younger households (under age 25) that typically have lower incomes ○ Provides more multi-family housing for younger households the majority of which live in multi-family</p>

Factors	60% SF / 40% MF	40% SF / 60% MF
Eugene/Lane County Relevant Data with Potential Implications	<p>Eugene's households are generally smaller (than historical Eugene households and current Lane County and State household sizes) and Eugene had more non-family households and fewer households with children</p> <ul style="list-style-type: none"> ○ Provides more opportunity for more, smaller single-family dwellings <p>Eugene is becoming more ethnically diverse</p> <ul style="list-style-type: none"> ○ Provides more opportunity for larger households <p><u>Key housing trends</u> Since 2000, housing starts in the selected cities within Lane County have been dominated by single-family types</p> <ul style="list-style-type: none"> ○ Responds to continued demand for single-family detached <p>Eugene's housing became less affordable for renting and owning over the last decade</p> <ul style="list-style-type: none"> ○ Bringing new single-family dwellings onto the market may free up existing single-family dwellings that generally rent or sell for less than similar newly constructed dwellings. ○ Provides more single-family detached which allows those who can afford to move to new single-family to vacate existing single-family detached for those with less income 	<p>Eugene's households are generally smaller (than historical Eugene households and current Lane County and State household sizes) and Eugene had more non-family households and fewer households with children</p> <ul style="list-style-type: none"> ○ Provides more opportunity for more, smaller household types <p>Eugene is becoming more ethnically diverse</p> <ul style="list-style-type: none"> ○ Provides more opportunity for more affordable housing <p><u>Key housing trends</u> Since 2000, housing starts in the selected cities within Lane County have been dominated by single-family types</p> <ul style="list-style-type: none"> ○ Responds to demand for multi-family which typically happens after an increase in single-family detached demand <p>Eugene's housing became less affordable for renting and owning over the last decade</p> <ul style="list-style-type: none"> ○ Provides more opportunities to increase the variety of housing types affordable to lower and middle income levels ○ Bringing new multi-family dwellings onto the market may free up existing multi-family dwellings that generally rent or sell for less than similar newly constructed dwellings. ○ Eugene has a low multi-family vacancy rate so new multi-family housing may increase multi-family options

Key:
 MF: multi-family housing (including SFA, 2-4 du, 5 + du)
 SF: single-family detached housing
 SFD: single-family detached housing

SFA: single-family attached housing

2-4 du: 2-4 dwelling units

5 + du: 5 or more dwelling units

Plan designation: Metro Plan diagram land use designation

Re-designation: To change the land use designation of an area from what it is currently designated on the Metro Plan diagram

**Sustainability
Commission**

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Memorandum

June 22, 2011

TO: Honorable Mayor and City Council
FROM: Sustainability Commission
RE: Envision Eugene: Housing Mix

In light of our role in advising Council on policy matters, the Sustainability Commission recently discussed the housing mix options under consideration by the Envision Eugene Technical Resource Group. We applaud the work of the Technical Resource Group to systematically assess the many ways in which housing affordability and livability may be affected by housing mix goals. The following represents our consensus feedback at this time, though we expect to weigh in further in September as well.

Our comments are intended to provide a suggested direction by drawing attention to the consistency of one mix or another with the seven pillars that Council has advanced for public discussion, as well as with the previously adopted Climate and Energy Action Plan. The Sustainability Commission does not recommend a particular numerical ratio for the future housing mix in Eugene. We do, however, recommend a set of questions for staff, advisory committees and advocates of specific housing mix ratios.

If the future of Eugene is to align with our vision and resolve the inherent tradeoffs among the seven pillars, the optimal housing mix ratio should be driven by a long view of impacts. There are indications that many drivers of the housing market are changing -- including generational differences in housing preferences, availability of mortgages, cost of transportation energy and building energy, and community commitments to tackling climate change and local energy security. We recommend that you ask advocates of specific housing mix values to look into the future as they make their arguments, and to be creative about how to reconcile such goals as density, affordability, and livability.

As we understand the pillars, they tell us that our community must shift toward compact mixed-use development focused on transit corridors. Retaining the status quo 60:40 mix of single family and multi-family housing will block our ability to achieve our shared vision as represented by the pillars. Even the 40:60 (single family: multi-family) housing mix option makes this shift only slowly and modestly over the timeframe under consideration. We see a mix closer to the 40:60 alternative as much more consistent with the seven pillars.

We look forward to a follow up work session with Council to discuss broader implications of Envision Eugene and to respond to questions raised at our work session with you in April.

Memorandum

Date: Tuesday, June 21, 2011
To: Heather O'Donnell, Land Use Planning Department
From: J. Norton Cabell, chair, Intergovernmental Housing Policy Board

At our June 6 meeting, the Housing Policy Board had a discussion regarding housing mix following a presentation from your folks who briefed us on Envision Eugene. The mission of the Housing Policy Board is to increase the availability of decent, affordable housing for our low-income residents, so the issue is important to us. You asked for our thoughts in writing.

We discussed the factors that affect housing affordability: underlying costs of housing (land, construction, financing, regulations), demand (size, features, amenities), and changes in the supply/demand ratio (reflected by fluctuating house prices [for owner-occupied housing] and vacancy rates [for rental housing]). Many of those factors are beyond the ability of local government to influence.

No one seems able to point to data showing the exact correlation between housing mix and the cost of housing or housing affordability. But the Housing Policy Board believes that multi-family housing is cheaper to buy or rent than single-family detached housing. So the Board wants to encourage the City to increase the supply of land devoted to multi-family construction as one tool for improving housing affordability. We understand that the current mix of housing is 61% single family detached, 39% multi-family. We understand discussions of the various groups considering the issue have ranged from leaving that ratio alone in planning for how much to expand the UGB to moving it from 61/39 to 55/45.

Housing affordability is a critical issue in Eugene. The city has historically had a very low rental vacancy rate when compared to like-sized communities or other Oregon cities. That indicates that demand for rental housing (one proxy for affordable housing) exceeds supply. We encourage you to be bold. We believe that population trends, such as an aging population and smaller family sizes, coupled with the long-standing lack of affordable housing, compared to other cities, will drive down the future need for single-family detached housing in Eugene and drive up the demand for multi-family. So we encourage you to use what tools you have, including changing the planned housing mix, to accommodate more multi-family housing.

To: Mayor Piercy and members of the Eugene City Council

From: Eugene Planning Commission

Date: September 21, 2011

Subject: Envision Eugene Pillar #2: Provide Affordable Housing for All Income Levels

As you consider the manner in which the City will accommodate some 34,000 additional people who are expected to call Eugene home over the next 20 years, we encourage you to *assure a sufficient supply of land for a broad range of housing types (both single family and multifamily), and provide the means to facilitate, not just mandate, higher density housing in appropriate areas.* We offer the following to inform your decisions.

We know you appreciate the input from thoughtful citizen volunteers, city staff and consultants who dedicated thousands of hours of their time reviewing data and literature relevant to demographic, climatic, environmental, energy and economic trends. These people include the members of the Community Resource Group, the Technical Resource Group, and the general public who offered comments at the community outreach sessions conducted by the Planning Department staff. The culmination of this effort acknowledges changes ahead for our community: an older, more ethnically diverse population with fewer people per household; warming atmospheric temperatures; volatility in the supply and price of fuel and power; and escalation in the cost of food production and housing construction.

Certainly, these indicators of the future reinforce existing local policies directed toward compact urban growth, neighborhood character preservation and natural resource conservation – policies that have been at the center of our local land use planning philosophy for decades. From the knowledge gained during the past several months, the picture that appears in our collective crystal ball encourages us to continue with current planning initiatives such as Infill Compatibility Standards, Opportunity Siting and higher density, mixed-use development along transit corridors – all of which we anticipate will facilitate the efficient use of urbanizable land and achieve goals that sustain the quality of life we enjoy.

During the Envision Eugene process, a considerable amount of discussion focused on how our land use planning policies can affect housing affordability to meet the expectations of people across a wide socio-economic spectrum. Housing cost exceeds the ability of many people to purchase a home, and consumes a significant proportion of household income for many others. On the other hand, the educational, cultural and recreational opportunities our City offers continue to be attractive to people who desire housing at both ends of the price spectrum.

There is a general sense that duplexes, apartments and condominiums are more affordable than single family units. It is intuitive and supported by anecdotal examples to suggest that higher density, multifamily dwelling units are more affordable to rent or own; however, concrete evidence supporting this conclusion is lacking. Available empirical data for our community indicates that the cost of building new multifamily housing places these higher density units at the upper end of the scale for either rent or

purchase. Recent multifamily projects built for owner purchase have targeted the upper end of the market providing no local examples of recently constructed owner-occupied affordable multifamily housing. The cost of multifamily housing has implications regarding Envision Eugene's objective of accommodating essentially all of the future demand for multifamily housing along designated transit corridors and in core commercial areas since redevelopment of these areas may result in comparatively expensive units. Without changes in the city's land use policies or affordability measures, the cost of new multifamily housing puts these units out of reach of the lower end of the rent or purchase scale. The extent to which additions to the multifamily housing stock may make the cost of older units more affordable will have to be measured over time. As has been demonstrated by the "bursting of the housing bubble", affordability is in large part determined by housing supply and demand and the availability of institutional financing.

Likewise, when housing and transportation expenses are considered in combination with each other, costs due to the escalating price of gasoline could be ameliorated by providing denser housing in proximity to employment centers and transit lines. However, given the relatively short commuting distances within Eugene, as well as between Eugene and outlying communities, the relationship between these two major household expenditures and the extent to which one may affect the other is unclear at this time, warranting further study as recommended by Strategy #3 of the 2nd Pillar of Envision Eugene.

In addition to the factors of supply and demand in which a surplus of housing units can generally lower rents and mortgages, housing affordability is perhaps as much a function of economic policies which result in higher employment and higher personal income. Until our local economy improves significantly, we can expect housing affordability to remain a major issue, and even when the job market rebounds, subsidized housing will likely remain a necessity. Ensuring an adequate amount of land for economic development, continuing the City's affordable housing land banking program, facilitating private and not-for-profit multifamily development efforts, and exploring alternative possibilities merit your consideration., e.g.: land trust programs; substituting Systems Development Charges (SDCs) with a Local Improvement District (LID) and forgiving the taxes for low income buyers; creating a program similar to the Multiple Unit Property Tax Exemption (a MUPTe-like program) that encourages construction of housing serving low income buyers.

Notwithstanding all of the information that the Envision Eugene process has engendered, what remains perplexingly uncertain is the degree to which the values, preferences and behaviors of Eugeneans as a whole will change as we face challenges over the next two decades. The magnitude to which people may modify their lifestyles either by choice, cost of living or governmental policy during this relatively short time frame is unclear. Specifically in regard to housing, it is not possible to determine with any measure of certainty the extent to which local residents may shift away from living in the types of homes that characterize today's housing market. Current literature is both contradictory and inconclusive regarding whether multifamily housing may supplant the traditional desire of owning a single family home on a parcel of land. Nor does available research enable us to determine the significance which either the price of fuel or alternatives to gasoline powered automobiles may have in reducing vehicle miles travelled and greenhouse gas emissions. Although we can make some informed projections, there simply is no quantitative or qualitative basis of fact to definitively predict how people will respond to what may

happen in the future – or the extent to which city policy may influence their behavior. This uncertainty makes it difficult to accurately anticipate or calculate the amount of land that will be needed to house our projected population increase.

A key factor in determining needed land supply is the rate at which vacant and partially vacant land within the existing Urban Growth Boundary (UGB) may develop. We can probably all agree that utilizing currently undeveloped land and existing infrastructure capacity before expanding the UGB makes sense and would preclude the premature urbanization of resource lands. But to expect all of this land to be developed during the planning period is unrealistic given decisions that individual property owners make, and could elicit negative response from some concerned about potential undesirable effects that full development might have on the character of existing neighborhoods. Some owners are apt to hold onto their properties indefinitely as a lifestyle preference. Other owners may delay development for speculation purposes, while some properties may never be developed given natural constraints. Additionally, some land is either not served or is underserved by public infrastructure, and the capital improvement programming to upgrade or extend public facilities and services is not established. This is a city financing matter that affects the timing of development of these lands. Furthermore, we know that when vacant or partially vacant land is developed to higher densities in established neighborhoods, it is often met with dismay and resistance from those who live in the area. For these reasons, we cannot anticipate that all land will be used at maximum efficiency during the planning period. Therefore, in determining the amount of vacant and partially vacant land within the UGB that is available for development, it is worthwhile to temper (within the parameters established by statewide planning law) developmental capacity with ownership expectations, neighborhood livability and public infrastructure availability.

Because there is no single right or wrong approach to the uncertainty we face, as you set the direction that will shape our community during the next twenty years, we ask that you formulate policies which provide latitude and discretion to address whatever changes and challenges may lie ahead. We've learned from past planning experiences, e.g., neighborhood refinement plans, nodal /mixed-use center plans, and floor area ratio standards, that attempts at forecasting and directing in more than a general way how real estate will develop over time can be fraught with pitfalls. While the purpose of city planning is to guide development and growth, it is prudent for us to moderate our expectations with realities of the residential real estate market, and to proceed cautiously regarding the extent to which policy can influence outcomes. Obviously, circumstances change in unanticipated fashion. If we are overly prescriptive and/or proscriptive and do not allow ourselves the ability to adapt, we run the risk of generating unintended consequences and missing unforeseen opportunities. Therefore, to meet our projected future housing needs, we encourage you to *assure a sufficient supply of land for a broad range of housing types (both single family and multifamily), and provide the means to facilitate, not just mandate, higher density housing in appropriate areas.*

For all of the above reasons, we find it difficult to recommend an exact ratio of single family to multifamily housing to assign to the new residential development that is expected to occur in our community. Below, we provide a rationale establishing reasonable bookends for this ratio.

On one end of the scale, a plausible argument can be made based on historical data pertaining to housing mix, rates of development for green field and infill sites, and dwelling unit-densities. By planning for the upper end of projected acreage needs, i.e., 60 percent single family/40 percent multi-family new housing ratio (which is slightly denser development than we have experienced in recent years), we would allow ourselves leeway to adjust to the vagaries of the housing market, stimulate competition among builders, and provide choices for home buyers and renters. As part of this approach, amending our development code to permit alley access lots and promote the construction of secondary dwelling units could further our goal of compact development and conceivably produce more affordable homes. Numerous other code “fixes” could be implemented as part of our land efficiency strategies to reduce the time and expenses associated with permitting requirements. Importantly, if demand for the types of single family homes does not continue as it has in the past, land designated for development would remain vacant and useable for agriculture, forestry or open space for some additional time beyond the planning period, serving essentially as an “urban reserve”. Conversely, by designating a lower amount of land for housing, we run the risk of constraining land supply, thereby potentially increasing land cost and adversely affecting affordability. This approach has the potential for driving development to outlying communities with the attendant consequence of increased commuting, vehicle miles travelled and greenhouse gases emitted.

On the other end of the range, in recognition of whatever challenges the future holds, and to guard against unbridled sprawl and the inefficient use of urbanizable land, it is incumbent upon us to proactively manage the development of land located both within the existing, and potentially an expanded, UGB. Our current annexation policy that requires “contiguity” or “adjacency”, i.e., only land next to the city limits can be annexed, is the first safeguard we already have in place for conserving both natural and financial resources. A more robust and transparent review process of our Capital Improvement Program on at least a biannual basis would ensure opportunity for public involvement and City Council control of the timing of the extension of key urban services into expansion areas, thereby phasing annexations and managing growth. Coupled with public/private partnership programs and incentives designed to facilitate development/redevelopment of infill sites and increase density along transit corridors and in core commercial areas, the City would be able to balance annexations with the rate of development of vacant and partially vacant land inside the existing UGB and to facilitate higher density development. In this regard, a 50 percent single family/50 percent multi-family new housing mix is perhaps a justifiable, although aggressive, ratio toward which to manage housing development. Monitoring programs outlined in the 7th Pillar of Envision Eugene provide further assurance that adjustments could be made in a timely manner to policies regarding the housing mix and land designations as future circumstances deem appropriate.

Because state mandate requires that we establish a specific percentage target housing mix, our bookends or parameters are insufficient. At our meeting on September 20, 2011, we took a poll among ourselves to determine the level of support for a particular housing mix for new housing development. After considerable discussion, the result was: four members favor a 60 percent single family / 40 percent multifamily mix, and three members favor a 55 percent single family / 45 percent multifamily mix. As the final decision makers on this point of housing mix, we applaud your perseverance in making this

difficult decision that will steer the City's growth for the future. We do hope that our own struggles to provide you with useful information will assist your deliberations on how to accommodate Eugene's projected population growth.

As Shakespeare's Coriolanus recognized, "the people are the city". With respect to the 34,000 people whose future preference for housing we cannot predict, and out of respect for all of the people who shared facts and expressed opinions during the Envision Eugene process, it is incumbent upon us to find a way to avoid our collective "worst fears" and to achieve our "best outcomes". If all of the demographic, climatic, energy and other changes come to pass in the next 20 years and the citizens of Eugene decide to drive less and live in higher density housing near the urban core and along transit corridors, the city needs to be in a position to provide for these outcomes. If, on the other hand, more efficient automotive technology and a preference for the American Dream single family home sustain the status quo, the city needs to position itself to accommodate these expectations as well. *By assuring a sufficient supply of land for a broad range of housing types (both single family and multifamily), and providing the means to facilitate, not just mandate, higher density housing in appropriate areas,* the City of Eugene can prepare for the uncertainties of anticipated growth in a rational, balanced manner that has a reasonable chance of offering affordable housing choices while achieving compact urban growth, neighborhood preservation and natural resource protection to the year 2031 and beyond. By using this approach, the objectives of individuals, neighborhoods and the City as a whole can be satisfied.

Respectfully submitted,

A handwritten signature in black ink that reads "JK Mills". The signature is written in a cursive, slightly slanted style.

Jeffery Mills, Chair
Eugene Planning Commission

**Technical Resource Group Committees
Envision Eugene**

Technical Resource Group Member List

Shawn Boles*	Eugene Sustainability Commission
Rick Duncan*	Eugene Planning Commission
Erin Ellis	Our Money Our Transit
Roger Gray	Eugene Water & Electric Board
Kevin Matthews*	Friends of Eugene
Ed McMahon*	Home Builders Association of Lane County
Mia Nelson*	1,000 Friends of Oregon
Gretchen Pierce	Hult & Associates
Laura Potter*	Eugene Area Chamber of Commerce
Sue Prichard*	Former Infill Compatibility Standards Co-Chair

Other participants:

Joshua Skov	Eugene Sustainability Commission
Barbara Mitchell	Cal Young Neighborhood Association
Randy Hledik	Eugene Planning Commission

* denotes active members

TRG Partially Vacant Lands Subcommittee

Rick Duncan	Eugene Planning Commission
Kevin Matthews	Friends of Eugene
Ed McMahon	Home Builders Association of Lane County
Mia Nelson	1,000 Friends of Oregon

TRG Spreadsheet Subcommittee

Shawn Boles	Eugene Sustainability Commission
Rick Duncan	Eugene Planning Commission
Kevin Matthews	Friends of Eugene

ATTACHMENT G

**Economic Development Group Membership
Envision Eugene**

Bill Aspegren
Shawn Boles
Rick Duncan
Dave Hauser
Kevin Matthews
Mia Nelson
Rusty Rexius
Jack Roberts
Gary Wildish

*Staff are seeking one additional member with expertise on agricultural lands to fill the spot vacated by
Kate Perle