

MINUTES

Eugene City Council
McNutt Room—City Hall
777 Pearl Street—Eugene, Oregon

September 28, 2011
Noon

COUNCILORS PRESENT: Betty Taylor, George Brown, Andrea Ortiz, George Poling, Mike Clark, Chris Pryor, Alan Zelenka, Pat Farr.

In the absence of Her Honor Mayor Kitty Piercy, Council President Betty Taylor called the September 28, 2011, work session of the Eugene City Council to order.

A. WORK SESSION:
Envision Eugene: Housing and Industrial Lands

Planning Director Lisa Gardner and Associate Planners Heather O'Donnell and Jason Dedrick joined the council for the item and Ms. O'Donnell led the council through a PowerPoint presentation entitled *Envision Eugene: Project Update for City Council Work Session, September 28, 2011*. The first presentation on housing highlighted the current ratio of 61:39 in the mix of single-family and multi-family housing and the key role the ratio played in determining housing need. The presentation included a review of the data that provided the basis for deciding the mix, which comprised reports and statistics, statewide trends, State planning law, and consistency with the Seven Pillars of Envision Eugene. The presentation also included information about Eugene housing trends as they related to household demographics as well as statistics about housing affordability that emphasized the lack of housing affordability in Eugene, particularly for low-income households. The presentation posited that an increase in the ratio of multi-family housing would help the State to meet the goals of its planning framework.

Ms. O'Donnell then shared information about the trends in other Oregon communities that indicated those communities were moving toward a higher ratio of multi-family housing and contrasted Eugene's existing housing mix ratio to the ratios recommended by EcoNorthwest, the Housing Mix Subcommittee, the Technical Resource Group, the Planning Commission, the Sustainability Commission, and the Housing Policy Board.

Ms. O'Donnell suggested that the Seven Pillars supported planning for multi-family housing and specifically cited the pillars related to housing affordability and compact development/transportation.

Ms. O'Donnell said most of Eugene residents who earned less than 80 percent of the median family income were typically renters, were typically cost-burdened, and typically lived in multi-family housing. She believed it was reasonable to assume new multi-family housing could be built more affordably than new single-family housing. The staff analysis indicated the construction of multi-family housing now would increase multi-family housing stock overall in the future as well as increasing the amount of aged stock was typically more affordable than new housing. An increase in multi-family housing in conjunction with other strategies could help towards the deficit in the stock of affordable housing. Increasing the stock of multi-family housing would also help meet the City's goal for more compact development and was a key component of the transportation corridor strategy.

Ms. O'Donnell shared that the staff believed the information just discussed was leading Eugene toward planning for a 55:45 housing mix ratio, reporting that this mix would result in 8,250 single-family units and 6,750 multi-family units, shifting the mix of new housing by about six percent, and shifting the overall housing mix by about one percent.

Ms. Gardner emphasized that Eugene's current housing mix had been the same for last 20 years and was not meeting the needs of many residents. Eugene's high housing costs and low incomes were a significant factor in the recommendation. She anticipated that given existing trends, the gap in housing affordability could grow even wider without action. Ms. Gardner believed the 55:45 mix was reasonable given it shifted the overall mix by only one percent. While the change might move development patterns toward higher densities, she did not think those higher densities would be felt in existing neighborhoods. Speaking to suggestions staff's heard that a more aggressive approach was needed, Ms. Gardner did not think a more substantial shift was justified by the market, and pointed out the City's incremental approach gave it the opportunity to revisit the issue and adjust the ratio if needed.

Ms. Gardner reviewed next steps, which included contact with property owners of the areas required to study first if we need even one acre of expansion, public outreach, and work continuing to refine the housing need with a City Council work session in November.

Mr. Clark determined from Ms. O'Donnell that the housing ratio of 61:39 reflected the ratio in 2007 and served as the baseline for the Eugene Comprehensive Lands Assessment (ECLA). Mr. Clark suggested that 2001-2007 represented a "boom time" for housing construction and had resulted in a single-family housing ratio that was closer to 68 percent. He asked why the ratio was not more current. Ms. O'Donnell said that the ECLA technical advisory committee examined that issue because the State required Eugene to consider the years 2001-2008 and consider the average, which was about 69 percent single-family. The technical advisory committee had decided to use 2007 housing mix as the baseline year because the ratio for 2007 more closely mirrored the housing ratio of the last 20 years.

Mr. Clark expressed interest in knowing if the impact of Eugene's decision regarding its housing ratio would result in a higher percentage of single-family housing in nearby communities such as Veneta and Junction City and if it had an impact on their demographic mix, particularly as it related to the percentage of families. He also questioned why the basis for the decision did not include an economic impact analysis. Ms. O'Donnell indicated that staff's efforts were focused on planning for Eugene and the State did not require the City to take into account what was occurring in other communities.

Mr. Clark agreed about the need for more affordable housing but suggested that required a land surplus rather than a small land supply.

Responding to a concern raised by Mr. Farr about the fact that Eugene's housing costs were among the highest in the country, Ms. Gardner emphasized the importance of a mix of strategies based on the Seven Pillars to accomplish the goals of the process.

Speaking to Mr. Clark's remarks about the land supply, Ms. Gardner said her research indicated that there was currently a surplus of development lots in the community.

Mr. Farr emphasized the importance of a continuing focus on job creation. He believed the City needed to consider all the factors that made housing in Eugene more expensive because he did not think merely aging the housing stock was going to make it affordable. He suggested that making housing more

affordable to build was the best way to create affordable housing. Mr. Far also believed the City needed to consider where people wanted to live.

Mr. Brown noted that those residents aged 45-65 were the fastest growing segment of the population and they would start to reach age 75 in ten years, which coincided with the age homeownership rates started to decline. That suggested to him that there would be significant turnover in the ownership of single-family homes in 2021, and he asked if staff had quantified the number of houses that might be available. Ms. O'Donnell indicated she could provide that information.

Mr. Brown asked why whether multi-family housing will always be subsidized and suggested that the council receive a brief presentation on why Eugene lacked unsubsidized affordable housing.

Mr. Pryor emphasized the importance of taking a balanced approach to the issue of the housing mix, which required the council to consider all factors, including demographics, markets, livability, neighborhoods, and land supply. He did not believe he could support a figure for single-family housing that was less than 55 percent. He said residents were very concerned about the impact of the council's decision on their neighborhoods, and he did not want to sacrifice them to achieve more density.

Mr. Zelenka indicated support for the staff presentation and 55:45 mix.

Ms. Ortiz also supported the 55:45 housing mix. Speaking to Mr. Farr's concerns, Ms. Ortiz suggested that many factors came into consideration when a person purchased a house, and a person might choose to live in Veneta for the quality of life there even if the housing was more expensive.

Mr. Poling agreed with Mr. Pryor about the need to consider neighborhood livability. Speaking to Ms. Ortiz's remarks, he observed that he worked with people who would like to live in Eugene but lived in outlying communities because they could not afford housing in Eugene. He believed that Eugene was creating a situation that caused outmigration to such communities and increased vehicle miles traveled. He said that was counterproductive. He suggested that Eugene could add land for single-family development that could be maintained in its present use for some time if single-family development did not occur. Mr. Poling was not yet convinced of the merits of the proposed ratio and looked forward to hearing more public input. Whatever the mix, he hoped it had enough flexibility to respond to market demands.

Speaking to the issue of neighborhood livability, Ms. Gardner again reminded the council of the Seven Pillars, which were intended to help preserve the neighborhood character. She recalled that the City's density strategy was focused primarily on transit corridors and mixed-use areas.

Mr. Clark agreed with Mr. Pryor about the importance of balance. He reiterated the importance of considering factors outside the community's boundaries. He pointed out that schools in Eugene closed in the past year while schools in outlying communities were growing. Mr. Clark suggested that City policy was at odds with the market. Eugene had been encouraging dense development while the market demand was for affordable single-family housing, so the market was sending people to communities where housing was less expensive because of lower land costs. He asked why the answer to more affordable housing in Eugene was a call for more multi-family housing. Mr. Clark wanted to know how Eugene could decrease its land costs to be more competitive with those communities. He suggested information about demographics in nearby communities, their land costs, and the rates that single-family development occurred would be instructive.

Mr. Farr said the cost of land in Eugene meant that housing was too expensive to develop for many residents to buy. He also recalled that in the past, homebuilding had been a driver of economic prosperity, and reducing the number of single-family dwellings that could be built negatively affected that part of the economy.

Mr. Farr observed that Junction City's urban growth boundary was at Meadowview Road, very proximate to Eugene. That community welcomed growth and would need to provide more municipal services and infrastructure to its residents so they could get to their jobs in Eugene.

Mr. Brown reminded the council that the City was going through the process because it was a State requirement. He said that Eugene used to be part of regional planning compact and if that was still the case he doubted the council would be having the discussion because there was room in Springfield for more housing and industrial development. He regretted the move away from regional planning.

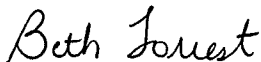
Ms. Taylor asked how the City could reduce land costs. She expressed a preference for a 40:60 housing ratio because she believed the country was running out of land and it was important to save forested and agriculture land for future generations. She suggested the City consider revising its regulations to make it easier for developers to build multiple-family housing. While it was not her personal preference, Ms. Taylor believed that many residents preferred multiple-family housing. She suggested if the City Council subsidized firms that paid low-wages it would increase the number of people who needed affordable housing.

Mr. Dedrick then provided a project update on industrial lands. He reminded the council that it directed staff to analyze lands outside the UGB for their development potential. He shared a series of maps showing the locations of potential development sites and described the sites in question and staff's property owner contacts. He concluded by saying that there had been considerable property owner interest and staff would continue to work with the property owners and refine the site analyses.

Responding to a question from Mr. Brown, City Attorney Emily Jerome said in order for the City to be able to count industrial land in Goshen toward its identified need, it would have to bring the land inside its urban growth boundary, which was impossible due to its location. It would require formal regional planning to be able to count that land toward the need.

Ms. Taylor adjourned the meeting at 1:21 p.m.

Respectfully submitted,



Beth Forrest
City Recorder

(Recorded by Kimberly Young)