

Exhibit 2

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PLANNING DEPT.



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August 4, 2015

MAYOR and CITY COUNCIL
City of Medford
c/o Joe Slaughter, Medford Planning Department
200 South Ivy Street
Medford, Oregon 97501

RE: *1000 Friends of Oregon Letter*

Dear Mayor and Council:

On March 4, 2015, the City of Medford received a letter from 1000 Friends of Oregon's local representative, Greg Holmes. That letter expresses several concerns with Medford's UGB proposal. Among the concerns raised, 1000 Friends of Oregon asserted that Medford had "double counted" certain categories of land need, resulting in the UGB being larger than required by law. The UGB proposal has proceeded through the Planning Commission over the ensuing months after the 1000 Friends' letter was received. The Planning Commission's UGB recommendation reduced the proposed UGB expansion from the original staff proposal by approximately 150 acres. The removed acreage was, in large part, a response to the letter from 1000 Friends of Oregon. While the 1000 Friends letter may point up legal and policy issues for the Council to consider as well, the purpose of this letter is to provide technical guidance on the quantitative concerns expressed by 1000 Friends of Oregon.

ANALYSIS SUMMARY

This memo includes detailed technical analysis of the concerns expressed by 1000 Friends of Oregon. The bellow bullet points summarize the analysis:

- **The Housing Element plans for 51 percent of the total population growth planned in the RPS Plan. Not 40 percent.**
- **The Housing Element accounted for expected housing density yield on steep slopes and the RPS Plan does not (and was not required to).**
- **15 percent of the projected public sector employment growth is not allocated to office land needs. This employment growth can explain the variety of other types of government land needs described in the Housing Element and Economic Element.**
- **Land needs described in the Housing Element for churches and fraternal organizations rely on existing ratios. CSA is unaware of any regulatory requirement that renders such a projection improper.**

BACKGROUND

The City's Housing Element and Economic Element are foundational components of the Comprehensive Plan that establish 20-year land demands for residential and employment lands (as well as an evaluation of land supply to meet such demands within the existing UGB). Major legislative land use changes within the City's existing UGB have already been made in reliance on these Comprehensive Plan Elements. The City of Medford adopted hundreds of acres of GLUP Map amendments that were approved through Phase 1 of the UGB work on December 4, 2014. CSA Planning Ltd. performed consulting work under contract with the City of Medford on both plan elements: for the Economic Element we partnered with Johnson Economics out of Portland and for the Housing Element we performed refinement work on the original



draft prepared by EcoNorthwest. Separately, CSA Planning Ltd. was the prime contractor to develop the land use planning documentation and findings of fact for the Regional Problem Solving plan. Our firm has developed a working knowledge of the relevant foundational components of the City's Comprehensive Plan through these prior engagements.

ASSERTED RPS PLAN AND UGB PROPOSAL DISCREPENCY

1000 Friends of Oregon observes that the proposed UGB expansion is the first 20-year UGB amendment since adoption of the RPS plan and the RPS plan was intended to provide a 50-year supply of land for the City's UGB. 1000 Friends of Oregon provides reasoning that the City's proposal should consume approximately 40 percent (or 20/50ths) of the available land supply in its first post-RPS UGB amendment. 1000 Friends of Oregon calculated the initial staff proposal (now reduced by ~150 acres in the Planning Commission recommendation) to consume approximately 68 percent of the total land supply which they state to be "far more than any reasonable margin of error."

These concerns expressed by 1000 Friends of Oregon can be explained as follows:

- The City's UGB proposal, as amended, must accommodate planned population growth over the 20-year period. When urban reserves¹ were established through the Regional Problem Solving process, it was to supply land to accommodate a doubling of the Region's population. As the Region's largest city, Medford would be expected to plan for *more* than a doubling of its population and this is the case. The regional forecast also projected faster growth in the first half of the planning period and a slower pace of growth in the second half. The RPS plan's future population for Medford is 159,308 (2055) and the base population was 70,855 (2005). This is a factor of 2.25 and represents an increase of 88,453 people. Medford's Housing Element plans for a population of 115,869 through the year 2029. This is an increase of 45,014 from the RPS base population or 51 percent of the total planned growth in RPS for the City of Medford (rather than only 40 percent as asserted by 1000 Friends of Oregon). Thus, the proper number for comparative purposes in 1000 Friends of Oregon line of reasoning is actually 51 percent and not 40 percent.
- What then is the source of the remaining discrepancy between 68 percent and 51 percent? The simple answer is that the high percentage of relatively steep topography in Medford's *existing* vacant land supply was not accounted for in the RPS Plan. Approximately one third of the existing available residential land supply is located on slopes exceeding 15 percent. By law, the City is not required to count land steeper than 25 percent in its calculation of buildable land.

This is the fundamental reason the plans do not reconcile and this explains most all of the remaining 17 percent discrepancy. For residential land, the RPS Plan uses the exact same figure (2,592) for vacant and redevelopable land supply as the Housing Element. The RPS Plan assumes that this land area has the capacity for approximately 42,255 people or about 17,282 dwelling units. The Housing Element estimates it has the capacity for about 27,932 people or about 11,424 dwelling units. The difference is that the RPS Plan assumes that all the vacant and redevelopable land can build out at 6.6 units to the gross acre. The problem is that 582 acres of that land is 15 percent to 25 percent slope and 265 acres is over 25 percent slope which, as mentioned above, is

¹ Urban Reserves are those identified lands surrounding Medford into which the Urban Growth Boundary must expand as a first priority.



considered unbuildable under the LCDC's Housing Rule – OAR Chapter 660, Division 008.

Under normal housing market conditions in Medford, it is physically impractical to comply with Medford's municipal infrastructure standards and modern building code standards and attain comparable levels of urban development intensity on land with slopes over 15 percent. The assumed overall density of 6.6 units per acre in the RPS Plan cannot practicably be made up on the remaining 1,745 acres of vacant and redevelopable residential land that is flat². The Housing Element's capacity estimate is accurate and is consistent with housing development that has occurred since the last periodic review. Conversely, the RPS Plan's assumed capacity is not reasonable nor does it appear attainable through regulatory controls alone, and would thereby require significant market intervention, such as a large public subsidy.

DOUBLE COUNTING ASSERTIONS

1000 Friends of Oregon raises a variety of interrelated concerns regarding land needs. They all have a common theme in that they assert various double counting of urban land needs and or supplies. These objections are handled in turn, as follows:

1. Buildable Park Land vs. Unbuildable Open Space Issue

It is difficult to discern exactly what is meant, from a supply/demand standpoint, by the 1000 Friends of Oregon comments regarding "buildable park land" versus "unbuildable open space". It appears what is meant is that some portion of the land to be included in the UGB that is being considered "unbuildable" by the City should actually be credited against a portion of the identified land needs for future uses such as parks, schools, open spaces and churches. In some instances that might well be true. In other instances it may not. CSA agrees with 1000 Friends of Oregon that this is both an important and potentially confusing GIS accounting exercise. There are policy and technical considerations that should be clearly explained. While we may disagree with 1000 Friends of Oregon on some of the technical particulars on how best to execute the analysis, we agree it is important. The record to-date does not have the level of rigor desired by 1000 Friends of Oregon and it is recommended that detailed and rigorous analysis be completed to explain the technical basis for the proposal in this regard and to have the same incorporated into the record of the UGB proceedings.

2. Assertions that Additional Land Needs for "Other Uses" Miscalculated

1000 Friends of Oregon takes issue with the 426 acres of "other" land needs identified in the Housing Element. 1000 Friends of Oregon claims the City increased its land needs for "other uses" in residential areas in excess of the safe harbor without justification.

First it is helpful to deal with the safe harbor issue. Safe Harbors are not mandatory. They are optional. Typically jurisdictions utilize safe harbors when they approximate reality to save time and effort or when the safe harbor is somewhat aspirational but in a manner that is desirable to the jurisdiction on a policy level. This cited safe harbor is neither. The Housing Element used actual

² To be "practicable", it would need to comply with the housing needs required by ORS 197.298(7). This would require the City to demonstrate it is "demonstrably likely" that development of the remaining "flat" lands in Medford will nearly double over the next 20 years from the historical densities delivered since the last periodic review pursuant to ORS 197.298(5). Housing is not a government supplied commodity and demonstrating the market would absorb such radically different product type and mix in next 20 years cannot "practicably" be shown to be "demonstrably likely." (as required by ORS 197.298(7)).

project samples to estimate the amount of land needed for streets. This is the empirical data and analysis that has been adopted in the City's Comprehensive Plan. The net to gross acreage factors used in future projections are slightly below the empirically observed factors³. Medford has planned a highly gridded street pattern and requires high levels of street connectivity. Once all these street connections are made, the 25 percent safe harbor would essentially leave no land for other urban uses that are needed in the City.

1000 Friends of Oregon implies that the identified land needs for land in the "other " lands category represents a 100 percent increase of the City's residential land demand. This is misleading. The land supply analysis took no allocation for all the "other urban uses" for the entire existing UGB. Thus, the proper "percentage" comparison is to the total aggregate land demand and not just the net acreage (that land which cannot be satisfied within the existing UGB). Before the capacity analysis that accounted for slope limitations on residential lands, the aggregate land demand (according to the adopted Housing Element) is about 2,200 acres just to satisfy the residential land need. Thus, the 426 acres of "other" lands, in fact, represents less than 20 percent of the total residential land demand. This is the proper proportion. Following this math, 1000 Friends of Oregon raises several sub-concerns that are addressed in turn:

- a. *Golf Course Amenity Replacement:* 1000 Friends of Oregon asserts that the city cannot plan for new private golf courses (or plan to replace ones converted to housing development as is the case in the Housing Element) because it is not in the Parks and Leisure Services Plan. This is absurd. The Parks and Leisure Services Plan plans for municipal parks and recreation facilities. The City wisely does not plan to have any City owned and operated golf courses which are often financially challenging municipal endeavors (Chambers Bay, Bethpage Black, and Torrey Pines being a few notable exceptions). This does not mean such amenities are not appropriate and desirable urban uses to be built and operated by a private entity. They can be. If the City makes a policy choice as part of its Housing Element to replace some lost recreation amenities in like kind it is free to do so and 1000 Friends of Oregon has failed to identify any criteria under which such an urban policy choice is prohibited.

However, it would appear appropriate that inclusion of additional land that includes a golf course (as is currently proposed) would function as supply for this need as contemplated by the plan Housing Element. 1000 Friends of Oregon appears to be arguing that this golf course issue should potentially be "double subtracted" (the identified need to replace Cedar Links should be subtracted from the land need and the inclusion of Centennial should be counted as fully buildable land for residential development - unless an open space assessment is applied). The correct math should be that this land should be single subtracted.

- b. *Government Facility Expansions:* The double counting between the Housing Element and Economic Element as asserted by 1000 Friends of Oregon is not supported by the adopted Comprehensive Plan. 1000 Friends of Oregon reasons that the Economic Element already allocated land need for the growth in public administration employment and the Housing Element cannot then add government land needs a second time. The alleged double counting is not supported by the technical data in the Economic Element. Technical Appendix A in the Economic

³ The City's net-to-gross for residential land is for streets only. The net-to-gross for other types of land is much more difficult to calculate with accuracy and precision.



Opportunities Analysis⁴ provides the explanation. Future government employment growth is allocated to offices but it is only 85 percent of the total future government employment growth. The remaining 15 percent is unallocated and it is assumed to be associated with other types of government-related development in addition to offices. For example, certain government functions require land for things such as equipment maintenance and storage. Many of these other types of jobs (and land needs) can be associated with very low employment densities. As another example, when the U.S. Cellular Community Park was constructed it added a handful of Parks Department jobs while consuming hundreds of acres of buildable land. The resulting employment density is in the tenths or even hundredths of jobs per acre. None of the double counting asserted by 1000 Friends of Oregon actually occurred because those jobs are unallocated to any particular employment land development pattern or category.

- c. "Other" Additional Lands: 1000 Friends of Oregon raises additional concerns and objections which further assert that adequate justification has not been provided for certain "other" uses (such as fraternal organizations and churches). To project the future need for land in the "other" lands category, the City applied past ratios (of population to amounts of land in the "other" lands category), then projected the ratio into the future based upon forecasts of future population growth. See, the statement of need for the "other" lands category for "additional" land in the Housing Element. 1000 Friends of Oregon claims empirical trend data must be supplied. No regulatory requirement for such a trended empirical analysis is identified by 1000 Friends of Oregon, we believe that none exists and that the City has no obligation to perform the detailed statistical analysis asserted as a requirement by 1000 Friends of Oregon. Baring the existence of a specific regulatory requirement, providing land for people to exercise religious freedoms or to provide places of assembly is primarily a policy matter that is the purview of the City Council, provided such land needs are not completely unreasonable and we assert these are not. Lands for "other" uses become more precious as densities increase and citizens are required to substitute private backyards for public open spaces and other places used by citizens for activities and assembly.

⁴ The Economic Opportunities Analysis (EOA) is the foundational document for the City's Economic Element. All data, analysis, policies and conclusions in the Economic Element are derived from the EOA.



CONCLUSIONS AND RECOMMENDATIONS

1. The technical analyses to justify land need for an urban growth boundary amendment is complicated. For the reasons described herein, 1000 Friends of Oregon's criticisms oversimplify the adopted technical analyses that reside in the adopted and acknowledged Comprehensive Plan and which serve to justify the UGB amendment.
2. Failing respond to concerns about land need with the adopted plan elements, first and foremost, undermines the elements themselves. Where the plan elements provide adequate explanations for the identified land need, the City of Medford has an acknowledged Comprehensive Plan and the UGB amendment should be based upon it.

Very Truly Yours,

CSA Planning, Ltd.

A handwritten signature in blue ink, appearing to read 'Jay Harland', is written over the printed name.

Jay Harland
Principal

cc. File