TO: City Council for October 3, 2016 Council Meeting

FROM: Paul Bilotta, Community Development Director PB

DATE: September 26, 2016

THROUGH: Mark W. Shepard, P.E., City Manager MWS

Nancy Brewer, Finance Director NB

SUBJECT: Initiation of Comprehensive Plan Amendment related to the Urbanization Study

Action Requested:

Staff recommends Council initiate a Comprehensive Plan Amendment (CPA) process, which will consider map and text changes to the Comprehensive Plan. This process should result in the following:

1. Identify any changes in the Comprehensive Plan map that are desired, particularly the changes required due to the land use deficiencies identified in the Urbanization Study.

2. Changes in the Comprehensive Plan text that are desired, including reviewing the recommendations as proposed by the community at-large, as well as certain recommendations contained in the Urbanization Study's Land Sufficiency and Conclusions chapter and Appendix B, to bring the Comprehensive Plan into compliance with Statewide Planning Goals 9 (Economic Development) and 10 (Housing).

3. Transmittal of the Urbanization Study to DLCD in order to initiate formal review.

4. Establishing the official planning horizon with DLCD as 2016 – 2036.

Discussion:

On June 19, 2015, the City awarded a contract to ECONorthwest, to develop an Urbanization Study for Corvallis. The Urbanization Study is a core document that is anticipated to serve the community for the next 20 years (2016-2036), and the data and conclusions contained in the study are used to inform the city's long-term land use needs. A final draft of the Urbanization Study was provided to the City at the end of June 2016, and as specified in the project's scope of work, the study contains the following chapters:

1. Introduction
2. Buildable Lands Inventory
3. Housing Needs Analysis
4. Economic Opportunities Analysis
5. Land Sufficiency and Conclusions

The individual chapters align with Statewide Planning Goals 9 (Economic Development) and 10 (Housing), and the State's administrative rules (OAR 660 Divisions 8 and 9) that support those goals. The study also contains an analysis of existing housing and economic development policies contained in the City's Comprehensive Plan, describing how those policies can be amended to better comply with changes to the State's administrative rules that have occurred over time. The study was presented to the community through the following three events:

1. August 16, 2016, City Council work session
2. September 7, 2016, Planning Commission information session
3. September 14, 2016, public information session at the Library

Additionally, a page was created on the City's website that is devoted to the Urbanization Study (www.corvallisoregon.gov/urbanization), and a copy of the June 2016 draft study was provided to the Oregon Department of Land Conservation and Development (DLCD) to solicit preliminary comments. DLCD provided preliminary comment on August 22, 2016 (Attachment 1). Staff has compiled comments from Councilors and DLCD and intends to have ECONorthwest make changes to the June 2016 draft documents to address the technical comments within their contract.

Those comments that were determined to relate to broader community-wide land use policy decisions or that require additional analysis outside of the contract, such as changes in the annexation process or segregation and study of the student housing population are not in the list of proposed changes to the draft documents (Attachment 2).

As noted in Chapter 5 (Land Sufficiency and Conclusions), deficits have been identified in the supply of land in certain categories, and making changes to the City's Comprehensive Plan map is one recommendation provided by ECONorthwest, to address the supply concern. Additionally, policies contained in the text of the Comprehensive Plan have been identified by the consultant, which if amended, may better support the community's housing and economic development objectives.

Staff is recommending Council formally initiate a Comprehensive Plan Amendment process, to begin to address land supply deficits and policy constraints identified in the Urbanization Study.

If the Council chooses to initiate the Comprehensive Plan Amendment, staff would immediately submit the Urbanization Study, with the changes noted in Attachment 2, to DLCD for formal review, and begin the process of scheduling community outreach efforts for seeking community input on land use issues. Submittal of the draft Urbanization Study will allow decision makers the opportunity to consider the new data in certain land use actions such as legislative amendments to the Comprehensive Plan.

Additionally, staff would form a Departmental Advisory Committee (DAC), with the intention that this DAC be available to provide input on and participate in the process, to maximize public involvement and investment, and to ensure the recommended amendments to the Comprehensive Plan are brought back before decision makers in a timely manner. If Council chooses to initiate the Comprehensive Plan Amendment, staff is suggesting community input and data gathering begin as soon as the Council's large land use goal projects such as the community vision begin to wrap up. Staff also anticipates Council would be periodically briefed on the progress of the community outreach efforts.

After initiation, staff proposes the following project steps:

- Submit draft Urbanization Study, with changes in Attachment 2, to DLCD for formal comment

- Form DAC for project assistance

- Schedule work session with Planning Commission and City Council to outline scope of community input and data gathering efforts. Note: This may include outreach to the Benton County Board of Commissioners for consideration of urban fringe land use changes.

- Schedule community input sessions, open online opportunities for input

- Provide Periodic Updates to City Council on Progress of Community Outreach, and based on the community input received, develop a process to develop/review Comprehensive Plan amendments.

- Compile data to highlight key findings/items with large consensus

- Joint Corvallis/Benton County Planning Commission public hearing for CPA *(Note: State law and the Corvallis Urban Fringe Management Agreement require joint hearings before both City and County Planning Commissions for changes affecting the urban fringe.)*

- City Council/Benton County Board of Commissioners public hearing for CPA

- Submit final version of Urbanization Study along with CPA to DLCD for post acknowledgement plan amendment (formal adoption)

Recommendation:

Per Land Development Code Section 2.1.30.01, Comprehensive Plan Amendments may be initiated by a majority vote of the City Council.

Based on the conclusions and recommendations contained in the Urbanization Study and the initiation considerations in LDC 2.1.30.01.b, Staff recommend Council initiate a Comprehensive Plan Amendment.

Motion

I move to initiate a Comprehensive Plan Amendment to address the conclusions and recommendations of the Urbanization Study. This motion is based on the information provided in the June 2016 draft Housing Needs Analysis and Economic Opportunities Analysis, and this September 26, 2016, staff report to City Council.

Budget Impact:

Community Development staff have anticipated that addressing deficits identified in the Buildable Lands Inventory would require significant additional staff time, and will likely involve additional public meetings with the Planning Commission and City Council. Depending on the results of initial community input, it is possible it will be necessary to seek the assistance of consultants, which will require additional expense.

Staff will attempt to minimize consultant costs through the use of the temporary funding of a long-range planner. The staff and public hearing expenses are already factored into the Community Development Department and City Manager's FY 2016-2017 budget although undertaking a community conversation on land use could consume a significant amount of the available long-range planning resources depending on the level of interest in the community.

VPB:prj
Attachments:
1. August 22, 2016 – DLCD Review and Comments for June 2016 Draft Urbanization Study
2. Summary of comments received and proposed changes to June 2016 Draft Urbanization Study

Oregon
Kate Brown, Governor

Department of Land Conservation and Development
635 Capitol Street NE, Suite 150
Salem, Oregon 97301-2540
Phone: (503) 373-0050
Fax: (503) 378-5518
www.oregon.gov/LCD

August 22, 2016

Jason Yaich, Sr. Planner
Corvallis Planning Division
501 SW Madison Ave.
Corvallis, OR 97333

RE: DLCD review of draft Urbanization Study dated June 2016

Thank you for letting us review your draft urbanization study that consists of: a buildable lands inventory (BLI) of the city and its urban growth boundary (UGB); a housing needs analysis (HNA) that addresses Goal 10, division 8 requirements; and an economic opportunity analysis (EOA) that address Goal 9, division 9 requirements. Together, these three documents make up an urbanization study that looked at the adequacy of the City's comprehensive plan in meeting the 20-year land need for residential and employment land within your existing UGB. The following are our comments and suggestions regarding the above mentioned material.

City staff and the consultant are to be congratulated in putting together a summary report that details the major findings and conclusions of the BLI, HNA and EOA in a way, making extensive use of graphics/maps to present the data, which will make this information very accessible and informative to both decision-makers and the public at large. Personally, I found the Summary Report easy to ready and the data/conclusions easy to understand. That said, we would like to make several suggestions that the department believes will help the city in making future decisions relative to addressing identified residential and employment land needs.

Housing Needs Assessment:

First, we would suggest that the city try to segregate all of the income and cost burden information into student and non-student households. As the report indicates, students are in a unique situation that they often have resources (parents) that don't show up in these kinds of calculations. The criticism of Corvallis in the past is that it exports workforce-level non-student housing needs to other lower cost nearby communities. Isolating out the student populations from the housing calculations would indicate to what level this assertion is true. What makes this difficult however, might be figuring out the household income of the households whose members work in Corvallis, but don't live there.

Next, the report does mention the problems Corvallis has with regulatory burdens. One regulatory burden of a sort that is not addressed is the voter approved annexation policy. This policy, it is asserted, depresses serviceable housing supply and distorts that supply by providing

perverse incentives to annexors to propose lower density residential development. Some sort of the analysis of the validity of this assertion would be good. Along those same lines, given this fact, the full report does discuss the residential land capacity inside the UGB – excess of low-density residential and a deficit of high-density residential. But what about inside the city limits? This information is presented in the full report and would be good to also include a discussion in the summary report as well.

Third, we would suggest, in the Housing Summary, that the city discuss what house price or rent can be afforded by Corvallis residence without being cost burdened and compare that to what is available.

Economic Opportunity Analysis (EOA):

Overall, the EOA appears to meet all the requirements of division 9 – Economic Development. Regarding the EOA, the report indicates a surplus of industrial land and a deficit of commercial land. The city should consider analyzing if voter-approved annexations has had an impact either on the deficit of commercial land or the availability of industrial land in meeting the city's 20-year need. Also it is unclear to us if the city has really met its short term supply obligations? We don't see that conclusion anywhere – just a discussion of the rule.

Finally, a key takeaway from the EOA that should be worrisome is Corvallis' policies about development of commercial and industrial land are complex, creating a barrier to these types of development. Discussions with stakeholders involved in commercial and industrial development indicate that the City's policies for commercial and industrial development create barriers to development. The development process is complex, adding time and expense to development. While such policies are not necessarily inconsistent with division 9, we would encourage the city to consider their impact on the city's economic development efforts.

Thank you for letting us review the draft Urbanization Study. Please feel free to contact me should you have any questions regarding our comments.

Respectfully,

Ed Moore, AICP
Regional Representative

c. Gordon Howard, Urban Specialist, DLCD
Tom Hogue, Economic Development Specialist, DLCD
File

Summary of Comments Received and Proposed Changes to June 2016 Draft Urbanization Study

Comment		Source	Notes
1.	Segregate income and cost burden data into student and non-student households.	DLCD and City Council	As noted at work session and follow up discussion (see 9/12 email to Councilor Bull), the Technical Report includes a focused discussion on the demographics of Corvallis' student population at pages 3-25 through 3-27, based on Census decennial and ACS data. Additional refinement of the underlying data associated with students would require additional data gathering and analysis not in the current scope of work for the Urbanization Study. Requires additional policy analysis and community discussion.
2.	Define "student housing" as specific housing type.	City Council	Requires additional policy analysis and community discussion.
3.	Pent-up demand for housing and effect on projections.	City Council	See 9/12 email to Councilor Bull.
4.	Land Designated Public Institutional and Public Employment, and community needs for jail	City Council	As noted in 9/12 email to Councilor Bull, not all potential government agencies were contacted regarding future land use needs. Due to uncertainty about individual agency needs and location, determining need beyond methods used at page 5-1 of the technical report would require additional study.
5.	Add graphic that explains methodology used to account for constraints in the BLI analysis	City Council	**A graphic has been identified as suitable for explaining the methodology. Amend June 2016 draft.**

6.	Analysis of regulatory burdens on land availability (voter approved annexation policy as example) for both housing and employment lands.	DLCD	Requires additional policy analysis and community discussion.
7.	Align summary report and technical report statements regarding supply of land inside City limits vs. in urban fringe	DLCD	**Amend June 2016 draft**
8.	Provide discussion on what house price or rent can be afforded by Corvallis residents without being cost burdened, compare to availability	DLCD	**Amend June 2016 draft**
9.	Clarify if short-term supply of employment land meets State rules	DLCD	Staff informed DLCD staff of analysis included in Technical Report (pg. 2-20), and DLCD confirmed that short-term supply, which exceeds the State target of 25%, is sufficient. No need to amend reports.
10.	Technical Report (page 5-1): Adjust description of Parks Department land use needs per Parks Dept. comments.	Staff	**Amend June 2016 draft Technical Report, page 5-1.**
11.	Summary Report (pg. 17): LDR portion of graph at top of page has labels for 730 units inside city and 3110 units outside city (total = 3840), which conflicts with grand total of 9,127 units (comparing this to technical report Exhibit 118)	Staff	**Amend June 2016 draft Summary Report, page 17.**
12.	Clarify meaning of percentage (2%) applied to Hispanic / Latino population growth on pg. 15 of Summary Report	Staff	**Amend June 2016 draft Summary Report, page 15.**
13.	Emphasize relationship of OSU student enrollment projections and	Staff and Council	**Amend June 2016 draft Summary Report, page 15.**
14.	Emphasize that buildable lands associated with needed housing are unconstrained (no Planned Development or Natural Features constraints), and identify surplus / deficit with these considerations.	Staff and Council	**Identification of total dwelling units associated with needed housing is provided with Exhibit 83 (technical report, pg. 3-58).**

			The residential land sufficiency conclusions on pg. 5-4 of the Technical Report indicate that with the exception of land with a HDR (high density residential) designation, there is sufficient capacity in unconstrained, vacant or partially vacant lands to meet needed housing requirements. **Since the Housing Needs Analysis and associated BLI cannot be adopted until the Comprehensive Plan map has been amended to account for identified HDR deficit, this will be clarified with final draft of Urbanization Study submitted in concert with the map amendments. The city should address the percentage of available residential land inside city limits, in all designations, as part of the map update process, and/or address its annexation policies to ensure that the needed housing requirements are satisfied.**