



City of Talent

Planning Commission

Public Meeting

Thursday, January 12, 2017 – 6:30 PM (special meeting date)

Talent Town Hall, 206 East Main Street

AGENDA

The Planning Commission of the City of Talent will meet on Thursday, January 12, 2016 at 6:30 P.M. in the Talent Town Hall, 206 E. Main Street.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to the City Recorder at 541-535-1566, ext. 1012.

The Planning Commission reserves the right to add or delete items as needed, change the order of the agenda, and discuss any other business deemed necessary at the time of the study session and/or meeting.

- I. Call to Order/Roll Call;**
- II. Brief Announcements by Staff;**
- III. Consideration of minutes from the November 17, 2016 Planning Commission meeting;**
- IV. Public Comments on Non-Agenda Items;**
- V. Action Items;**
 - a. Election of Chair and Vice Chair
 - b. 2017 Planning Commission Goals
 - c. Planning Commissioner Interview – Stephanie Dolan
- VI. Public Hearings**

None
- VII. Discussion Items;**
 - a. Housing Needs Analysis Study Session
 - b. Vertical Housing Development Zone
- VIII. Subcommittee Reports;**
- IX. Propositions and Remarks from the Commission;**
- X. Adjournment – Next Meeting January 26, 2017**

Note: This agenda and the entire agenda packet, including staff reports, referenced documents, resolutions and ordinances are posted on the City of Talent website (www.cityoftalent.org) in advance of each meeting. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact TTY phone number 1-800-735-2900 for English and for Spanish please contact TTY phone number 1-800-735-3896.

The City of Talent is an Equal Opportunity Provider



**TALENT PLANNING COMMISSION
DRAFT MEETING MINUTES
TALENT TOWN HALL
NOVEMBER 17, 2016**

***Study Session and Regular Commission meetings are digitally recorded and will be available online at:
www.cityoftalent.org***

The Planning Commission of the City of Talent will meet on Thursday, November 17, 2016 in a regular session at 6:30 P.M. in the Talent City Hall, 110 E. Main Street. The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to the City Recorder at 541-535-1566, ext. 1012. The Planning Commission reserves the right to add or delete items as needed, change the order of the agenda, and discuss any other business deemed necessary at the time of the study session and/or meeting.

REGULAR COMMISSION MEETING- 6:30 PM

Anyone wishing to speak on an agenda item should complete a Public Comment Form and give it to the Minute Taker. Public Comment Forms are located at the entrance to the meeting place. Anyone commenting on a subject not on the agenda will be called upon during the "Citizens Heard on Non-agenda Items" section of the agenda. Comments pertaining to specific agenda items will be taken at the time the matter is discussed by the Planning Commission.

I. Call to Order/Roll Call 6:33 P.M.

Members Present:

Commissioner French
Commissioner Hazel
Commissioner Milan
Commissioner Pastizzo
Commissioner Riley
Commissioner Schweitzer

Members Absent

None

Also Present:

Darby Stricker, Mayor
Zac Moody, Community Development Director
Jeff Wilcox, Minute-Taker

II. Brief Announcements

Appointment of Commissioner Riley to voting member of Planning Commission

Moody explained that City Council appointed Riley to voting member of Planning Commission effective immediately.

Planning Commission Ordinance update

Moody stated that the second reading for the Planning Commission ordinance occurred at City Council on November 16th; the ordinance will be effective 30 days after adoption. Two vacant seats will be created as a result, and the application process will be reopened. Moody explained that he will coordinate this advertising with Melissa Huhtala and post the new vacancies in the newspaper.

III. Consideration of Minutes for October 27, 2016

Moody explained revised minutes were sent out today with an attachment. Moody explained that legal council had confirmed the letter submitted to staff from Commissioner Schwietzer needed to be attached/disclosed as a public record since it was referenced at a meeting and it was received as an email. The attachment doesn't change anything moving forward, it just substantiates the discussion that was held.

Motion: Riley moved to approve the Minutes of October 27, 2016. Milan seconded and the motion carried.

IV. Public Comments on Non-Agenda Items

None

V. Public Hearings

None

VI. Action Items

Election of Vice Chair

Moody asked the Planning Commission when they would like to make an appointment for a Planning Commission Vice Chair. Hazel had originally been appointed to Vice Chair, but is now acting as Chair due to Eric Heesacker's departure from the Planning Commission. Moody explained that the Bylaws indicate that election occurs in January. The Planning Commission informally but unanimously agreed that the election will occur in January in accordance with the Bylaws.

VII. Discussion Items

Study Session – Special Use Standards

Marijuana Cultivation

Moody began to discuss the draft requirements for Marijuana indoor and outdoor cultivation for both personal and commercial use. Phoenix, Ashland and Medford code language had been reviewed to help shape the draft document. The Talent Police Department has also been consulted for their input. Moody added that he had discussed this draft language at the City Council Meeting on November 16th and citizens provided some good feedback that he will incorporate into this conversation. Personal Use Marijuana cultivation will not require a permit, but will be subject to municipal code requirements.

Draft requirements for growing Marijuana:

- A. *Marijuana Cultivators shall be allowed to cultivate, produce, process and/or possess Marijuana subject to the following general conditions:*
 1. *A grower must live on the property and that must be their primary residence. The intent of this is to prevent circumvention of state crop limitations (up to 4 plants are allowed for recreational use, or up to 6 for medical use).*
 2. *Marijuana cultivation and related activities shall be in full compliance with OLCC and OHA.*

3. *Marijuana processing shall be located indoors.*

Moody explained restricting processing to indoors is a common requirement in other municipalities.

4. *Licensed commercial grows as defined by Measure 91 not permitted in residential zones. Commercial grows would have to take place indoors on commercial/industrial zoned properties.*

5. *The use of explosive or flammable gas products for Marijuana cultivation or processing is prohibited.*

6. ~~*There shall be no visible evidence of presence of Marijuana cultivation from property line at the site at which Marijuana cultivation is conducted.*~~

Moody explained that the thought is to visibly shield/screen Marijuana to prevent trespass and theft. Commissioners expressed concern that the use of tall ugly fences and tarps to shield crops would result, it also reinforces the notion that Marijuana is a bad or immoral crop. Furthermore, if neighbors can report neighbors for merely seeing a Marijuana plant growing, enforcement will quickly become a burden. Pastizzo recommended getting rid of 6 since 10(c) addresses something similar in a less restrictive way and the commission informally agreed.

7. *The cultivation area shall not adversely affect the health or safety of nearby residents by creating dust, glare, heat, noise, noxious gases, smoke, traffic or other impacts -or- be hazardous due to use or storage of materials, processes, products or waste.*

Moody explained this item is not intended to deal with smell, but with waste management and processing. He added that this item is subjective and might be difficult to enforce. Pastizzo asked if it made more sense to have the general Nuisance ordinance handle these issues. Milan stated that based on his experiences, most conversations on this topic are related to the odors. Moody said individual preference makes odor enforcement subjective, some people don't enjoy the smell of a fire pit, lavender, etc. Moody will review nuisance code in other jurisdictions to see how noxious odors are addressed and enforced.

8. *Disposal of any excess or unused Marijuana, Marijuana products or other byproducts thereof shall meet all local and state requirements for disposal and shall be secured in a fashion to avoid access by children, casual passers-by, vandals, etc.*

Moody explained this is a common-sense rule for personal use-growers. Moody asked for consensus from commissioners on whether common-sense rules like this should be excluded because they might be seen as obvious and unnecessary. Commissioners informally agreed these items might be important for inexperienced growers.

9. *Cultivation, production or processing of Marijuana in a commercial or industrial structure or located in a commercial or industrial zone shall meet the following requirements:*

a. *The use must be conducted entirely indoors in accordance with Section XXX below;*

b. ~~*The premises must not be vacant and there shall be an actual daily presence, use and occupancy of the premises by an owner, tenant, employee or agent thereof;*~~

The Commission explained there was a little confusion on the organizational scheme for the numbered items. Moody explained that he would revise the special use standards for clarity, something like: A. Residential B. Commercial C. Outdoor Cultivation D. Indoor Cultivation. The commissioners agreed this would be helpful. It was also determined that 9(b) will be removed since there will be a daily presence

due to processing and the OLCC commercial requirements. Moody will add language to this item to ensure it is consistent with OLCC commercial requirements.

10. *Outdoor Cultivation. Up to four (4) recreational Marijuana plants per lot or up to six (6) medical Marijuana plants per lot are allowed to be grown in accordance with applicable Oregon Revised Statutes and Oregon Administrative Rules. Outdoor Marijuana cultivation shall meet all of the following requirements;*

Riley asked if a grower could have up to ten plants, for both recreation and medical use. State law does not allow this. Moody added that in order to remain in compliance with state law as it evolves, the Special Use Standards will clarify that the stricter limitation will be the governing rule.

- a. *Outdoor cultivation areas must be in compliance with ORS 475.320(2)(b)(d) which requires all medical Marijuana grows to obtain and display a medical Marijuana grow site registration card.*
- b. ~~*Outdoor cultivation areas are not permitted when the cultivation of Marijuana is for the consumption of individuals other than resident OMMP registered individual(s);*~~
- c. *Locate Marijuana plants so that they are not visible from a public place, public street or area the general public has access (e.g. schools, playgrounds, parks, open space, pedestrian and bicycle paths and trails). Marijuana plants shall not be located in a front yard.*

Moody explained the idea is to prevent easy access to children passing by and to reduce instances of theft since Marijuana is a cash crop.

- d. ~~*Screen Marijuana plants to limit view and access from adjacent residential properties with a solid wood fence or masonry wall. Fences and wall shall meet the requirements outlined in the City's Zoning Code.*~~

Commissioners expressed concern about the screening requirement, explaining that most back yards already have fences installed, they also questioned the building material requirement. The commissioners agreed that plastic and tarp screening is not an aesthetic that should be allowed and would prefer to see the plant. Moody said he would get rid of D, and C would mention prohibited screening material.

- e. *Marijuana plants grown outdoors shall meet the following dimensional standards:*
 - i. *Cultivation areas shall be sited closer to the primary dwelling of the resident grower than to dwellings on adjacent properties;*

Pastizzo explained that setbacks will be a better way to approach this.

- ii. ~~*Cultivation areas may include one area or a combination of areas on the property;*~~
- iii. ~~*Contiguous lots under single ownership shall be considered one lot for the purpose of calculating the dimensional standards for Marijuana cultivation;*~~
- iv. ~~*Number of Marijuana plants grown outdoors may not exceed four (4) recreational or six (6) medical plants;*~~
- v. ~~*Maximum cultivation areas shall not exceed fifty (50) square feet and shall be surrounded by a fence that is six (6) feet in height. The combined total of the individual cultivation areas shall not exceed the maximum.*~~
- vi. ~~*The total area permitted to be used for Marijuana cultivation, including indoor and outdoor cultivation areas shall not exceed one hundred (100) square feet.*~~

The above items [(10)(e)ii-vii] were removed as the commissioners decided they were either redundant or unnecessary.

- vii. *Maximum Marijuana plant height shall not exceed 10 feet in height. Plant height is measured from the average adjacent grade.*
- viii. *Minimum cultivation area setbacks from any property line shall be ten (10) feet and twenty (20) feet from dwellings on adjacent properties or from multifamily dwelling units within a multifamily development.*

Multifamily Developments Discussion

Moody explained his thought is that as long as the dimensional standards listed above can be met, growing Marijuana on multi-family sites, such as apartment complexes, should probably be left up to property owner's discretion. Consideration was given to permitting growing on balconies and restricting growing to indoors. Moody will conduct more research in this area since a large proportion of Talent housing consists of multi-family dwellings and the demand for high-density residential uses is likely to increase.

11. Indoor Cultivation. Indoor Marijuana cultivation shall meet all of the following requirements;

- a. *Building Code. Any structure, accessory structure, electrical service, plumbing, or mechanical equipment such as lighting, fans, heating and cooling systems associated with Marijuana cultivation shall satisfy the Oregon Building Code requirements and obtain all required permits prior to installation;*
- b. ~~*Maximum indoor cultivation area shall not exceed one hundred (100) square feet and not exceed ten (10) feet in height per property;*~~

Item B was selected for removal due because limiting plants to 4 or 6 serves a similar purpose, this item was considered unnecessary and redundant by commissioners.

- c. *Accessory Structures. Any accessory structure shall meet the requirements of the City's Zoning Code;*
- d. *Light and Glare. Light pollution, glare, or brightness that disturbs the repose of another shall be minimized. All lighting shall be shielded or confined to the interior of the structure*
- e. *Marijuana cultivation shall not be the primary use of a dwelling. Vacant, uninhabited or abandoned dwelling units shall not be used for Marijuana cultivation.*

Moody will make the above changes. Pastizzo recommended that the general structure of the document should be: Personal Use outdoor, indoor, then commercial.

Temporary Uses

Moody explained that events lasting less than two days will be handled with a Special Use Permit and would be exempted from the Temporary Use permit requirement. The permit form will be very simple, and require a statement of the applicant's request. Temporary Use Permits are intended to be a minimal site plan review. Temporary Use Approval would be reviewed annually to make sure there were no code enforcement issues. This is superior for applicants when compared to a traditional Site Plan Review because it will take far less processing time and require less money up-front. Temporary Use Permits are over-the-counter, straightforward permits that will ensure the proposed use is consistent with the intent of the zoning district and that the use meets standards-based code criteria.

C. *Allowable Temporary Uses*

1. *Temporary displays, sales, and events.*
2. *Temporary stationary food vending, coffee stands or other kiosks.*
3. *Second Dwelling on Property During Construction or Demolition of Dwelling.*
4. *Outdoor Storage (not involving sales).*
5. *Standards for a manufactured dwelling as a temporary office in the commercial or industrial zone during construction of a permanent structure.*

D. *Procedures for Renewing Temporary Use Permits*

1. *Temporary Use Permit shall be subject to review and approval by the Community Development Director on an annual basis for a period not to exceed three (3) years, after which the use shall be discontinued or application for Site Development Plan review shall be approved.*
2. *Temporary Use Permit renewals may be approved by the Community Development Department provided that:*
 - a. *No formal complaints have been filed regarding the temporary use.*
 - b. *There have been no changes made to the site plan or activities from the time of initial approval as verified by the Community Development Director.*

Backyard Chickens

Moody explained that the rules for backyard chickens were suspended by City Council approximately four years ago. These proposed changes will provide common sense standards and utilize lot dimensions instead of zoning designation to determine whether or not chickens are permitted; they will also address associated nuisance issues.

- A. *The keeping of chickens on lots less than 4,000 square feet in size is allowed in a residential zoning district subject to all of the following conditions:*

Will be corrected to: *more than 4,000 square feet*

1. *One (1) chicken is allowed for each one thousand (1,000) square feet of lot area, up to a maximum of ten (10) chickens.*
2. *No chickens are allowed on properties occupied by multi-family housing, including duplexes or within mobile home parks.*

Commissioners expressed concern over not allowing those in multi-family housing to have chickens. Moody stated that can be changed if commissioners so desire, however, if someone in a manufactured home (MH) park is permitted to have chickens in those cramped spaces, then the 4,000 square foot minimum lot size should be considered for removed. Pastizzo suggested allowing property owners of MH parks to decide if they want to permit chickens as long as the density requirements are adhered to. Riley suggested that lot coverage should also be taken into account, since a large building footprint on a small lot, which means more congestion.

3. *Roosters are not allowed.*

- B. *Chickens kept under this section shall be secured at all times:*

1. *During non-daylight hours, chickens must be confined within a secure chicken coop sufficient to protect chickens from predators;*

2. *During daylight hours, chickens shall be confined within a chicken coop or run meeting the requirements of Section 8-3J.1150(C), below, or within a securely fenced backyard.*

C. *Chicken coops and runs:*

1. *Shall be built in compliance with all applicable building and zoning codes;*
2. *Shall not be located in a required front yard;*
3. *Shall be set back at least 20 feet from dwellings on abutting property;*
4. *Shall be set back a minimum of 5 feet from abutting property;*
5. *Shall not exceed eight (8) feet in height;*
6. *Square footage combined shall not exceed one hundred (100) square feet in area, or ten (10) square feet per animal, whichever is greater.*

Pastizzo suggested chicken coops and runs should be separated and “chicken tractor” language should be added since it is a secure but mobile option. Moody said he would add something to meet that intent.

D. *To protect public health, the areas in which chickens are kept must be maintained in compliance with the following requirements:*

1. *All animal or poultry food shall be stored in metal or other rodent proof receptacles;*
2. *Chicken manure must be collected, stored, composted and/or removed from the property on a regular basis so as not to create a public health hazard or nuisance. All manure not used for composting or fertilizing shall be removed from the property;*
3. *Noise resulting from the keeping or maintaining of chickens must not exceed the limitations set forth in Talent Municipal Code XXX.*

The Planning Commission will continue the discussion of these items and hold a public hearing in January.

VIII. **Subcommittee Reports**

Citizen Advisory Committee (CAC) – Housing Needs Analysis

Milan explained that upon reviewing the Residential Buildable Lands Inventory (BLI), CAC member Charlie Hamilton pointed out that there is an abundance of Partially Vacant land, and that some of it should have been considered Developed. Moody went back and re-evaluated Partially Vacant lands to determine if additional development could truly occur there. Upon reviewing this data taxlot-by-taxlot, Moody determined that Partially Vacant lands were overstated by approximately 9 acres; approximately 25% of the original Partially Vacant taxlots would now be considered Developed. This new information will be presented to the CAC at the next meeting on December 6th.

Milan stated that the significance of obtaining a Railroad crossing at Belmont Rd. or Rapp Rd. came up frequently at the last meeting. Rezoning land to permit higher densities will also be important. He concluded by emphasizing that there is a housing availability issue in Talent and that it may be a real challenge to obtain the lands needed to ensure housing needs are addressed and economic growth can continue. Moody encouraged the commissioners to attend the December CAC meeting. Stricker explained that although official deliberation could not occur there, observation is certainly welcomed. There will also be a City Hall Open House on December 15th.

Liaison Report from Mayor Stricker

Stricker gave a brief summary on what City Council is currently working on. There are five ordinances in the works. The ordinances are primarily related to code enforcement and utility easements. Council recommended approval of a liquor license permit for the new business (Sweet Beet) that will be operating

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact TTY phone number 1-800-735-2900 for English and for Spanish please contact TTY phone number 1-800-735-3896.

DRAFT

Proposed Planning Commission Goals for 2016-2017

Goals Completed

- Amend Transportation Element D
- Complete Conceptual Planning for URA TA4 & TA5
- Amend Economy Element E
- Amend Landscape, Tree and Solar Zoning Codes

Goals in Progress

- Amend Comprehensive Plan (Housing Element G)
- Develop a PC training and PC outreach program
- Update zoning code while encouraging sustainable building practices

New Goals for 2016-2017

- Develop overlay standards for Industrial buildings and residential mixed use buildings
- OR 99 Master Plan (within City Limits)
- Develop Citizen Involvement Element to be added Comprehensive Plan

COMPREHENSIVE PLAN POLICIES – YEAR 1

- Review and update commercial design standards to emphasize building maintenance as part of an effort to improve the appearance in downtown (Element E – Policy 2 – Year 1)
- Develop policies to allow ground floor residential use as a temporary use in commercial mixed use buildings (Element E- Policy 2 – Year 1)
- Develop a true Medium Density Plan Designation and Zone that allows 5 to 10 dwelling units per gross acre for single family detached and townhouses (Element G – Policy 1 -Year 1)
- Develop standards and streamline the process for developing accessory dwelling units in Talent and adopt the revised policies through a public process (Element G – Policy 2 -Year 1)
- Evaluate opportunities for allowing smaller lots in Talent’s low density residential designations (Element G – Policy 3 -Year 1)
- Develop new Site Development Plan Review criteria to streamline the process and provide better clarity for when a SPR requires Planning Commission review or when it can be done Administratively (Element G – Policy 4 -Year 1)

COMPREHENSIVE PLAN POLICIES – YEAR 1 to 2

- Identify low-density residential land that should be redesignated for medium-density or high-density residential uses (Element G – Policy 1 -Year 1 to 2)
- Identify commercial and industrial land that should be redesignated for low/medium/high density residential uses (Element G – Policy 1 -Year 1 to 2)
- Modify Talent’s existing zoning districts and standards to meet the requirements of the RPS Plan (Element G – Policy 1 -Year 1 to 2)

- Evaluate development of a cottage housing ordinance to allow for development of small single-family detached housing clustered on a single lot (Element G – Policy 3 -Year 1 to 2)
- Develop minimum and maximum density standards in each of the zones in the Medium and High Density residential designations (Element G – Policy 3 -Year 1 to 2)

COMPREHENSIVE PLAN POLICIES – YEAR 1 to 3

- Revise the RRDMP to fit Talent’s revised housing policies and to ensure that development plans proposed in the Master Plan are both efficient and support development of infrastructure by the developers of the area (Element G – Policy 1 -Year 1 to 3)
- Develop zoning standards for cottage housing, tiny houses and multi-family housing based on the number of bedrooms rather than units to encourage the inclusion of studios and one/two bedroom units in new residential developments (Element G – Policy 4 -Year 1 to 3)

APPLICATION FOR COMMISSION or COMMITTEE

City of Talent

110 East Main Street/PO Box 445

Talent, OR 97540

PH (541) 535-1566 FAX (541) 535-7423

Web: www.cityoftalent.org E-mail: talent@cityoftalent.org

1. I am applying for an appointment to a position on the following commission, committee, board or other body:

PLANNING COMMISSION

⇒⇒⇒

⇐⇐⇐

2. Name: Stephanie J. Dolan

3. Mailing address: P.O. Box 466, Talent OR 97540

4. Residence address (if different) 544 James St., Talent OR 97540

5. Current occupation: Attorney and Nonprofit Executive Director
(*NOTE * If retired or unemployed, state your general or past profession)

6. Phone number(s): (530) 575-5818 (work/home/cell) Email: stephjd@me.com

7. How long have you lived in Talent?: 2 Years

If you do not know if you live inside the city limits or urban growth boundary, please view the official zoning map at City Hall

8. How long have you lived in Jackson County?: 5 years (2007-2010, 2014-2016)

9. Are you an employee of the City of Talent, an occasional or potential contract employee, or have any other real or potential conflict of interest in working or serving in this capacity? Yes _____ No If yes, please Describe: N/A

10. I believe that I am qualified for and should be considered for the above position(s) and should be considered for the following reasons: (Attach additional sheet if necessary). Current alternate Planning Commission Member Allison French highly recommended that I apply for this position given my experience as an attorney (20 years) and with various governments (state, local, federal and tribal) in Oregon and California. I would very much like to be of service to the City of Talent and become more involved in my local community. I have a dispute resolution background and generally get along with most people and work towards creative problem-solving and action.

11. Signature: Stephanie Dolan Date: 11/30/16

City of Talent

Housing Needs Analysis, 2017-2037

January 2017

Prepared for:

City of Talent

FINAL DRAFT REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503.222.6060

This page intentionally blank

Acknowledgments

ECONorthwest prepared this report for the City of Talent. ECONorthwest and the City of Talent thank the many people who helped to develop the Talent Economic Opportunities Analysis.

Citizen Advisory Committee

Alexis McKenna, Talent Citizen
Nancy Buono, Talent Citizen
Joe Wismann, Talent Citizen
Charlie Hamilton, Talent Business Owner
Mike Davis, Talent Business Owner
Bobby Townsend, Talent Chamber of Commerce
Dan Milan, Talent Planning Commission
Ryan Pederson, Talent City Council
John Harrison, Talent City Council

State of Oregon

Josh LeBombard, Southern Oregon Regional Representative, DLCD
Gordon Howard, Principal Urban Planner, DLCD

City of Talent

Zac Moody, Community Development Director
Jeff Wilcox, Community Development Assistant
Coleen Bradley, Community Development Assistant
Karim Naguib, Jackson County GIS

Consulting Staff

Beth Goodman, Project Manager, ECONorthwest
Bob Parker, Project Director, ECONorthwest

For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com. For more information about this report, please contact:

Zac Moody,
Community Development Director
110 E. Main Street
Talent, Oregon 97540
541-535-7401
ZMoody@cityoftalent.org

Beth Goodman
ECONorthwest
222 SW Columbia, Suite 1600
Portland, OR 97201
503-222-6060
goodman@econw.com

Table of Contents

| | |
|---|-----------|
| 1. INTRODUCTION | 1 |
| FRAMEWORK FOR A HOUSING NEEDS ANALYSIS | 1 |
| ORGANIZATION OF THIS REPORT | 4 |
| 2. RESIDENTIAL BUILDABLE LANDS INVENTORY | 5 |
| DEFINITIONS | 5 |
| DEVELOPMENT CONSTRAINTS | 6 |
| BUILDABLE LANDS INVENTORY RESULTS | 6 |
| 3. HISTORICAL AND RECENT DEVELOPMENT TRENDS | 10 |
| DATA USED IN THIS ANALYSIS | 11 |
| TRENDS IN HOUSING MIX | 12 |
| TRENDS IN TENURE | 14 |
| VACANCY RATES | 16 |
| HOUSING DENSITY | 17 |
| GOVERNMENT-ASSISTED HOUSING PROGRAMS | 18 |
| MANUFACTURED HOMES | 19 |
| 4. DEMOGRAPHIC AND OTHER FACTORS AFFECTING RESIDENTIAL DEVELOPMENT IN TALENT | 20 |
| DEMOGRAPHIC AND SOCIOECONOMIC FACTORS AFFECTING HOUSING CHOICE | 21 |
| REGIONAL AND LOCAL TRENDS AFFECTING AFFORDABILITY IN TALENT | 39 |
| SUMMARY OF THE FACTORS AFFECTING TALENT'S HOUSING NEEDS | 46 |
| 5. HOUSING NEED IN TALENT | 50 |
| PROJECT NEW HOUSING UNITS NEEDED IN THE NEXT 20 YEARS | 50 |
| NEEDED HOUSING BY INCOME LEVEL | 59 |
| NEED FOR GOVERNMENT ASSISTED AND MANUFACTURED HOUSING | 60 |
| 6. RESIDENTIAL LAND SUFFICIENCY WITHIN TALENT | 63 |
| FRAMEWORK FOR THE RESIDENTIAL CAPACITY ANALYSIS | 63 |
| LAND NEEDED FOR PUBLIC AND SEMI-PUBLIC USES | 65 |
| RESIDENTIAL LAND SUFFICIENCY | 68 |
| CONCLUSIONS AND RECOMMENDATIONS | 70 |
| APPENDIX A: BUILDABLE LANDS INVENTORY | 75 |
| OVERVIEW OF THE METHODOLOGY | 75 |
| DEFINITIONS | 75 |
| DEVELOPMENT CONSTRAINTS | 76 |
| RESIDENTIAL BUILDABLE LAND INVENTORY RESULTS | 79 |

Summary

This report presents a housing needs analysis consistent with requirements of Statewide Planning Goal 10 and OAR 660-008. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The primary goals of the housing needs analysis were to (1) project the amount of land needed to accommodate the future housing needs of all types within the Talent Urban Growth Boundary (UGB), (2) evaluate the existing residential land supply within the Talent UGB to determine if it is adequate to meet that need, (3) to fulfill state planning requirements for a twenty-year supply of residential land, and (4) identify policy and programmatic options for the City to meet identified housing needs.

Note: The next version of the HNA will include a summary.

This page intentionally blank

1. Introduction

This report presents Talent’s Housing Needs Analysis for the 2017 to 2037 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing), and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

This report provides Talent with a factual basis to update the Housing Element of the City’s Comprehensive Plan and to support future planning efforts related to housing and options for addressing unmet housing needs in Talent. It provides information that informs future planning efforts, including development and redevelopment in urban renewal areas in the future. It provides the City with information about the housing market in Talent and describes the factors that will affect housing demand in Talent in the future, such as changing demographics. This analysis will help decision makers understand whether Talent has enough land to accommodate growth over the next 20 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay: shelter certainly, but also proximity to other attractions (job, shopping, recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to public services (quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors like income, age of household head, number of people and children in the household, number of workers and job locations, number of automobiles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors; and the housing market in the Rogue Valley Region, Jackson County, and Talent are the result of the individual decisions of hundreds of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in Talent between 2017 and 2037.

The complex nature of the housing market was demonstrated by the unprecedented boom and bust during the past decade. This complexity does not eliminate the need for some type of forecast of future housing demand and need, with the resulting

implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies, than from the specific estimates of future demand and need. Thus, we start our housing analysis with a framework for thinking about housing and residential markets, and how public policy affects those markets.

Statewide planning Goal 10

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 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).¹ Goal 10 requires incorporated cities to complete an inventory of buildable residential lands 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;²
- (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.

¹ ORS 197.296 only applies to cities with populations over 25,000.

² Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the Workbook.

Talent must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

Organization of this Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Talent’s inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Talent’s housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Talent** presents factors that affect housing need in Talent, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Talent relative to the larger region.
- **Chapter 5. Housing Need in Talent** presents the forecast for housing growth in Talent, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within Talent** estimates Talent’s residential land sufficiency needed to accommodate expected growth over the planning period.

2. Residential Buildable Lands Inventory

This chapter provides a summary of the residential buildable lands inventory (RBLI) for the Talent UGB. The City of Talent staff, in coordination with ECONorthwest staff, developed the RBLI analysis. It complies with statewide planning Goal 10 policies that govern planning for residential uses. The full buildable lands inventory completed by City staff is presented in Appendix A.

Definitions

The City of Talent developed the buildable lands inventory with a tax lot database from Jackson County GIS. Maps produced for the buildable lands inventory used a combination of City GIS data, adopted maps and visual verification to verify the accuracy of County data. The tax lot database is current as of June 2016. The inventory builds from the database to estimate buildable land by Plan Designation. The following definitions were used to identify buildable land for inclusion in the inventory:

- *Vacant land.* Tax lots that have no structures or have buildings with very little improvement value. For the purpose of this inventory, residential lands with improvement values under \$10,000 are considered vacant.
- *Partially vacant land.* Partially vacant tax lots are those occupied by a use but which contain enough land to be further subdivided without need of rezoning. Residential parcels designated RL and RM one-half acre or more were assumed to be partially-vacant. One-quarter acre (10,890 square feet) of the parcel area was subtracted to account for the existing dwelling and assuming that the remainder is buildable land.
- *Undevelopable land.* Vacant land that is under the minimum lot size for the underlying zoning district, land that has no access or potential access, land that is already committed to other uses by policy, or tax lots that are more than 90% constrained, or land used by a home-owners' association.
- *Public land.* Lands in public or semi-public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations, such as hospitals. Public lands were identified using the Talent County Assessment data with a total assessed value of \$0 and aided by using the property owner name. This category only includes public lands that are located in residential Plan Designations.
- *Developed land.* Land that is developed at densities consistent with zoning and improvements that make it unlikely to redevelop during the analysis period.

Lands not classified as vacant, partially-vacant, or undevelopable are considered developed.

Development constraints

Consistent with state guidance on buildable lands inventories, the City of Talent deducted the following constraints from the buildable lands inventory and classified those portions of tax lots that fall within the following areas as constrained, unbuildable land.

- *Lands within floodplains.* Flood Insurance Rate Maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways. No parcels with residential Plan Designations fell within a floodway. As a result, no land was deducted for this constraint.
- *Land within regulated wetlands.* The Talent Wetlands Inventory map (1997) was used to identify areas within wetlands.
- *Land with slopes over 25%.* Lands with slopes over 25% are considered unsuitable for residential development.

Buildable Lands Inventory Results

Land Base

Exhibit 1 shows residential land in Talent by classification (development status). The results show that Talent has 541 total acres in residential Plan Designations. Of the 541 acres in the UGB, about 363 acres (67%) are in classifications with no development capacity, and the remaining 178 acres (33%) have development capacity before development constraints are applied.

Exhibit 1. Residential acres by classification and Plan Designation, Talent UGB, 2016

| Development Status | Plan Designation | | | Outside of city limits, within urbanizing area | | Total | Percent of Total |
|-------------------------|------------------------------|------------------------------------|-------------------------------|--|-------------|-------------|------------------|
| | Residential Low Density (RL) | Residential Manufactured Home (RM) | Residential High Density (RH) | Residential Low Density (RL) | Total | | |
| Developed | 168 | 61 | 106 | 2 | 337 | 62% | |
| Partially vacant | 27 | 4 | 7 | 94 | 132 | 24% | |
| Vacant | 33 | 3 | 9 | 1 | 46 | 9% | |
| Public | 7 | 0 | 11 | 4 | 22 | 4% | |
| Undevelopable | 2 | 1 | 0 | 1 | 4 | 1% | |
| Total | 237 | 69 | 133 | 102 | 541 | 100% | |
| Percent of Total | 44% | 13% | 25% | 19% | 100% | | |

Source: Appendix A, Table A-1.

Exhibit 2 shows land in all residential Plan Designations by development and constraint status. Talent has 541 acres in 1,797 tax lots in residential Plan Designations when public and undevelopable parcels have been excluded. About 65% of total residential land (352 acres) is built, 12% (65 acres) is constrained, and 23% (124 acres) is buildable.

Exhibit 2. Residential land by comprehensive Plan Designation and constraint status, Talent UGB, 2016

| Plan Designation | Tax Lots | Total Acres | Built Acres | Constrained Acres | Buildable Acres |
|--------------------------|--------------|-------------|-------------|-------------------|-----------------|
| RL-City Limits | 987 | 237 | 176 | 23 | 38 |
| RL-Urban Growth Boundary | 28 | 101 | 5 | 29 | 67 |
| RM | 203 | 69 | 63 | 1 | 5 |
| RH | 579 | 133 | 108 | 12 | 13 |
| Total | 1,797 | 541 | 352 | 65 | 124 |
| Percent of Total | | 100% | 65% | 12% | 23% |

Source: Appendix A: Table A-2.

Vacant Buildable Land

Exhibit 3 shows buildable acres (e.g., acres in tax lots after constraints are deducted) for vacant and partially vacant land by Plan Designation. The results show that Talent has about 124 buildable residential acres. Of this, about 28% are in tax lots classified as vacant, and 72% are in tax lots classified as partially vacant. Over half of all buildable residential land (69 acres) is currently outside city limits. Buildable land in medium and high density Plan Designations is limited, together comprising only 14% of total remaining buildable lands.

Exhibit 5 (on the following page) maps Talent’s vacant and partially vacant residential land with development constraints.

Exhibit 3. Buildable acres in vacant and partially vacant tax lots by Plan Designation, Talent UGB, 2016

| Development Status | Plan Designation | | | | Percent of | |
|-------------------------|------------------|-----------|------------|------------|-------------|-------------|
| | RL-CL | RM | RH | RL-UGB | Total | Total |
| Partially vacant | 16 | 2 | 3 | 68 | 89 | 72% |
| Vacant | 22 | 3 | 9 | 1 | 35 | 28% |
| Total | 38 | 5 | 12 | 69 | 124 | 100% |
| Percent of Total | 31% | 4% | 10% | 56% | 100% | |

Source: Appendix A: Table A-3.

Note: Lots identified as undevelopable or publicly owned were not included in "total acres".

Most of the land in Talent is relatively flat, with a slope of less than 5%. The exception is the Railroad District, which is in the southern part of Talent. Most of the land in the Railroad District is within the UGB but outside of the city limits. Slopes in this area

vary from 0 to 5% slope to areas with a slope of 25% or more. Exhibit 5 shows that most of Talent’s vacant and partially vacant residential land is in the Railroad District.

Exhibit 4 shows the vacant and partially vacant buildable land in the Railroad District by slope class and by Plan Designation. Nearly 7 acres of land in this area is on land with a slope of 5% or less, 27 acres on land with a slope of 5 to 10%, and 51 acres on land with a slope of 10 to 25%.

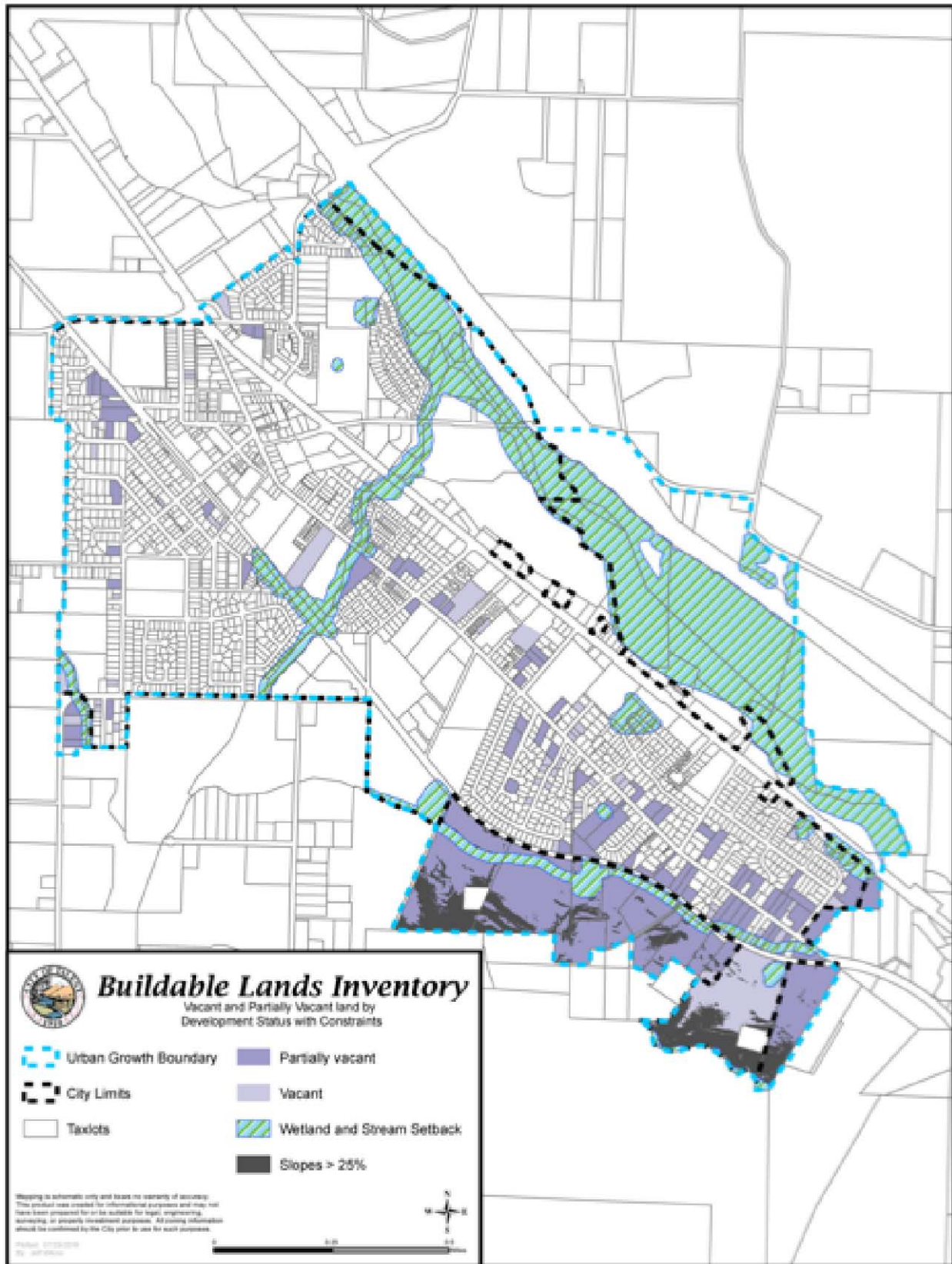
Exhibit 4. Buildable acres by Plan Designation and slope, Railroad District in Talent UGB, 2016

| | Vacant and Partially Vacant Residential Land by | | |
|--------------------|--|----------------|-----------------|
| | 0-5% slope | 5-10% slope | 10-25% slope |
| Within City Limits | | | |
| RL-CL, zoned RS-5 | 1 | 5 | 11 |
| Within UGB | | | |
| RL-UGB | 5 | 22 | 40 |
| Total | 7 | 27 | 51 |

Source: City of Talent analysis of Jackson County GIS data

Note: Lots identified as undevelopable or publicly owned were not included in "total acres".

Exhibit 5. Vacant and Partially Vacant Residential land with development constraints, Talent UGB, 2016



3. Historical and Recent Development Trends

Analysis of historical development trends in Talent provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting future land need. The specific steps are described in Task 2 of the *DLCD Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed
2. Identify types of housing to address (all needed housing types)
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types

This HNA examines changes in Talent’s housing market from January 2000 to February 2016. We selected this time period because it provides information about Talent’s housing market before and after the national housing market bubble’s growth and deflation. In addition, data about Talent’s housing market during this period is readily available, from sources such as the Census and the City and County’s building permit database.

The HNA presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, apartments, etc.)
2. Tenure (e.g., distinguishing unit type by owner or renter units)
3. Housing affordability (e.g., units affordable at given income levels)
4. Some combination of these categories

For the purposes of this study, we grouped housing types based on: (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Multifamily** is all attached structures (e.g., duplexes, tri-plexes, quad-plexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

Data Used in this Analysis

Throughout this analysis, we use data from multiple sources, choosing data from well-recognized and reliable data sources. One of the key sources for data about housing and household data is the U.S. Census. This report primarily uses data from two Census sources:

- The **Decennial Census**, which is completed every ten years and is a survey of all households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of the 2010 Decennial Census, it does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a sample of households in the U.S. From 2010 through 2014, the ACS sampled an average of 3.4 million households per year, or about 2.9% of the households in the nation. The ACS collects detailed information about households, such as: demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

In general, this report uses data from the 2010-2014 ACS for Talent. Where information is available, we report information from the 2000 and 2010 Decennial Census. This report compares information in Talent to Medford, Phoenix, Jackson County, and Oregon. For key information, Talent is also compared to Ashland.

The foundation of the housing needs analysis is the population forecast for Talent from the Oregon Population Forecast Program by the Portland State University Population Research Center.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Talent and comparison geographies. These trends demonstrate the types of housing developed in Talent historically. Unless otherwise noted, this chapter uses data from the 2000 and 2010 Decennial Census, and 2010-2014 American Community Survey 5-Year Estimates.

This section shows the following trends in housing mix in Talent:

- **Talent’s housing stock is predominantly single-family detached housing units.** Seventy-six percent of Talent’s housing stock is single-family detached, 19% is multifamily, and 5% is single-family attached (e.g., townhouses). This proportion of single-family housing is comparable to Jackson County (77%), but larger than Medford (66%).
- **Since 2000, Talent’s housing mix has shifted toward single-family housing.** Talent’s housing stock grew by about 20% (more than 480 new units) between 2000 and the 2010-2014 period. The mix of housing types also shifted between 2000 and 2010-2014. The percentage of single-family housing types (attached and detached) increased from 74% in 2000 to 81% in 2010-2014.
- **Single-family detached housing accounted for nearly all of housing growth between 2005 and 2016.** About 96% of new housing was single-family detached and 4% was single-family attached housing. No new multifamily units were built between 2005 and 2016.

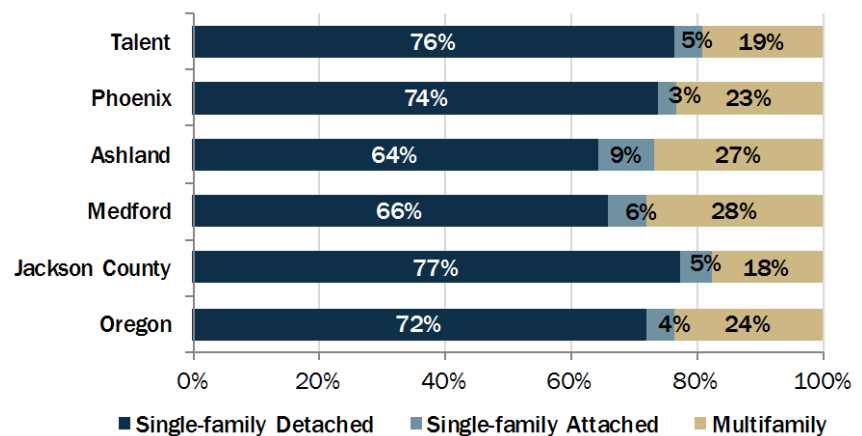
Housing Mix

About 76% of Talent’s housing stock is single-family detached.

In comparison, about 77% of the housing in Jackson County, and about 64% in Ashland are single-family detached.

Exhibit 6. Housing Mix, 2010-2014

Source: Census Bureau, 2010-2014 ACS Table B25024



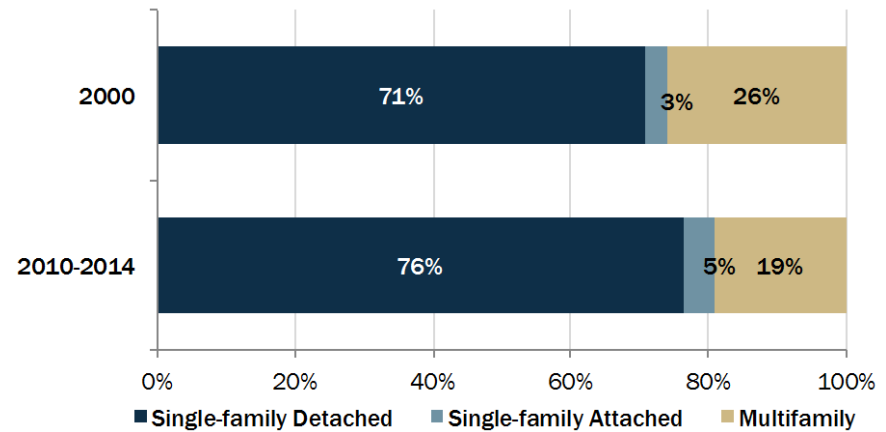
The mix of housing in Talent was largely stable between 2000 and 2010-2014.

The percentage of single-family detached housing increased by about 5% to 76% while multifamily fell by about 7%.

Talent had 2,903 dwelling units in the 2010-2014 period. About 2,216 were single-family detached, 131 were single-family attached, and 556 were multifamily.

Exhibit 7. Change in Housing Mix, Talent, 2000 and 2010-2014

Source: Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2014 ACS Table B25024

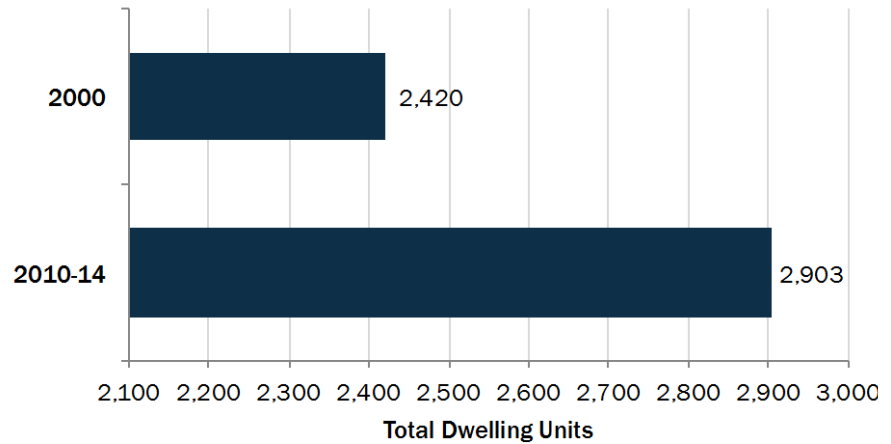


The total number of dwelling units in Talent increased by 483 dwelling units from 2000 to 2010-14.

This amounted to a 20% increase over the analysis period.

Exhibit 8. Total Dwelling Units, Talent, 2000 and 2010-2014

Source: Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2010-14 ACS Table B25024.



Building Permits

From 2005 to 2016, 96% of building permits issued were single-family detached. There were no multifamily permits issued.

Exhibit 9. Building Permits by Type of Unit, Talent, January 2005 through July 2016

Source: City of Talent.

| Housing type | Number of units | Percent of total |
|------------------------|-----------------|------------------|
| Single-family detached | 309 | 96% |
| Single-family attached | 12 | 4% |
| Multifamily | 0 | 0% |
| Total | 321 | 100% |

Trends in Tenure

Housing tenure describes whether a dwelling is owner or renter-occupied. This section shows:

- **About 61% of Talent’s households own their home.** In comparison, 68% of Phoenix households and 51% of Medford households are homeowners.
- **Homeownership in Talent in close to the county average.** In Jackson County, 62% of households are homeowners. This is also similar to the state average (62%).
- **Homeownership in Talent increased between 2000 and 2010-2014.** In 2000, 57% of households were homeowners. This dropped to 55% in 2010, but rose to 61% for the 2010-2014 period.
- **Nearly all Talent homeowners (97%) live in single-family detached housing, while many renters (43%) live in multifamily housing.**

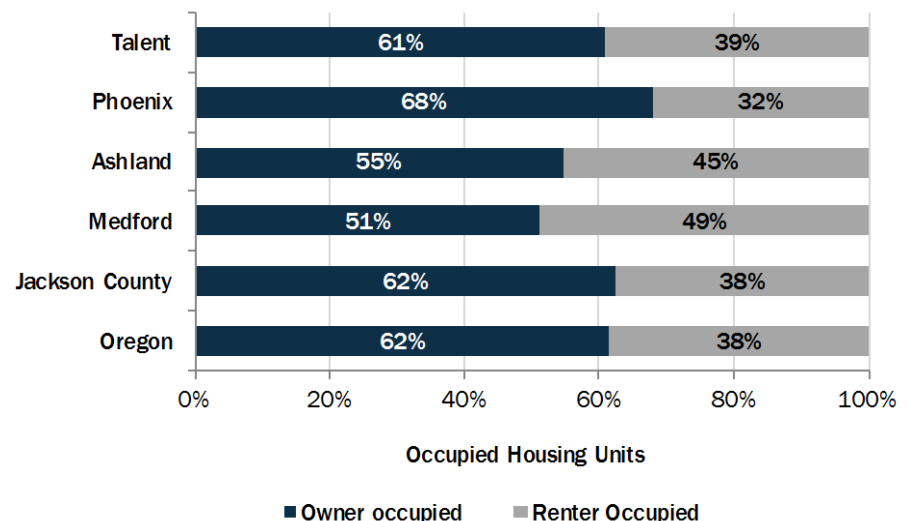
The implications for the forecast of new housing are: (1) opportunities for rental housing in Talent are limited, given that nearly half of renters live in multifamily housing and no new multifamily housing has been built in Talent since 2005 and (2) there may be opportunities to encourage development of a wider variety of affordable attached housing types for homeownership, such as townhomes.

Talent has similar homeownership rates to the county and the state.

About 61% of households in Talent live in owner-occupied dwelling units, compared with 62% of households in Jackson County. Homeownership rates in Ashland are lower, at 55%.

Exhibit 10. Tenure, Occupied Units, Talent area geographies, 2010-2014

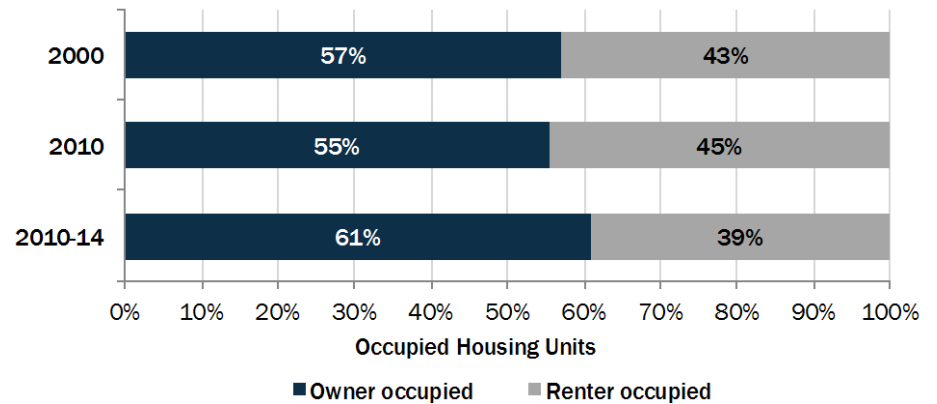
Source: Census Bureau, 2010-2014 ACS Table B25003



The overall homeownership rate in Talent remained between 55% and 61% between 2000 and 2010-2014.

Exhibit 11. Tenure, Occupied Units, Talent, 2010-2014

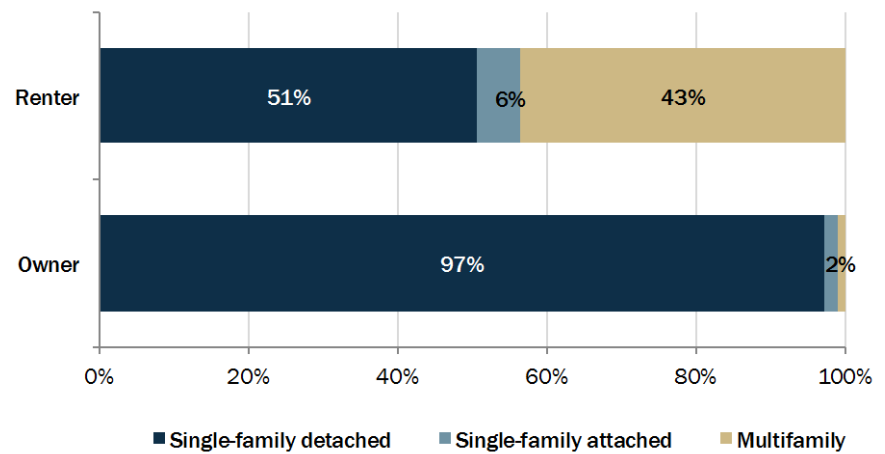
Source: Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2010-14 ACS Table B25003



The majority (97%) of owner-occupied housing units are single-family detached units and about half of renter-occupied housing units are single-family detached units

Exhibit 12. Housing Units by Type and Tenure, Talent, 2010-2014

Source: Census Bureau, 2010-14 ACS Table B25032



Vacancy Rates

The Census defines vacancy as: "Unoccupied housing units are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacant through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

In 2000, the vacancy rate in Talent was 4%, lower than the County, and the State.

Exhibit 13. Percent of Housing Units that are Vacant, 2000

Source: Census Bureau, 2000, Summary File 1 Table QT-H1

| | | | | | |
|-----------------------|------------------------|------------------------|------------------------|----------------------------------|-----------------------|
| 4.0% Talent | 5.7% Ashland | 5.6% Phoenix | 4.6% Medford | 5.6% Jackson County | 8.2% Oregon |
|-----------------------|------------------------|------------------------|------------------------|----------------------------------|-----------------------|

From 2000 to 2010, Talent's vacancy rate rose to 6.6%, but still stood below that of the county and state.

Exhibit 14. Percent of Housing Units that are Vacant, 2010

Source: Census Bureau, 2000, Summary File 1 Table QT-H1

| | | | | | |
|-----------------------|-------------------------|------------------------|------------------------|----------------------------------|-----------------------|
| 6.6% Talent | 10.0% Ashland | 6.9% Phoenix | 7.2% Medford | 8.6% Jackson County | 9.3% Oregon |
|-----------------------|-------------------------|------------------------|------------------------|----------------------------------|-----------------------|

In the 2010-2014 period, the vacancy rate in Talent was below that of Jackson County and Oregon.

Exhibit 15. Percent of Housing Units that are Vacant, 2010-2014

Source: Census Bureau, 2010-14 ACS Table B25002

| | | | | | |
|-----------------------|------------------------|------------------------|------------------------|----------------------------------|-----------------------|
| 4.7% Talent | 8.9% Ashland | 5.0% Phoenix | 8.0% Medford | 9.1% Jackson County | 9.7% Oregon |
|-----------------------|------------------------|------------------------|------------------------|----------------------------------|-----------------------|

Low vacancy rates indicate that the housing market is tight and that it will be more difficult for households to find housing that fits their needs. **A survey of multifamily housing developments conducted by ECONorthwest in August 2016 (see Exhibit 43) shows no vacancies (100% occupancy) in the multifamily complexes surveyed in Talent.** While this survey is not comprehensive, it indicates that the market for multifamily rental housing in the City is very tight.

Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre.³ The U.S. Census does not track residential development density. Professors with the University of Oregon's Planning, Public Policy, and Management Department recently completed analysis of residential development for the Department of Land Conservation and Development (DLCD) for all cities in Oregon.⁴

This analysis examined residential development for single-family detached dwellings, duplexes, tri-plexes, and quad-plexes.⁵ It found that development densities in Talent have generally increased over time for these housing types. Densities increased over time as follows:

- 1993 to 1997: 6.1 dwelling units per net acre
- 1998 to 2002: 6.4 dwelling units per net acre
- 2003 to 2007: 7.7 dwelling units per net acre
- 2008 to 2012: 7.4 dwelling units per net acre

Talent's development density was comparatively high in the 2008 to 2012 period, when compared with other cities of similar size, with densities generally between 4 to 8 dwelling units per acre. Over the 2000 to 2013 period, Talent's density for single-family and 'plex housing averaged 7.5 dwelling units per net acre.

The relatively high density of development since 2003 is in-part attributable to the fact that most land developed was relatively flat. Much of this development occurred as part of Planned Unit Developments, which allowed smaller than those allowed within some of Talent's single-family zones. The Single-Family Low Density (RS-5) zone has an 8,000 square foot (5.4 dwelling units per net acre) minimum lot size. The Single-Family Medium Density (RS-7) zone has a 6,000 square foot (7.3 dwelling units per net acre) minimum lot size. Talent has since eliminated Planned Unit Development as a development option.

³ 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.

⁴ This analysis was done for DLCD's UGB Streamlining project, which is in response to HB 2254. Additional information about the project is available from:

<http://www.oregon.gov/LCD/Pages/UGB-Streamlining.aspx>

⁵ These housing types are grouped together into one category in county assessor files, which was the source information about development by year for the density analysis.

Exhibit 16 shows the density for a sample of multifamily housing complexes in Talent. Multifamily developments shown in Exhibit 16 account for more than 80% of multifamily housing units in Talent. Exhibit 16 does not include condominiums. All of the multifamily complexes in Exhibit 16 were built prior to 1997.

Existing multifamily housing in Talent has a density of about 12.4 dwelling units per acre.

Exhibit 16. Sample of Density of Multifamily Housing, Talent, 2016

Source: City of Talent staff

| Development | Dwelling Units | Acres | Density (DU/Acre) |
|-----------------|----------------|--------------|-------------------|
| Anderson Vista | 36 | 2.31 | 15.6 |
| Anjou Club | 170 | 13.78 | 12.3 |
| Holiday Gardens | 56 | 4.6 | 12.2 |
| Parkside | 123 | 10.32 | 11.9 |
| Patio Village | 64 | 5.25 | 12.2 |
| Total | 449 | 36.26 | 12.4 |

The Regional Problem Solving process (RPS) resulted in commitments from each city in the region about “committed densities” for residential development in Urban Reserve Areas (URAs). Talent’s committed density is 6.6 dwelling units per gross acre (or 8 dwelling units per net acre) for the 2010-2035 period. For the 2036-2060 period, Talent’s committed density is 7.6 dwelling units per gross acre, a 15% increase over the committed density for the 2010-2035 period.⁶

Government-assisted housing programs

Governmental agencies and nonprofit organizations offer a range of housing assistance to low- and moderate-income households in renting or purchasing a home. There are several government-assisted housing developments in Talent:

- **Patio Village** has 62 units of affordable units for elderly and disabled residents. According to the Housing Authority of Jackson County, the waiting list for an apartment is currently 1-2 years.⁷
- **Anderson Vista Apartments** is a 36-unit community for farm workers and their families. Rents are subsidized by the USDA Rural Development program.

⁶ Greater Bear Creek Valley Regional Plan, page 2-11 to 2-12.

⁷ <http://www.hajc.net/Page.asp?NavID=46>. Accessed August 29, 2016.

Manufactured Homes

Manufactured homes have provided a source of affordable housing in Talent. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land, are paid by the property owner rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate another manufactured home to escape rent increases. Living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

Talent had 605 mobile homes in 2000 and 558 mobile homes in the 2010-14 period, a decrease of 47 dwellings. According to Census data, 92% of the mobile homes in Talent were owner-occupied in the 2010-2014 period.

OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial or high-density residential development. Exhibit 17 presents the inventory of mobile and manufactured home parks within Talent in 2016.

Talent has 5 manufactured home parks with a total of 449 spaces, 5 of which are vacant.

Exhibit 17. Inventory of Mobile/Manufactured Home Parks, Talent, 2016

Source: Oregon Manufactured Dwelling Park Directory

| Name | Total Spaces | Vacant Spaces | Comprehensive Plan Designation |
|------------------------------|--------------|---------------|--------------------------------|
| Candlewood Mobile Home | 100 | 0 | Residential Manufactured |
| Easy Valley Mobile Home Park | 26 | 1 | Commercial |
| Mountain View Estates of | 164 | 0 | Commercial |
| Shady Brook Mobile Home | 60 | 0 | High Density Residential |
| Talent Mobile Estates | 99 | 4 | Residential Manufactured |

4. Demographic and Other Factors Affecting Residential Development in Talent

Demographic trends are important to a thorough understanding of the dynamics of the Talent housing market. Talent exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Talent, at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration and other trends show how communities have grown and how they will shape future growth. To provide context, we compare Talent to Medford and Jackson County where appropriate. Characteristics such as age and ethnicity are indicators of how population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in “Planning for Residential Growth: A Workbook for Oregon’s Urban Areas,” the Department of Land Conservation and Development’s guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next 20 years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the housing mix and density ranges for each Plan Designation and the average net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4 in this list. Chapter 5 presents data to address steps 1, 5, and 6 in this list.

Demographic and Socioeconomic Factors Affecting Housing Choice ⁸

Analysts typically describe housing demand as the *preferences* for different types of housing (i.e., single-family detached or apartment), and *the ability to pay* for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of Baby Boomers, people born from about 1946 to 1964, and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children).
- **Income** is the household income. Income is probably the most important determinant of housing choice. Income is strongly related to the type of housing a

⁸ The research in this chapter is based on numerous articles and sources of information about housing, including:

Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

The American Planning Association, "Investing in Place; Two generations' view on the future of communities." 2014

"Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," Transportation for America.

"Survey Says: Home Trends and Buyer Preferences," National Association of Home Builders International Builders

The Case for Multi-family Housing. Urban Land Institute. 2003

E. Zietz. *Multi-family Housing: A Review of Theory and Evidence*. Journal of Real Estate Research, Volume 25, Number 2. 2003.

C. Rombouts. *Changing Demographics of Homebuyers and Renters*. Multi-family Trends. Winter 2004.

J. McIlwain. *Housing in America: The New Decade*. Urban Land Institute. 2010.

D. Myers and S. Ryu. *Aging Baby Boomers and the Generational Housing Bubble*. Journal of the American Planning Association. Winter 2008.

M. Riche. *The Implications of Changing U.S. Demographics for Housing Choice and Location in Cities*. The Brookings Institution Center on Urban and Metropolitan Policy. March 2001.

L. Lachman and D. Brett. *Generation Y: America's New Housing Wave*. Urban Land Institute. 2010.

household chooses (e.g., single-family detached, duplex, or a building with more than five units) and to household tenure (e.g., rent or own).

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Talent over the next 20 years.

National Trends ⁹

This brief summary on national housing trends builds on previous work by ECONorthwest, the Urban Land Institute (ULI) reports, and conclusions from *The State of the Nation's Housing, 2016* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

“With household growth finally picking up, housing should help boost the economy. Although homeownership rates are still falling, the bottom may be in sight as the lingering effects of the housing crash continue to dissipate. Meanwhile, rental demand is driving the housing recovery, and tight markets have added to already pressing affordability challenges. Local governments are working to develop new revenue sources to expand the affordable housing supply, but without greater federal assistance, these efforts will fall far short of need.”

The U.S. housing market has recovered substantially from the crash, but there are still some challenges ahead.

- **Household growth should spur the economy.** In 2015, the economy neared full employment and incomes began to climb. Household growth returned to its expected pace, and new home construction was up by 11 percent. Household growth continues to gain momentum, and the housing sector should be an engine of growth.
- **Lowest homeownership.** Homeownership rate has fallen to its lowest level in a half-century. Foreclosures are a factor in low homeownership rates, and 9.4 million homes were forfeited through foreclosures from the start of the housing crash, 2007-2015. Foreclosures have slowed recently, but tight mortgage credit is not helping the transition into owning a home either.
- **Housing affordability.** In 2014, more than one-third of American households spent more than 30% of income on housing. Low-income households face an especially dire hurdle to afford housing. Among those earning less than \$15,000, more than 83% paid over 30% of their income and almost 70% of households

⁹ These trends are based on information from: (1) The Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2016," (2) Urban Land Institute, "2014 Emerging Trends in Real Estate," and (3) the U.S. Census.

paid more than half of their income. For households earning \$15,000 to \$29,000, more than 65% were cost burdened, with about 30% paying more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that demand for new homes could total as many as 13.2 million units nationally between 2015 and 2025. Much of the demand will come from Baby Boomers, Millennials,¹⁰ and immigrants.
- **Changes in housing preference.** Housing preference will be affected by changes in demographics, most notably the aging of the Baby Boomers, housing demand from the Millennials, and growth of foreign-born immigrants.
 - *Baby Boomers.* The housing market will be affected by continued aging of the Baby Boomers, the oldest of whom were in their late 60's in 2015 and the youngest of whom were in their early 50's in 2015. Baby Boomers' housing choices will affect housing preference and homeownership, with some boomers likely to stay in their home as long as they are able and some preferring other housing products, such as multifamily housing or age-restricted housing developments.
 - *Millennials.* As Millennials age over the next 20 years, they will be forming households and families. In 2015, the oldest Millennials in their mid-20's and the youngest in their mid-teens. By 2035, Millennials will be between 35 and 55 years old.

Millennials were in the early period of household formation at the beginning of the 2007-2009 recession. Across the nation, household formation fell to around 600,000 to 800,000 in the 2007-2013 period, well below the average rate of growth in previous decades. Despite sluggish growth recently, several demographic factors indicate increases in housing growth to come. The Millennial generation is the age group most likely to form the majority of new households. While low incomes have kept current homeownership rates among young adults below their potential, Millennials may represent pent-up demand that will release when the economy fully recovers. As Millennials age, they may increase the number of households in their 30s by 2.4 to 3.0 million over the through 2025.

- *Immigrants.* Immigration and increased homeownership among minorities will also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of

¹⁰ There is no precisely agreed on definition for when the Millennial generation started. Millennials are, broadly speaking, the children of Baby Boomers, born from the early 1980's through the early 2000's.

foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and accounted for nearly 30 percent of overall household growth. Beginning in 2008, the influx of immigrants was stanchied by the effects of the Great Recession. After a period of declines, however, the foreign born are again contributing to household growth. Census Bureau estimates of net immigration in 2013-2014 indicate an increase of 1,814,000 persons over the previous year, to a total of nearly 65,000.

The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households, and constitute an important source of demand for both rental housing and small homes. This makes the growing gap in homeownership rates between whites and blacks and whites and Hispanics troubling. Since 2001, the difference in homeownership rates between whites and blacks rose from 25.9 to 29.8 in 2014. Similarly, the gap between white and Hispanic homeownership rates increased since 2008, from 25%, to 26% in 2014. This growing gap between racial and ethnic groups will hamper the country's homeownership rate as minority households constitute a larger share of the housing market.

- **Changes in housing characteristics.** The U.S Census Bureau's Characteristics of New Housing Report (2016) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:¹¹
 - *Larger single-family units on smaller lots.* Between 1990 and 2015 the median size of new single-family dwellings increased 30% nationally from 1,905 sq. ft. to 2,467 sq. ft., and 23% in the western region from 1,985 sq. ft. to 2,435 sq. ft. Moreover, the percentage of units smaller than 1,400 sq. ft. nationally decreased by almost half, from 15% in 1999 to 8% in 2015. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 33% of new one-family homes completed in 2015. In addition to larger homes, a move towards smaller lot sizes is seen nationally. Between 1990 and 2015, the percentage of lots less than 7,000 sq. ft. increased from 27% of lots to 30% of lots.
 - *Larger multifamily units.* Between 1999 and 2015, the median size of new multiple family dwelling units increased by 3% nationally and 1% in the western region. The percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 30% in 2015 nationally, and went from 25% to 24% in the western region.

¹¹ <https://www.census.gov/construction/chars/highlights.html>

- *More household amenities.* Between 1990 and 2015, the percentage of single-family units built with amenities such as central air conditioning, 2 or more car garages, or 2 or more baths all increased. The same trend in increased amenities is seen in multifamily units.

State Trends

Oregon's 2016-2020 Consolidated Plan includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide.¹² The plan concludes that "Oregon's changing population demographics are having a significant impact on its housing market." It identified the following population and demographic trends that influence housing need statewide. Oregon is facing:

- Housing cost increases that far surpass wage growth
- Limited supply of rental housing at prices that are affordable to moderate and low income households.
- Extremely low vacancy rates in some parts of the state, due to population growth, lack of new unit production, and increase in rental households due to foreclosures.
- Expiration of subsidies on about 49% of housing units that are currently federally subsidized by the Section 8 or HUD Multifamily Assistance programs
- Increasing homelessness and housing instability
- Lack of housing stock that is suitable for the elderly and people with disabilities
- Increasingly older, more diverse, and has less affluent households.

¹² State of Oregon 2016-2020 Consolidated Plan. <https://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan.pdf>

Regional and Local Demographic Trends that may affect housing need in Talent

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are: (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

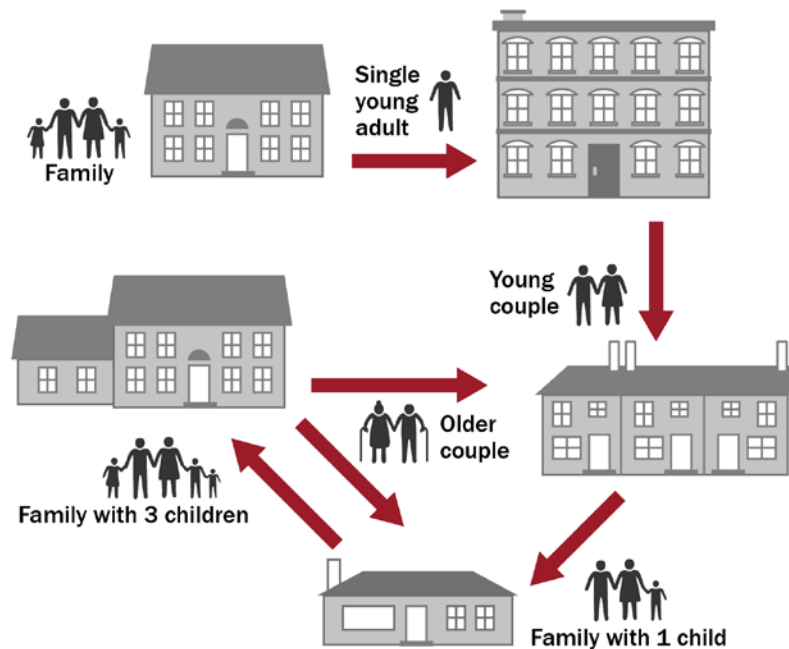
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Talent's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Talent.

Housing needs and preferences change in predictable ways over time, with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 18. Effect of demographic changes on housing need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. *Households and Housing*. New Brunswick, NJ: Center for Urban Policy Research.



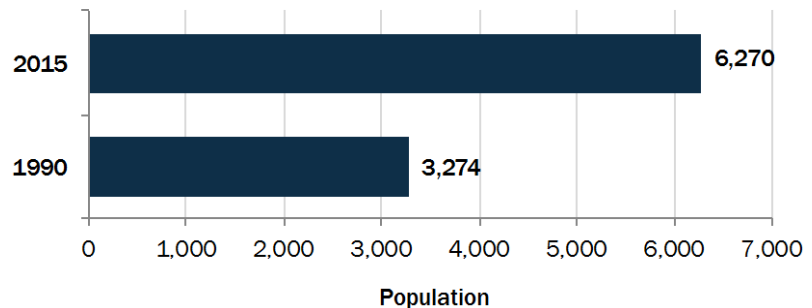
Growing population

Talent's population grew by 92% between 1990 and 2015, adding about 2,996 new residents. Over this period, Talent's population grew at an average annual growth rate of 2.6%. **Talent's population growth will drive future demand for housing in Talent over the planning period.**

Since 1990, Talent's population has grown by roughly 2,996 people.

Exhibit 19. Population, Talent, 1990 - 2015

Source: US Decennial Census 1990, and PSU Population Research Center.



From 1990 to 2015, Talent's population grew by 92%, accounting for 5% of population growth in Jackson County.

Exhibit 20. Population Growth, 1990 - 2015

Source: US Decennial Census 1990, 2000, 2015. PSU Population Research Center, Population Estimates and Reports, <http://www.pdx.edu/prc/population-reports-estimates>.

| | | | | |
|----------------------|-----------------------|-----------------------|------------------------------|----------------------|
| 92% Talent | 42% Phoenix | 65% Medford | 44% Jackson County | 41% Oregon |
|----------------------|-----------------------|-----------------------|------------------------------|----------------------|

Talent's population grew on average, at a faster rate to that of the county, region, and state.

Exhibit 21. Annual Average Rate of Growth, 1990 - 2015

Source: US Decennial Census 1990, 2000, 2015. PSU Population Research Center, Population Estimates and Reports, <http://www.pdx.edu/prc/population-reports-estimates>.

| | | | | |
|-----------------------|------------------------|------------------------|-------------------------------|-----------------------|
| 2.6% Talent | 1.4% Phoenix | 2.0% Medford | 1.5% Jackson County | 1.4% Oregon |
|-----------------------|------------------------|------------------------|-------------------------------|-----------------------|

Talent is projected to grow by 2,716 people between 2017 and 2037, at an average annual growth rate of 1.7%.¹³

Exhibit 22. Forecast of Population Growth at the County-Level, 2017 - 2037

Source: Oregon Population Forecast Program, Portland State University, Population Research Center.

| | |
|--|---|
| 1.7% 2,716 people Talent | 0.9% 43,604 people Jackson County |
|--|---|

¹³ This forecast of population growth is based on Talent's official population forecast from the Oregon Population Forecast Program. ECONorthwest extrapolated the 2015 population to 2017 and the 2035 population to 2037 based on the methodology specified in the following file (from the Oregon Population Forecast Program website): http://www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Population_Interpolation_Template.xlsx

Aging Population

This section shows two key characteristics of Talent's population, with implications for future housing demand in Talent:

- **Seniors.** Consistent with Jackson County, Talent has a larger share of elderly residents than the state as a whole. Between 2000 and the 2010-2014 period, Talent's median age increased by about six years. As Talent's elderly population continues to grow, it will have increasing demand for housing that is suitable for elderly residents.

Demand for housing for retirees will grow over the planning period, as the Baby Boomers continue to age and retire. The State forecasts share of residents aged 60 years and older will account for more than one third of Jackson County's population, compared to around 28% in 2015.

The impact of growth in seniors in Talent will depend, in part, on whether Baby Boomers already in city continue to live in there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.¹⁴ In addition, Jackson County is an area that has historically attracted retirees moving from other states and other areas. Some of these retirees may choose to locate in Talent, if housing that suits their needs is available.

Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy to maintain dwellings, assisted living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including: remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, or moving into group housing (such as assisted living facilities or nursing homes), as their health fails. The challenges that aging seniors face in continuing to live in their community include: changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.¹⁵

- **Millennials.** Talent has a larger population of younger people than the County average. About 52% of Talent's population is under 40 years old, compared to 46% of Jackson County's population and the State average of 51%.

People currently aged 15 to 35 are referred to as the Millennial generation and account for the largest share of population in Oregon. By 2035, they will be aged

¹⁴ A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See <http://www.aarp.org/research>.

¹⁵ "Aging in Place: A toolkit for Local Governments" by M. Scott Ball.

35 to 55. The forecast for Jackson County shows some growth (an 18%) in people roughly in the Millennials' age group. Talent's ability to attract people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to and is affordable to Millennials.

In the near-term, Millennials may increase demand for rental units. The long-term housing preference of Millennials is uncertain. They may have different housing preferences as a result of the current housing market turmoil and may prefer smaller, owner-occupied units or rental units. On the other hand, their housing preferences may be similar to the Baby Boomers, with a preference for larger units with more amenities. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.¹⁶

A recent survey of people living in the Portland Region shows that Millennials, these younger residents, prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.¹⁷ The survey results suggest that Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is for the Portland Region, it shows similar results as national surveys and studies about housing preference for Millennials.

As Millennials age and forms households, Talent will experience increased demand for both affordable single-family detached housing, as well as increased demand for affordable townhouses and multifamily housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. There is potential for attracting new residents to housing in downtown, especially if the housing is relatively affordable and located in proximity to services.

¹⁶ The American Planning Association, "Investing in Place; Two generations' view on the future of communities." 2014.

"Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," Transportation for America.

"Survey Says: Home Trends and Buyer Preferences," National Association of Home Builders International Builders

¹⁷ Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

From 2000 to 2010-14 Talent's median age increased from 34.3 to 40.5 years.

Exhibit 23. Median Age, Years, 2000 to 2010-14

Source: US Census Bureau, 2000 Decennial Census Table B01002, 2010-14 ACS, Table B01002.

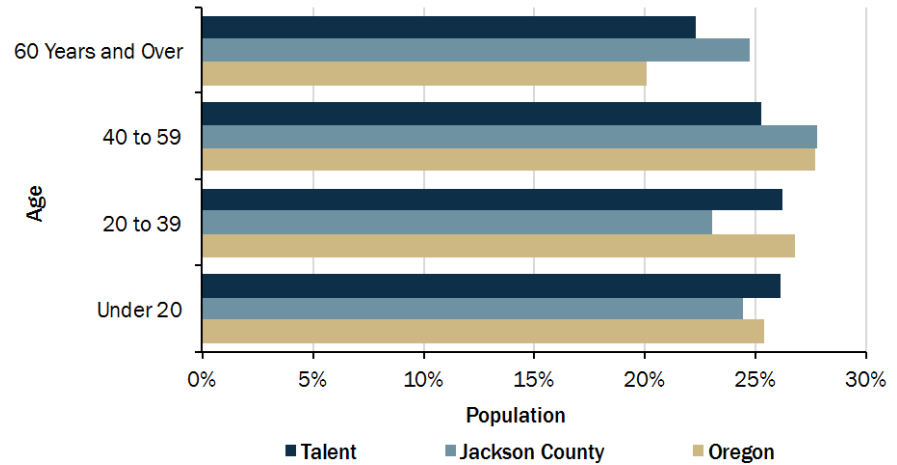
| | | | | | |
|----------------|-------------|-------------|-------------|----------------|-------------|
| 2000 | 34.3 | 41.0 | 37.0 | 39.2 | 36.3 |
| | Talent | Phoenix | Medford | Jackson County | Oregon |
| 2010-14 | 40.5 | 48.8 | 37.9 | 42.7 | 38.9 |
| | Talent | Phoenix | Medford | Jackson County | Oregon |

In 2010, about 52% of Talent residents were aged between 20 and 59.

Talent has more young people (less than 40 years old) than Jackson County as a whole.

Exhibit 24. Population Distribution by Age, 2010

Source: US Census Bureau, 2010 Decennial Census Table P12.

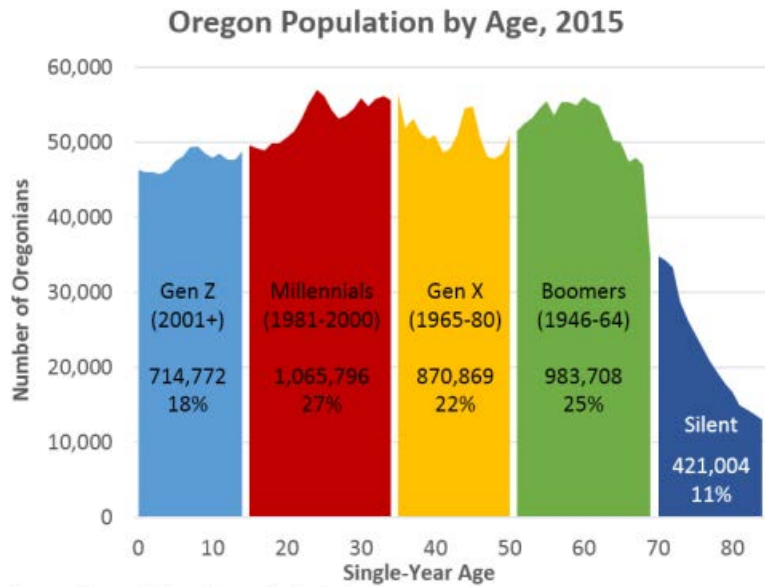


Oregon’s largest age groups are the Millennials and the Baby Boomers.

By 2035, Millennials will be between 35 and 54 years old. Baby Boomers will be 71 to 89 years old.

Exhibit 25. Population Distribution by Generation and Age, Oregon, 2015

Source: Oregon Office of Economic Analysis, “Population, Demographics, and Generations” by Josh Lehner, February 5, 2015. <http://oregoneconomicanalysis.com/2015/02/05/population-demographics-and-generations/>



The majority of population growth in Jackson County will be in people over 60 years old.

Exhibit 26. Fastest-growing Age Groups, Jackson County, 2010 - 2035

Source: Portland State University, Population Research Center, Jackson County Forecast, June 30, 2015

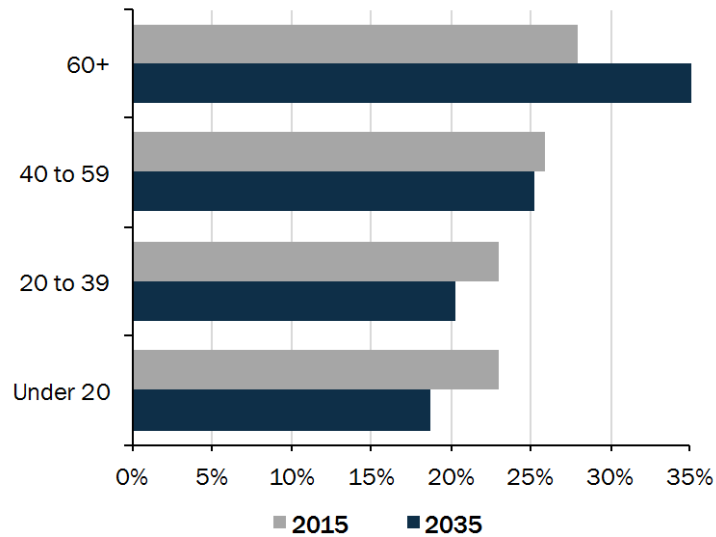
| Under 20 | 20-39 Yrs | 40-59 Yrs | 60+ Yrs |
|----------------------------|-----------------------------|------------------------------|-------------------------------|
| 1% Decrease -539 People | 6% Increase 3,124 People | 18% Increase 9,794 People | 54% Increase 32,185 People |

While population growth is expected in all age groups, by 2035, residents older than 60 are expected make up a larger share of the population.

The share of residents aged 60 years and older will account for nearly one third of Jackson County's population, compared to around 28% in 2010.

Exhibit 27. Population Growth by Age Group, Jackson County, 2010 - 2035

Source: Portland State University, Population Research Center, Jackson County Forecast, June 30, 2015



Ethnic Diversity

Talent's Hispanic and Latino population decreased slightly between 2000 and 2014, but increased between 2000 and 2010. It is unclear if the Hispanic and Latino population is actually decreasing in Talent, or if the apparent decrease is an issue with the ACS data. It is clear that Hispanic and Latino population is growing in Jackson County and in Oregon. As a result, it is reasonable to expect continued growth of Hispanic and Latino population in Talent over the 20-year period.

Growth in the Hispanic and Latino population will affect Talent's housing needs in a variety of ways.¹⁸ Growth in first and, to a lesser extent, second and third generation Hispanic and Latino immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. Households for Hispanic and Latino immigrants are more likely to include multiple generations, requiring more space than smaller household sizes. As Hispanic and Latino households integrate over generations, household size typically decreases and their housing needs become similar to housing needs for all households.

Growth in Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable.

¹⁸ The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first, second, and third generation households. In short, Hispanic and Latino households have lower median income than the national averages. First and second generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals. *2014 State of Hispanic Homeownership Report*, 2014.

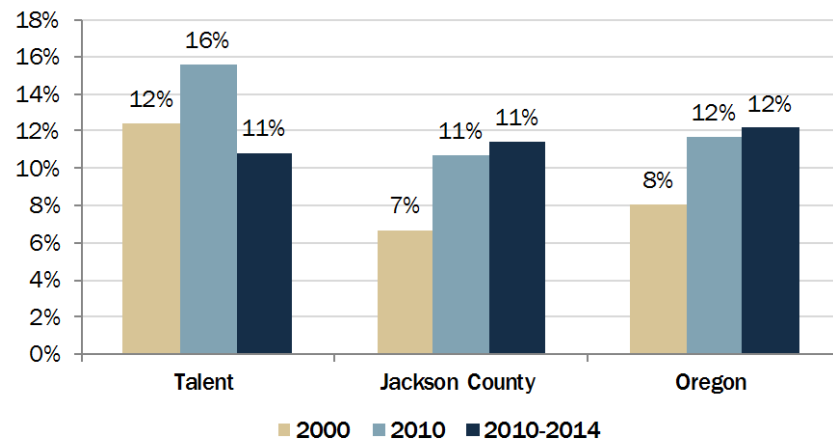
Talent's Hispanic population decreased slightly from 2000 to 2014.

The Hispanic population grew in Jackson County, and Oregon during the same time period.

In 2010-2014, Talent has a similar share of Hispanic residents as the County and State.

Exhibit 28. Hispanic or Latino Population as a Percent of the Total Population, 2000 to 2010-2014

Source: US Census Bureau, 2000 Decennial Census Table P008, 2010-2014 ACS Table B03002.



Household size and composition

Talent's household size and composition show that households in Talent are somewhat different from the county and statewide averages. Talent's households are smaller and a larger percentage are family households with children.

Talent's average household size is below that of the county and the state.

Exhibit 29. Average Household Size, 2010-2014

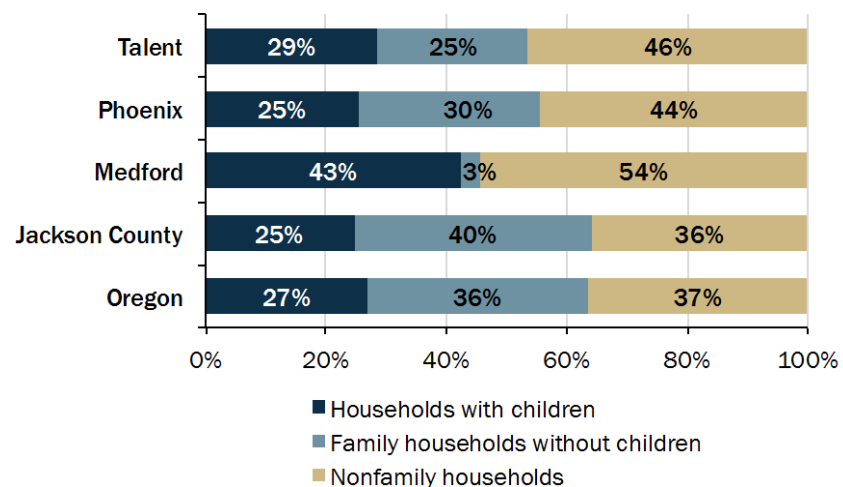
Source: US Census Bureau, 2014 ACS Table B25010.



Talent has a larger share of households with children than Jackson County or Oregon.

Exhibit 30. Household Composition, 2010-2014

Source: US Census Bureau, 2010-14 ACS, Table DP02.



Income of Talent Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Income for people living in Talent is slightly below the average in Jackson County and considerably below the state average.

In the 2010-2014 period, Talent's median household income was below that of the county and the state.

Exhibit 31. Median Household Income, 2010-2014

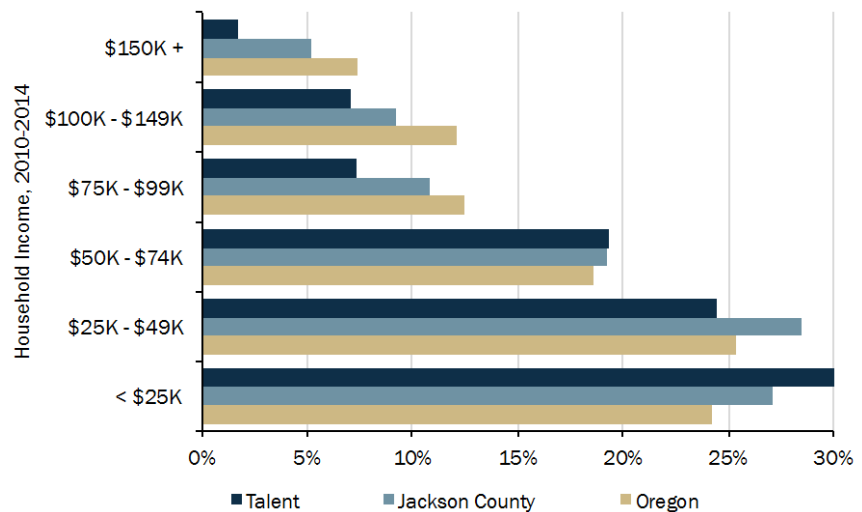
Source: US Census Bureau, 2010-2014 ACS Table B25119

| | | | | |
|---------------------------|----------------------------|----------------------------|----------------------------|-----------------------------------|
| \$32,168 Talent | \$34,478 Phoenix | \$43,500 Ashland | \$42,366 Medford | \$44,086 Jackson County |
| \$50,521 Oregon | | | | |

A quarter of Talent's households earn between \$25,000 and \$49,000.

Exhibit 32. Household Income, Talent, Jackson County, Oregon, 2010-2014

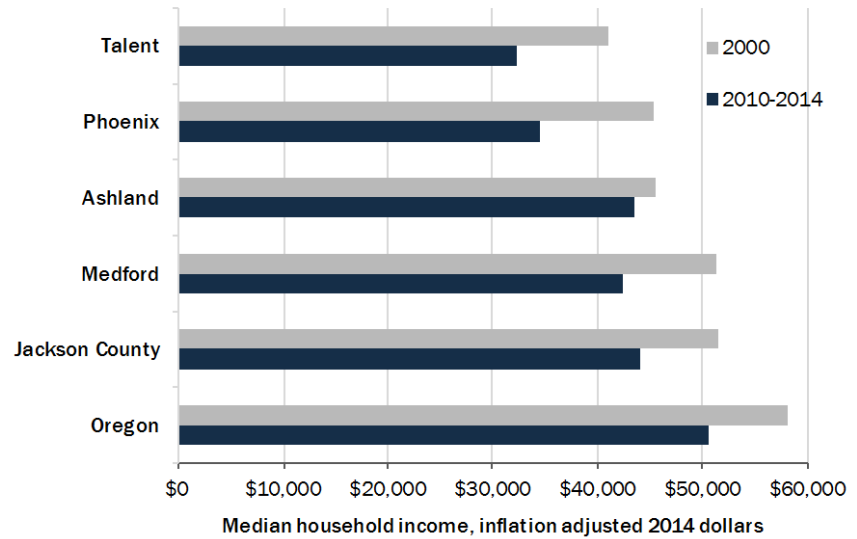
Source: US Census Bureau, 2010-2014 ACS, Table B19001



After adjusting for inflation, Talent's median household income decreased by 22% from 1999 to the 2010-14 period, from \$41,008 to \$32,168 per year.

Exhibit 33. Median Household Income, Talent area geographies, 2000 to 2010-2014, Inflation-adjusted

Source: US Census Bureau, 2000 Decennial Census, Table HCT012, 2010-2014 ACS Table B25119



Commuting trends

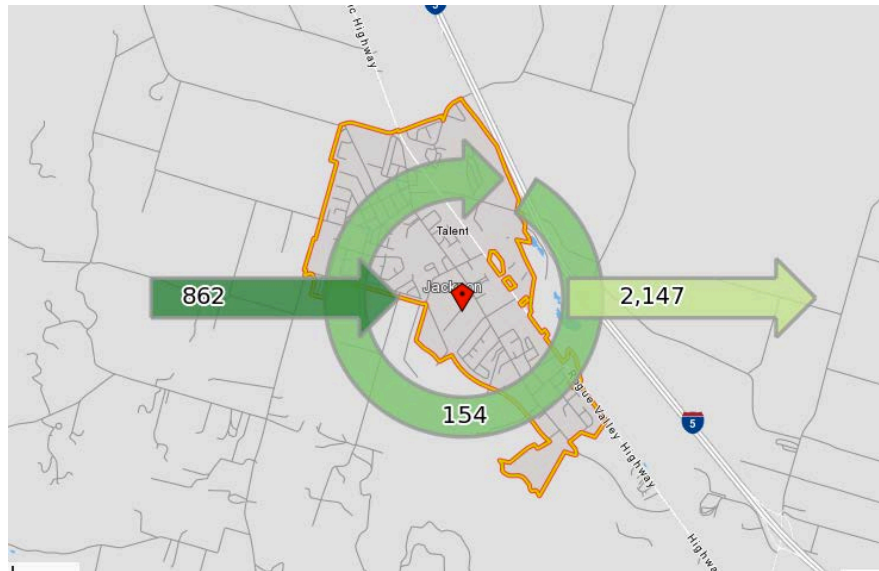
Talent is part of the complex, interconnected economy of Southern Oregon. Of the more than 1,016 people who work in Talent, more than 85% of workers commute into Talent from other areas, most notably Medford, Central Point, and Ashland. About 2,147 residents of Talent commute out of the city for work, mostly to Medford and Ashland.

Talent is part of an interconnected regional economy.

More than 862 people commute into Talent for work and nearly 2,147 people living in Talent commute out of the city for work. 154 people who live in Talent also work there.

Exhibit 34. Commuting Flows, Talent, 2014

Source: US Census Bureau, Census On the Map.

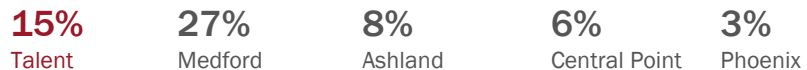


85% of workers at businesses located in Talent live in Jackson County, mostly in areas outside of Talent.

27% of people employed at businesses in Talent live in Medford, 8% live in Ashland, 6% live in Central Point and 3% live in Ashland.

Exhibit 35. Places Where Workers at Businesses in Talent Lived, 2014

Source: US Census Bureau, Census On the Map.

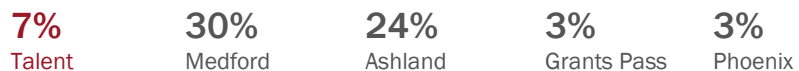


Three-quarters of residents of Talent work in Jackson County, most of them in cities outside of Talent.

30% percent of residents of Talent work in Medford, 24% in Ashland, and 3% in both Grants Pass and Talent.

Exhibit 36. Places Where Talent Residents were Employed, 2014

Source: US Census Bureau, Census On the Map.

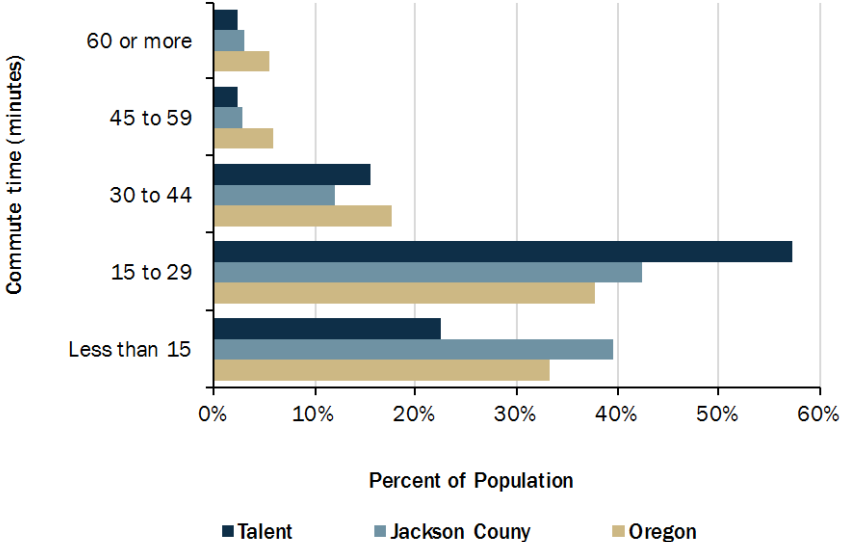


Most Talent residents have a commute time that takes less than 30 minutes.

About 80% of Talent residents have commute times less than 30 minutes, and only 2% commute for longer than one hour.

Exhibit 37. Commute Times, 2010-14

Source: US Census Bureau, Census On the Map.



Regional and Local Trends Affecting Affordability in Talent

This section describes changes in sales prices, rents, and housing affordability in Talent and Jackson County since 2000.

Changes in housing costs

Talent's housing sales prices are higher than the Jackson County average, with a median sales price of \$275,000 in 2016, compared to Jackson County's overall average of \$234,000. In general, over the 2007-2016 period, Talent's housing prices changed following similar patterns as housing prices throughout the region. However, Talent has seen a particularly strong recovery since the housing market crash. The median sales price in Talent in 2016 was \$26,000 higher than sales price at the height of the housing market bubble in 2007. In contrast, median sales prices in Jackson County, Phoenix, East Medford, and Ashland were lower in 2016 than in 2007. In 2010-2014, the median value of a house in Talent was 5.1 times the median household income.

Talent's median home sales price is above the county average.

Exhibit 38. Median Home Sale Price, Talent area geographies, 2016

Source: Rogue Valley Association of Realtors, Residential Market Statistics, <http://roguevalleyrealtors.org/market-statistics-media-menu/residential-market-statistics-menu.html>

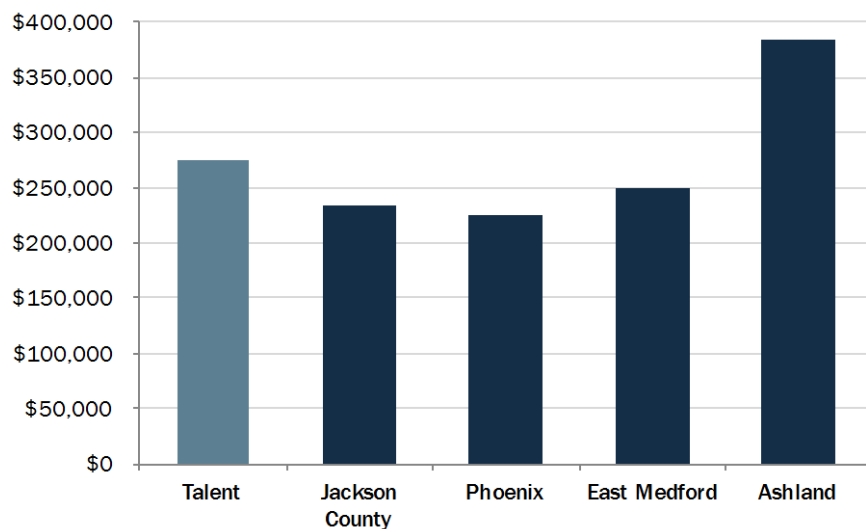
Note: When using Rogue Valley Association of Realtors estimates, Jackson County refers to the association's "Urban Totals" estimate for Jackson County.

| | | | | |
|---------------|----------------|---------------|---------------|---------------|
| \$275K | \$234K | \$225K | \$250K | \$382K |
| Talent | Jackson County | Phoenix | East Medford | Ashland |

Talent's median home sale price was above all but Ashland's median home sale price.

Exhibit 39. Median Sales Price, Talent-area Geographies, 2016

Source: Rogue Valley Association of Realtors.

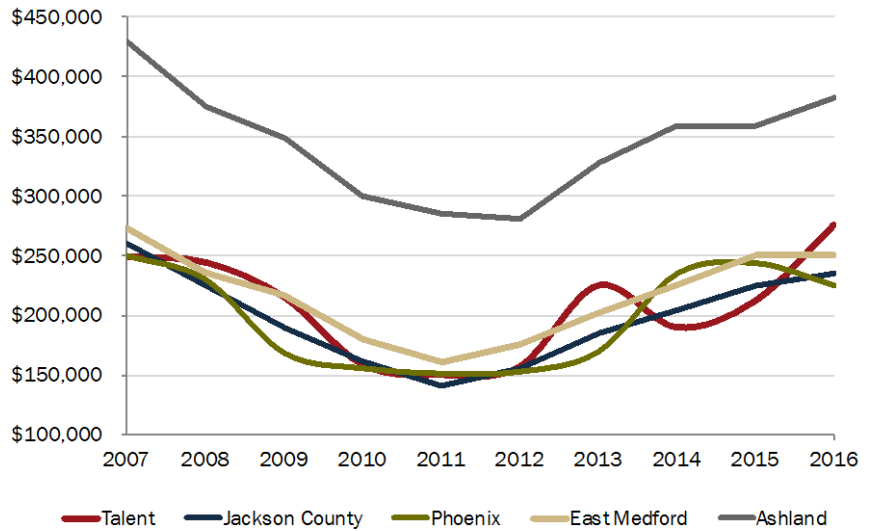


Median home sales prices in Talent have fully recovered from the 2007 housing market crash.

The median sales price in Talent in 2016 was \$26,000 higher the sales price at the height of the housing market bubble in 2007. In contrast, median sales prices in Jackson County, Phoenix, East Medford, and Ashland are lower than in 2007.

Exhibit 40. Median Sales Price, Talent, Jackson 2007-2016

Source: Rogue Valley Association of Realtors.



Since 2000, housing costs have increased faster than income. In 2010-2014, housing prices were 5.1 times incomes (on average) in Talent.

The median value of a house in Talent was 3.2 times the median household income in 2000, and 5.1 times by the 2010-2014 period. The change in housing value compared to income was slightly higher than the Jackson County average.

Exhibit 41. Ratio of Housing Value to Household Income (Median to Median), 2000 to 2010-2014¹⁹

Source: US Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2009-2013 ACS, Tables B19013 and B25077

| | | | | | |
|----------------|----------------------|-----------------------|-----------------------|-----------------------|------------------------------|
| 2000 | 3.2 Talent | 3.0 Phoenix | 5.8 Ashland | 3.6 Medford | 3.6 Jackson County |
| 2010-14 | 5.1 Talent | 5.0 Phoenix | 7.9 Ashland | 4.9 Medford | 4.9 Jackson County |

¹⁹ This ratio compares the median value of housing in Talent to the median household income. Inflation-adjusted median owner values in Talent increased from \$134,332 in 2000 to \$165,600 in 2010-14. Over the same period, inflation-adjusted median household income decreased from \$45,234 to \$32,168.

Changes in rental costs

Rental costs in Talent are higher than nearby cities and Jackson County averages.

Median gross rent in Talent is about \$992 a month.

Exhibit 42. Median Gross Rent, 2010-2014

Source: US Census Bureau, 2010-2014 ACS Table B25064

| | | | | | |
|--------------|--------------|--------------|--------------|----------------|--------------|
| \$992 | \$716 | \$926 | \$871 | \$885 | \$894 |
| Talent | Phoenix | Ashland | Medford | Jackson County | Oregon |

In August 2016, ECONorthwest surveyed multifamily rental complexes in Talent to get a sense of rental prices and occupancy rates. The results showed that the multifamily complexes were completely occupied, suggesting that the rental market in Talent is very tight. Rental rates for a 2-bedroom apartment ranged from \$888 per month to \$1,177 per month.

All of the multifamily complexes were fully occupied.

Market-rate rents were between \$845 to \$1,350 per month.

Exhibit 43. Talent rent survey findings

Source: ECONorthwest, August 2016

| Apartment Name | Type of Units | Number of Units | Occupancy Rate (%) | Average Price | \$ / SF |
|------------------------|---------------|-----------------|--------------------|---------------|---------|
| Anjou Club | 1B 1b | 20 | 100% | \$845 | \$1.40 |
| | 2B 1b | 60 | 100% | \$888 | \$0.96 |
| | 2B 2b | 60 | 100% | \$996 | \$1.02 |
| | 3B 2b | 43 | 100% | \$1,225 | \$0.97 |
| Talent Parkside | 2B 2b | 143 | 100% | \$1,177 | \$1.13 |

Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. HUD guidelines indicate that households paying more than 30% of their income on housing experience “cost burden,” and households paying more than 50% of their income on housing experience “severe cost burden.” Using cost burden as an indicator is consistent with the Goal 10 requirement to provide housing that is affordable to all households in a community.

About 49% of Talent’s households are cost burdened. Analyzed by housing tenure, about 56% of Talent renter households are cost burdened, compared with 45% of homeowners. A higher percentage of owner households in Talent are cost burdened than in Jackson County (35%).

For example, 40 percent of Talent households have income of less than \$25,000 per year. These households can afford rent of less than \$625 per month, or a home with a value of less than \$62,500. Most, but not all, of these households are cost burdened.

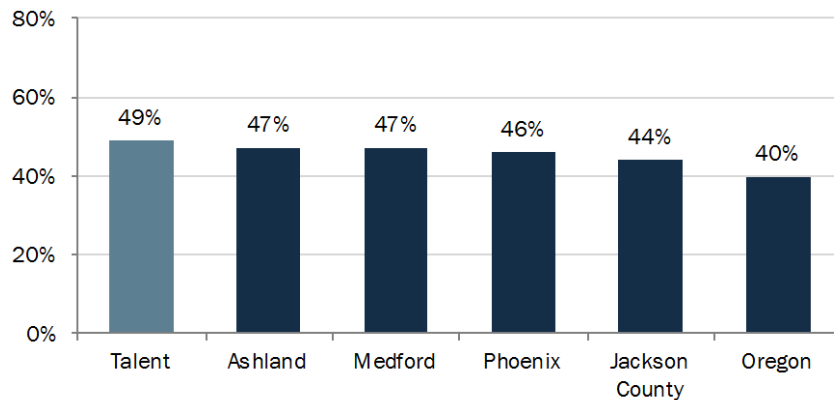
Cost Burden

About 49% of all households in Talent are cost burdened.

Talent has the highest share of cost burdened households out of any other compared geography.

Exhibit 44. Housing Cost Burden, All Households, Talent and comparison geographies, 2010-2014

Source: US Census Bureau, 2010-2014 ACS Tables B25091 and B25070.

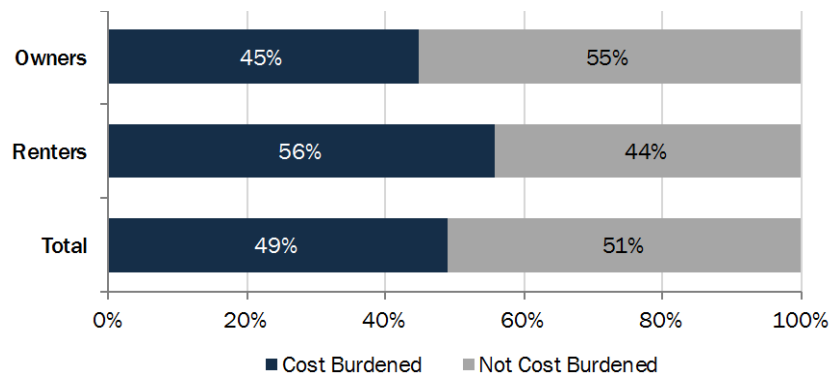


More than half of Talent's renters are cost burdened, compared to half of owners

Cost burden rates are much higher among renters in Talent than among homeowners. In the 2010-14 period, about 56% of renters were cost burdened, compared to 45% of homeowners.

Exhibit 45. Housing Cost Burden by Tenure, Talent, 2010-2014

Source: US Census Bureau, 2010-2014 ACS Tables B25091 and B25070.



While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on non-discretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher income may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary non-discretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of accumulated wealth a household's ability to pay for housing. For example, a household with retired

people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost burden indicator. This issue is particularly important in Talent, where the population is substantially older than the average for Jackson County or Oregon.

Cost burden is only one indicator of housing affordability. Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income. For example, a household must earn at least \$16.50 per hour to afford a two-bedroom unit in Jackson County. More than 40% of households in Talent have an income below the affordable housing wage for Jackson County.

Exhibit 46 shows housing affordability based on household income. Exhibit 46 groups households by level of Median Family Income (MFI), which is determined by HUD for every county. Jackson County’s MFI in 2016 was \$53,300. About 24% of Talent’s households had income that was less than 30% of the County MFI (\$15,990) and are able to afford housing costing \$400 or less. Eighteen percent of Talent’s households had income between 30% and 50% of the County MFI and are able to afford rent between \$400 and \$666.

The information in Exhibit 46 suggests that Talent has a substantial housing affordability problem, which is consistent with other cities in Southern Oregon.

About 42% of Talent households have income less than \$26,650 and cannot afford a one-bedroom apartment at Jackson County’s Fair Market Rent (FMR) of \$641.

About 50% of Talent households cannot afford a two-bedroom apartment at a Fair Market Rent of \$858.

Exhibit 46. Financially Attainable Housing, by Median Family Income (MFI) for Jackson County (\$53,300), Talent, 2016

Source: U.S. Department of Housing and Urban Development
US Census Bureau, 2014 ACS Table 19001 Attainable rent

| % of Ja. Co. MFI | <30% | 30%-50% | 50%-80% | 80%-120% | >120% |
|---------------------------------|----------------------|--------------------------------|--|------------------------------|-------------------|
| Annual Income | <\$15,990 | \$15,990-\$26,650 | \$26,650-\$42,640 | \$42,640-\$63,960 | >\$63,960 |
| Monthly Affdble. Housing Cost | <\$400 | \$400-\$666 | \$666-\$1,066 | \$1,066-\$1,599 | >\$1,599 |
| Percent of Talent Households | 24% | 18% | 15% | 20% | 22% |
| Attainable Owner Housing Types | None | Mfg. in parks | Townhome Duplex Mfg on lot | Townhome Single-family house | All housing types |
| Attainable Renter Housing Types | Subsidized Apartment | Apartment Mfg. in parks Duplex | Apartment Townhome Single-family house | Most Single-family houses | All housing types |

Exhibit 47 contrasts the number of households at differing income levels with the number of dwelling units affordable to these households, assuming they spend no more than 30% of their income on housing costs. Exhibit 47 shows that Talent has about 1,083 households earning less than \$25,000 and 478 dwelling units (363 owner-occupied units and 116 rental units) with housing costs affordable to these households. The city has a deficit of about 600 units for households with income below \$25,000. This is consistent with Talent’s rate of cost burden because most of these 600 households are not homeless but occupy housing that costs more than they can afford. Nearly half of Talent’s households are unable to afford a two-bedroom rental at fair market rent (\$858).

The information in Exhibit 47 reinforced the conclusion that Talent has a housing affordability challenge.

Talent currently has a large deficit of housing affordable to households earning less than \$25,000.

The deficit of housing for households earning less than \$25,000 results in these households living in housing that is more expensive than they can afford, consistent with the data about renter cost burden in Talent.

The housing types that Talent has a deficit of are more affordable housing types such as apartments, duplexes, tri- and quad-plexes, and manufactured housing.

Exhibit 47. Rough Estimate of Housing Affordability, Talent, 2016

Source: US Census Bureau, 2010-2014 ACS Tables 19001, 25075, 25063

| Annual Income | <\$25K | <\$25K- \$50K | <\$50K- \$75K | <\$75K- \$100K | >\$100k |
|--|---------------------------------------|---|---------------------------------|------------------------------------|-----------------------------------|
| HH in Talent | 1,083 40% | 658 24% | 519 19% | 196 7% | 235 9% |
| Monthly Affdble. Housing Cost | <\$625 | \$625- \$1,250 | \$1,250- \$1,875 | \$1,875- \$2,450 | > \$2,450 |
| Affdble. Owner Housing Cost | <\$62,500 | \$62,500- \$125,000 | \$125,000- \$187,500 | \$187,500- \$245,000 | > \$245K |
| Est. of Number of Owner Units in Talent | 362 | 256 | 345 | 401 | 276 |
| Est. of Number of Renter Units in Talent | 116 | 750 | 167 | 20 | 0 |
| HUD Fair Market Rent (2016) | Studio: \$615 | 1 bdrm: \$641 2 bdrm: \$858 3bdrm: \$1,250 | 4 bdrm: \$1,364 | | |
| Does Talent Have Enough Units? | No. Deficit: 606 units | Yes. Surplus: 347 units | No. Deficit: 7 units | Yes. Surplus: 225 units | Yes. Surplus: 41 units |

Summary of the Factors Affecting Talent's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice, and in doing so, to convey why the number and interrelationships among those factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have, on average, less income than people who are older. They are less likely to have children. All of these factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing.

The data illustrate what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never marrieds," the "dinks" (dual-income, no kids), the "empty nesters."²⁰ Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Thus, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in Talent over the next 20 years:

- **Growth in housing will be driven by growth in population.** Between 1990 and 2015 Talent's population (within its city limits) grew by more than 2,996 people (92%). Between 2017 and 2037, the population in Talent's UGB is forecast to grow from 6,575 to 9,291, an increase of 2,716 people (41%). Jackson County is expected to grow by approximately 43,604 people (21%) over the same period.
- **Housing affordability will continue to be a key challenge in Talent.** Housing affordability is a challenge in Jackson County in general and particularly a challenge in the area between Medford and Ashland, where Talent is located. Consistent with state and national trends, housing prices in Jackson County are increasing faster than incomes. This trend is particularly pronounced in Talent. Talent has a relatively small share of housing that is multifamily housing (less than a quarter of the City's housing stock), and there are few vacant multifamily

²⁰ See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

units. Talent's key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types of housing, from lower-cost single-family housing to market-rate multifamily housing.

- **Without substantial changes in housing policy, on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that allows some quantification of the composition of demand for new housing.

The City's residential policies can impact the amount of change in Talent's housing market, to some degree. If the City adopts policies to increase opportunities to build smaller-scale single-family and multifamily housing types, especially multifamily that is affordable to low- and moderate-income households, a larger percentage of new housing developed over the next 20 years in Talent may be relatively affordable. Examples of policies that the City could adopt to achieve this outcome include: allowing a wider range of housing types (e.g., duplex or townhouses) in single-family designates, ensuring that there is sufficient land designated to allow single-family attached multifamily housing development, supporting development of government-subsidized affordable housing, and encouraging multifamily residential development in downtown. The degree of change in Talent's housing market, however, will depend on market demand for these types of housing in the southern part of Jackson County.

- **If the future differs from the past, it is likely to move in the direction (on average) of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, townhomes, and multifamily housing.

Key demographic and economic trends that will affect Talent's future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in Hispanic and Latino population.

- *The Baby Boomer's population is continuing to age.* By 2035, people 60 years and older will account for 36% of the population in Jackson County (up from 28% in 2015). As the population ages, household sizes decrease and homeownership rates decrease, both of which will affect Talent's housing demand. Growth in retirees is the factor that is likely to have the biggest effect on Talent's housing market because this age group is expected to account for nearly three-quarters of the growth in Jackson County over the 20-year period.

- *Millennials will continue to age.* By 2035, Millennials will be roughly between about 35 years old to 55 years old. As they age, generally speaking, their household sizes will increase and homeownership rates will peak by about age 55. Between 2015 and 2037, Millennials will be a key driver in demand for housing for families with children.
- *Hispanic and Latino population will continue to grow.* The U.S. Census projects that by about 2040, Hispanic and Latino population will account for one-quarter of the nation's population. The share of Hispanic and Latino population in the western U.S. is likely to be higher. The Hispanic and Latino population already accounts for about 11% of Talent's population. In addition, Hispanic and Latino population is generally younger than the U.S. average, with many Hispanic and Latino people belonging to the Millennial generation.

Hispanic and Latino population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in Hispanic and Latino population will drive demand for housing for families with children. Given the lower income for Hispanic and Latino households, especially first generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting.²¹

In summary, an aging population, increasing housing costs, housing affordability concerns for Millennials and the Hispanic and Latino populations, and other variables are factors that support the conclusion of need for a smaller and less expensive units and a broader array of housing choices. Growth of retirees will drive demand for small single-family detached and townhomes for homeownership, townhome and multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and Hispanic and Latino population will drive demand for affordable housing types, including demand for small, affordable single-family units (many of which may be ownership units) and for affordable multifamily units (many of which may be rental units).

²¹ The following articles describe housing preferences and household income trends for Hispanic and Latino families, including differences in income levels for first, second, and third generation households. In short, Hispanic and Latino households have lower median income than the national averages. First and second generation Hispanic and Latino households have median incomes below the average for all Hispanic and Latino households. Hispanic and Latino households have a strong preference for homeownership but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals. *2014 State of Hispanic Homeownership Report*, 2014.

- **No amount of analysis is likely to make the distant future completely certain: the purpose of the housing forecasting in this study is to get an approximate idea about the future so policy choices can be made today.** Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. But a variety of factors or events could cause growth forecasts to be substantially different.

5. Housing Need in Talent

Project New Housing Units Needed in the Next 20 Years

The results of the housing needs analysis are based on: (1) the official population forecast for growth in Talent over the 20-year planning period, (2) information about Talent’s housing market relative to Jackson County and nearby cities, and (3) the demographic composition of Talent’s existing population and expected long-term changes in the demographics of Jackson County.

Forecast for housing growth

This section describes the key assumptions and presents an estimate of new housing units needed in Talent between 2017 and 2037, shown in Exhibit 48. The key assumptions are based on the best available data and may rely on safe harbor provisions, when available.²²

- **Population.** A 20-year population forecast (in this instance, 2017 to 2037) is the foundation for estimating needed new dwelling units. Talent will grow from 6,575 persons in 2017 to 9,291 persons in 2037, an increase of 2,716 people.²³
- **Persons in Group Quarters.** Persons in group quarters do not consume standard housing units: thus, any forecast of new people in group quarters is typically derived from the population forecast for the purpose of estimating housing demand. Group quarters can have a big influence on housing in cities with colleges (dorms), prisons, or a large elderly population (nursing homes). In general, any new requirements for these housing types will be met by institutions (colleges, government agencies, health-care corporations) operating outside what is typically defined as the housing market. Nonetheless, group quarters require residential land. They are typically built at densities that are comparable to that of multiple-family dwellings.

²² A safe harbor is an assumption that a city can use in a housing needs analysis that the State has said will satisfy the requirements of Goal 14. OAR 660-024 defines a safe harbor as “... an optional course of action that a local government may use to satisfy a requirement of Goal 14. Use of a safe harbor prescribed in this division will satisfy the requirement for which it is prescribed. A safe harbor is not the only way, or necessarily the preferred way, to comply with a requirement and it is not intended to interpret the requirement for any purpose other than applying a safe harbor within this division.”

²³ This forecast is based on Talent’s official forecast from the Oregon Population Forecast Program for the 2017 to 2037 period, shown in Exhibit 22. ECONorthwest extrapolated the 2015 population to 2017 and the 2035 population to 2037 based on the methodology specified in the following file (from the Oregon Population Forecast Program website): http://www.pdx.edu/prc/sites/www.pdx.edu/prc/files/Population_Interpolation_Template.xlsx.

The 2010-2014 American Community Survey shows that 0.5% of the City’s population was in group quarters. **For the 2017 to 2037 period, we assume that 0.5% of new population, 14 people, will be in group quarters.**

- **Household Size.** OAR 660-024 established a safe harbor assumption for average household size—which is the figure from the most-recent decennial Census at the time of the analysis. According to the 2010-2014 American Community Survey, the average household size in Talent was 2.28 people. **Thus, for the 2017 to 2037 period, we assume an average household size of 2.28 persons per household.**
- **Vacancy Rate.** The Census defines vacancy as: "Unoccupied housing units are considered vacant. Vacancy status is determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacant through an enumeration, separate from (but related to) the survey of households. The Census determines vacancy status and other characteristics of vacant units by enumerators obtaining information from property owners and managers, neighbors, rental agents, and others.

Vacancy rates are cyclical and represent the lag between demand and the market’s response to demand for additional dwelling units. Vacancy rates for rental and multifamily units are typically higher than those for owner-occupied and single-family dwelling units.

OAR 660-024 established a safe harbor assumption for vacancy rate—which is the figure from the most-recent decennial Census. According to the 2010-2014 American Community Survey, Talent’s vacancy rate was 7.3%. **For the 2017 to 2037 period, we assume a vacancy rate of 7.3%.**

Talent will have demand for 1,272 new dwelling units over the 20-year period, with an annual average of 64 dwelling units.

Exhibit 48. Forecast of demand for new dwelling units, Talent UGB, 2017 to 2037

Source: Calculations by ECONorthwest

| | |
|--|--------------|
| Change in persons | 2,716 |
| <i>minus</i> Change in persons in group quarters | 14 |
| <i>equals</i> Persons in households | 2,702 |
| Average household size | 2.28 |
| New occupied DU | 1,185 |
| <i>times</i> Vacancy rate | 7.3% |
| <i>equals</i> Vacant dwelling units | 87 |
| Total new dwelling units (2017-2037) | 1,272 |
| Annual average of new dwelling units | 64 |

New housing units needed over the next 20 years

Exhibit 48 presents a forecast of new housing in Talent's UGB for the 2017-2037 period. This section determines the needed mix and density for new housing developed over this 20-year period in Talent.

Exhibit 49 shows that, in the future, the need for new housing developed in Talent will include more housing generally more affordable, with some housing located in walkable areas with access to services. This assumption is based on the following findings in the previous chapters:

- Demographic changes suggest moderate increases in demand for attached single-family housing and multifamily housing. The key demographic trends that will affect Talent's future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in Hispanic and Latino population. Growth of these groups has the following implications for housing need in Talent:
 - *Baby Boomers.* Growth in the number of seniors will have the biggest impacts on demand for new housing through demand for housing types specific to seniors, such as assisted living facilities or age-restricted developments. These households will make a variety of housing choices, including: remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving into age-restricted manufactured home parks (if space is available), or moving into group housing (such as assisted living facilities or nursing homes), as their health fails. Minor increases in the share of Baby Boomers who downsize to smaller housing will result in increased demand for single-family attached and multifamily housing. Some Baby Boomers may prefer housing in walkable neighborhoods, with access to services.
 - *Millennials.* Growth in Millennial households is expected to account for a relatively small share in population growth in Jackson County over the next 20-years. To the extent that Millennials grow in Talent, this growth will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. Some Millennials may prefer to locate in traditional single-family detached housing, at the edges of Talent's UGB. Some Millennials will prefer to locate in walkable neighborhoods, possibly choosing small single-family detached houses, townhouses, or multifamily housing.
 - *Hispanic and Latino population.* Growth in the number of Hispanic and Latino households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is

comparatively affordable. Hispanic and Latino households are more likely to be larger than average, with more children and possibly with multigenerational households. The types of housing that are most likely to be affordable to the majority of Hispanic and Latino households are existing lower-cost single-family housing, single-family housing with an accessory dwelling unit, and multifamily housing. In addition, growth in the number of farmworkers will increase need for affordable housing for farmworkers.

- More than 40% of Talent’s households have affordability problems, indicating a need for more affordable housing types. About half of Talent’s households could not afford a two-bedroom apartment at HUD’s fair market rent level of \$858. A household earning median family income (\$53,300) could afford a home valued up to about \$140,000, which is considerably below the median sales price for single-family housing of about \$275,000 in Talent.

In addition, Talent has a small supply of multifamily housing, which accounts for about one-fifth of the city’s housing stock. Talent has few multifamily apartment buildings, one of which are government-subsidized apartment buildings. As a result, there are few choices for market-rate multifamily housing opportunities in Talent.

Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing or smaller single-family housing) or locating in less expensive areas in Southern Oregon, farther from employment centers. To the extent that denser housing types are more affordable than larger housing types, continued increases in housing costs will increase demand for denser housing.

These findings suggest that Talent’s needed housing mix is for a broader range of housing types than are currently available in Talent’s housing stock. The types of housing that Talent will need to provide opportunity for development of over the next 20 years are described above: smaller single-family detached housing (e.g., cottages or small single-family detached units), manufactured housing, “traditional” single-family detached housing, townhouses, duplexes and quad-plexes, small apartment buildings, and larger apartment buildings.

Exhibit 49 shows a forecast of needed housing in the Talent UGB during the 2017 to 2037 period. The projection is based on the following assumptions:

- Talent’s official forecast for population growth shows that the City will add 2,716 people over the 20-year period. Exhibit 48 shows that the new population will result in need for 1,272 new dwelling units over the 20-year period.

- The assumptions about the mix of housing in Exhibit 49 are:
 - Sixty-five percent of new housing will be single-family detached, a category which includes manufactured housing. Exhibit 7 shows that 76% of Talent’s housing was single-family detached in the 2010-2014 period, with little change since 2000.
 - Ten percent of new housing will be single-family attached. Exhibit 7 shows that 5% of Talent’s housing was single-family attached in the 2010-2014 period, a modest increase since 2000.
 - Twenty-five percent of new housing will be multifamily. Exhibit 7 shows that 19% of Talent’s housing was single-family attached in the 2010-2014 period, with a decrease in the share of housing stock of 7% since 2000.

Talent will have demand for a mix of housing types over the 20-year period, an increase in the percentage of new housing in single-family attached and multifamily housing.

Exhibit 49. Forecast of demand for new dwelling units, Talent UGB, 2017 to 2037

Source: Calculations by ECONorthwest

| | |
|---|--------------|
| Needed new dwelling units (2017-2037) | 1,272 |
| Dwelling units by structure type | |
| <i>Single-family detached</i> | |
| <i>Percent single-family detached DU</i> | 65% |
| <i>equals Total new single-family detached DU</i> | 826 |
| <i>Single-family attached</i> | |
| <i>Percent single-family attached DU</i> | 10% |
| <i>equals Total new single-family attached DU</i> | 127 |
| <i>Multifamily</i> | |
| <i>Percent multifamily detached DU</i> | 25% |
| <i>equals Total new multifamily DU</i> | 318 |
| Total new dwelling units (2017-2037) | 1,272 |

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; it assumes they will be replaced at the same site and will not create additional demand for residential land.

Exhibit 52 allocates needed housing to Plan Designations in Talent. The allocation is based, in part, on the types of housing allowed in the zoning designations in each Plan Designation. Exhibit 52 shows:

- **Low Density** includes RL-CL and RL-UGB will accommodate new single-family detached housing, including manufactured housing on lots and accessory dwelling units.
- **Medium Density**²⁴ will accommodate a mixture of single-family detached, manufactured homes (in parks and on lots), townhouses, and lower density multifamily housing, such as duplexes or triplexes. Talent’s zoning ordinance only includes the Single-Family Manufactured Housing designate in Medium Density. This allocation assumes that Talent develops another designate that allows these housing types at densities of about 8 to 12 dwelling units per net acre and it is designated as medium density residential.
- **High Density** will primarily accommodate multifamily, with a small amount of single-family attached housing.
- **Commercial Designations** will accommodate multifamily housing, either as part of a mixed-use building, on residential development allowed outright in commercial designations, or on land redesignated from commercial to High Density residential. Commercial designates currently allow housing on floors above commercial uses and, in some cases, behind commercial uses

²⁴ Talent does not currently have a Medium Density Residential Designation. This analysis assumes that Talent will replace the Residential Manufactured Home Designation with a Medium Density Residential Designation and that the Single-Family Manufactured Housing (RS-MH) zone will be one of the zones in the Medium Density Residential Designation. This analysis assumes that Talent will also develop a new zone that allows 8 to 12 dwelling units per net acre to the Medium Density Residential Designation.

Exhibit 50. Allocation of needed housing by housing type and Plan Designation, Talent UGB, 2017 to 2037

Source: ECONorthwest

*Note: Talent does not currently have a Medium Density Residential Designation. This analysis assumes that Talent will replace the Residential Manufactured Home Designation with a Medium Density Residential Designation and that the Single-Family Manufactured Housing (RS-MH) zone will be one of the zones in the Medium Density Residential Designation. This analysis assumes that Talent will also develop a new zone that allows 8 to 12 dwelling units per net acre to the Medium Density Residential Designation.

Note: Talent's existing Residential Manufactured Home designation is intended for development of manufactured homes in manufactured home parks.

| Comprehensive Plan Designation | Residential Plan Designations | | | | Commercial Designations | Total |
|--------------------------------|-------------------------------|----------------------|----------------------|-------------------|-------------------------|--------------|
| | Low Density (RL-CL) | Low Density (RL-UGB) | Medium Density (RM)* | High Density (RH) | | |
| Dwelling Units | | | | | | |
| Single-family detached | 324 | 413 | 64 | 25 | - | 826 |
| Single-family attached | - | - | 64 | 64 | - | 128 |
| Multifamily | - | - | 38 | 197 | 83 | 318 |
| Total | 324 | 413 | 166 | 286 | 83 | 1,272 |
| Percent of Units | | | | | | |
| Single-family detached | 25% | 32% | 5% | 2% | 0% | 65% |
| Single-family attached | 0% | 0% | 5% | 5% | 0% | 10% |
| Multifamily | 0% | 0% | 3% | 15% | 7% | 25% |
| Total | 25% | 32% | 13% | 22% | 7% | 100% |

Exhibit 51 presents the assessment of future density for housing built in Talent over the 2017 to 2037 period. The assessment of density is based on a number of factors: (1) the types of housing and development densities allowed in each Plan Designation, (2) existing development by type of housing, (3) the characteristics of vacant residential land, as described below, (4) the densities by type of Plan Designation described in OAR 660-038 Table 2,²⁵ and (5) the range of housing need by income identified in Exhibit 52, which includes need for housing for high income households to low- and very-low income households.

Talent assumes that land for rights-of-way will account for: (1) 23% of land in the Low Density and Medium Density designations, based on empirical analysis of existing land used for rights-of-way in Talent²⁶ and (2) 24% in High Density and Commercial Designations, consistent with Talent's zoning code. Exhibit 52 shows the following densities, in net and gross acres: ²⁷

- **Low Density:** 5.2 dwelling units per acre, with 23% of land used for rights-of-way, resulting in a density of 4.0 dwelling units per gross acre. This assumes average development of about 8,400 square foot lots, excluding land needed for rights-of-way. The Low Density designation includes land zoned R-5, which allows a minimum lot size of 8,000 square feet, and land zoned R-7, which allows a minimum lot size of 6,000 square feet.

Much of the City's vacant and partially vacant land in Low Density is in the Railroad District. About 40% (15 acres) of the Low Density land within Talent's city limits is in the Railroad district on slopes above 5%. This land is all zoned R-5. About 50% (62 acres) of the Low Density land in the UGB but not within the city limits is in the Railroad district on slopes above 5%. This land does not have a zoning designation. It is reasonable to assume that these areas may develop at lower densities than flat land.

These factors were considered in estimating future average density in the Low Density designation. While single-family (and 'plex) development in Talent between 2003 to 2012 had net densities over 7 dwelling units per acre (as

²⁵ While Talent does not use the methodology described in OAR 660-038, the City did consider the densities described in Table 2. Talent's future densities generally fit within the ranges described in Table 2.

²⁶ This assumption is based on empirical analysis of the land used for rights-of-way in developed residential land in the Low Density Designation in 2016.

²⁷ 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, parks, and schools.

discussed in Chapter 3), the conditions that allowed these development densities no longer exist. As described above, much of Talent’s vacant Low Density land is zoned R-5 and is on slopes. In addition, Talent no longer allows Planned Unit Development, which resulted in development densities above those allowed in R-5 and at the top of R-7 densities.

- **Medium Density:** 10.0 dwelling units per acre, with 23% of land used for rights-of-way, resulting in a density of 7.7 dwelling units per gross acre. This assumes average development of nearly 4,400 square foot lots, excluding land needed for rights-of-way.
- **High Density:** 18.0 dwelling units per acre, with 24% of land used for rights-of-way, resulting in a density of 13.7 dwelling units per gross acre. This assumes average development of approximately 2,400 square feet of land per dwelling unit, excluding land needed for rights-of-way.

High Density allows for development of single-family detached units at a density of 6.0 dwelling units per net acre and multifamily at a maximum density of 22 dwelling units per net acre. The historical density of for multifamily dwellings in Talent is 12.4 dwelling units per gross acre.

- **Commercial:** 18.0 dwelling units per acre, with 24% of land used for rights-of-way, resulting in a density of 13.7 dwelling units per gross acre, consistent with High Density. This assumes average development of 2,400 square feet of land per dwelling unit, excluding land needed for rights-of-way.

Exhibit 51. Estimated density for housing built in the Talent UGB, 2017 to 2037

Source: ECONorthwest

*Note: This analysis assumes that a Medium Density Residential Designation will replace the existing Residential Manufactured Home Designation.

Note: DU is dwelling unit.

| Plan Designation | Average Net Density (du/acre) | Percentage for Rights-of-Way | Average Gross Density (du/acre) | Approximate Average Lot size (sq ft) |
|----------------------|-------------------------------|------------------------------|---------------------------------|--------------------------------------|
| Low Density (RL-CL) | 5.2 | 23% | 4.0 | 8,380 |
| Low Density (RL-UGB) | 5.2 | 23% | 4.0 | 8,380 |
| Medium Density (RM)* | 10.0 | 23% | 7.7 | 4,360 |
| High Density (RH) | 18.0 | 24% | 13.7 | 2,420 |
| Commercial | 18.0 | 24% | 13.7 | 2,420 |

Needed housing by income level

The next step in the housing needs analysis is to develop an estimate of need for housing by income and housing type. This requires an estimate of the income distribution of current and future households in the community. These estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

The analysis in Exhibit 52 is based on American Community Survey data about income levels in Talent, using information shown in Exhibit 46. Income is categorized into market segments consistent with HUD income level categories, using Jackson County's 2016 Median Family Income (MFI) of \$53,300. Exhibit 52 is based on current household income distribution, assuming approximately that the same percentage of households will be in each market segment in the future.

About 62% of Talent's future households will have income below 80% of Jackson County's median family income (less than \$45,000 in 2016 dollars).

This shows a substantial need for affordable housing types, such as government-subsidized affordable housing, manufactured homes, apartments, townhomes, duplexes, and small single-family homes.

Exhibit 52. Estimate of needed new dwelling units by income level, by Median Family Income (MFI) for Jackson County (\$53,300), Talent, 2017-2037

Source: U.S. Department of Housing and Urban Development
US Census Bureau, 2010-2014 ACS Table 19001

| % of Ja. Co. MFI | <30% | 30%-50% | 50%-80% | 80%-120% | >120% |
|------------------------------------|----------------------|--------------------------------|--|------------------------------|-------------------|
| Annual Income | <\$16,770 | \$16,770-\$27,950 | \$27,950-\$44,720 | \$44,720-\$67,080 | > \$67,080 |
| 2015 Monthly Affdble. Housing Cost | <\$419 | \$419-\$699 | \$699-\$1,118 | \$1,118-\$1,677 | > \$1,677 |
| Percent of Talent's Households | 27% | 15% | 20% | 18% | 20% |
| New Households 2017-2037 | 343 | 191 | 254 | 229 | 254 |
| Attainable Owner Housing Types | None | Mfg. in parks | Townhome Duplex Mfg on lot | Townhome Single-family house | All housing types |
| Attainable Renter Housing Types | Subsidized Apartment | Apartment Mfg. in parks Duplex | Apartment Townhome Single-family house | Most Single-family houses | All housing types |

Need for government assisted and manufactured housing

ORS 197.303 requires cities to plan for government-assisted housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-subsidized housing.** Government-subsidies can apply to all housing types (e.g., single family detached, apartments, etc.). Talent allows development of government-assisted housing in all residential Plan Designations, with the same development standards for market-rate housing. This analysis assumes that Talent will continue to allow government housing in all of its residential Plan Designations. Because government assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Manufactured housing on lots.** Talent allows manufactured homes on lots in in Low Density designation (the RS-5 and RS-7 zones) and the High Density Designation (the RM-22 zone), which is the zone where single-family detached housing is allowed. Talent does not have special siting requirements for manufactured homes. Since manufactured homes are subject to the same siting requirements as site-built homes, it is not necessary to develop separate forecasts for manufactured housing on lots.
- **Manufactured housing in parks.** OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high density residential development. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,²⁸ Talent has five manufactured home parks within the City, with 449 spaces and five vacant spaces. The manufactured home parks are located in the High Density Plan Designation.

ORS 197.480(2) requires Talent to project need for mobile home or manufactured dwelling parks based on: (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned, or generally used for commercial, industrial, or high density residential.

- Exhibit 48 shows that Talent will grow by 1,272 dwelling units over the 2017 to 2037 period.
- Analysis of housing affordability (in Exhibit 51) shows that about 42% of Talent's new households will be low income, earning 50% or less of the

²⁸ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

region's median family income. One type of housing affordable to these households is manufactured housing.

- Manufactured housing in parks accounts for about 15% (about 449 dwelling units) of Talent's current housing stock.
- National, state, and regional trends since 2000 showed that manufactured housing parks were closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Of these 13 parks (336 spaces) that closed were in Jackson or Josephine counties. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few-to-no new manufactured home parks have opened in Oregon.
- Exhibit 51 shows that the households most likely to live in manufactured homes in parks are those with incomes between \$15,990 and \$26,650 (30% to 50% of median family income), which include 15% of Talent's households. However, households in other income categories may live in manufactured homes in parks.

Manufactured home park development is an allowed use in Residential Manufactured Home Designation, in the RS-MH zone. The national and state trends of closure of manufactured home parks and the fact that no new manufactured home parks have opened in Oregon in over the last 15 years demonstrates that development of new manufactured home parks in Talent is unlikely.

Our conclusion from this analysis is that development of new manufactured home parks in Talent over the planning period is unlikely over the 2017-2037 period. It is, however, likely that manufactured homes will continue to locate on individual lots in Talent. The forecast of housing in Exhibit 49 assumes that no new manufactured home parks will be opened in Talent over the 2017-2037 period. The forecast includes new manufactured homes on lots in the category of single-family detached housing.

- Over the next 20 years (or longer), one or more manufactured home parks may close in Talent as a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

While there is statewide regulation of the closure of manufactured home

parks designed to lessen the financial difficulties of this closure for park residents,²⁹ the City has a role to play in ensuring there are opportunities for housing for the displaced residents. The City's primary role is to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential development to allow for development of new, relatively affordable housing. The City may use a range of policy to encourage development of relatively affordable housing, such as allowing a wider range of moderate density housing (e.g., duplexes or cottages) in the Low Density designation, using tax credits to support affordable housing production, developing an inclusionary zoning policy, or partnering with a developer of government-subsidized affordable housing.

²⁹ ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord must do the following for manufactured dwelling park tenants before closure of the park: give at least one year's notice of park closure, pay the tenant between \$5,000 to \$9,000 for each manufactured dwelling park space, and cannot charge tenants for demolition costs of abandoned manufactured homes.

6. Residential Land Sufficiency within Talent

This chapter presents an evaluation of the sufficiency of vacant residential land in Talent to accommodate expected residential growth over the 2017-2037 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Talent’s ability to accommodate needed new housing units for the 2017-2037 period, based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis.

This chapter focuses on land needed for housing but also considers land needed for public and semi-public uses in residential areas.

Framework for the Residential Capacity Analysis

The buildable lands inventory summarized in Chapter 2 (and presented in full in Appendix A) provides a *supply* analysis (buildable land by type), and Chapter 5 provided a *demand* analysis (population and growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to get estimates of supply and demand into common units of measurement so that they can be compared: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape, can all affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a “capacity analysis,”³⁰ can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

³⁰ There is ambiguity in the term *capacity analysis*. It would not be unreasonable for one to say that the “capacity” of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by Plan Designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: “estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate.” That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as “capacity analysis,” so we use that shorthand occasionally in this memorandum.

Talent Capacity Analysis Results

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing based on the needed densities by the housing type categories shown in Exhibit 51.

Exhibit 53 shows that **Talent’s 124 acres of vacant residential land has capacity to accommodate approximately 630 new dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in residential Plan Designations as shown in Chapter 2.
- **Future densities.** The capacity analysis assumes development will occur at the densities shown in Exhibit 51.

Exhibit 53. Estimated housing development potential on vacant residential lands, number of dwelling units, Talent UGB

Source: Buildable Lands Inventory from City of Talent; Calculations by ECONorthwest

*Note: This analysis assumes that a Medium Density Residential Designation will replace the existing Residential Manufactured Home Designation.

Note: DU is dwelling unit.

| Plan Designation | Buildable/ Suitable Acres | Gross Density (du/acre) | Dwelling Units Capacity |
|----------------------|------------------------------|----------------------------|----------------------------|
| Low Density (RL-CL) | 38 | 4.0 | 152 |
| Low Density (RL-UGB) | 69 | 4.0 | 276 |
| Medium Density (RM)* | 5 | 7.7 | 38 |
| High Density (RH) | 12 | 13.7 | 164 |
| Total | 124 | 5.1 | 630 |

The estimated capacity in Exhibit 53 does not include assumptions about development in commercial designations or redevelopment opportunities.

The assumed density of development in Exhibit 53 is 5.1 dwelling units per gross acre.

Land Needed for Public and Semi-Public Uses

Cities need to provide land for uses other than housing and employment. Public facilities such as schools, governments, churches, parks, and other non-profit organizations will expand as population increases. Many communities have specific standards for parks. School districts typically develop population projections to forecast attendance and need for additional facilities. All of these uses will potentially require additional land as a city grows.

Previous chapters estimated land demand for housing; this section considers other uses that consume land and must be included in land demand estimates. Demand for these lands largely occurs independent of market forces. In general, these land use needs can be directly correlated to population growth.

Public Land Needs (except parkland)

Discussions with stakeholders at the City of Talent indicate that the City does not have plans for significant expansions that will require new land beyond land that the agencies currently own.

Based on this information, we do not expect the City to need new residential land for public facilities.

Land Needed for Parks

The City of Talent's adopted *Parks Master Plan* (July 2006) describes existing conditions and future needs for parks over in Talent over the 2006 to 2030 period.

The City of Talent has adopted a level of service (LOS) ratio of 3.0 acres of developed parkland per 1,000 residents. This ratio provides guidance for determining the amount of parkland necessary for meeting current and future recreation needs. As of the 2006 Master Plan, the City of Talent had 17 acres of developed parkland, based on the extent of recreational amenities and improvements. In addition to the 17 acres of existing parkland, the City has prepared a concept plan for the development of a new 19.5-acre park on the Suncrest and DeYoung properties. These 19.5 acres are currently owned by the City and designated as parkland, but have limited recreational amenities.

Exhibit 54 shows that the addition of 19.5 developed park acres will allow Talent to meet its parkland LOS goal based on its projected 2037 population, with a surplus of 9 acres.

Exhibit 54. Projected Need for Developed Parkland

| 2037 LOS for Developed Parkland | |
|--|-------|
| Projected 2037 population | 9,291 |
| LOS (developed park acres per 1,000 residents) | 3.0 |
| Total acres of developed park acres required to meet LOS | 28 |
| Developed and planned park land (acres) | 36 |
| Developed park acres as of July 2006 | 17 |
| Planned park acres at Suncrest/DeYoung Property | 19 |

Source: ECONorthwest, City of Talent 2006 Parks Master Plan, City of Talent Parks website

In addition to developed parkland, Talent’s park system also includes greenways and undeveloped open space. As of the 2006 Master Plan, the City of Talent owned about 19 acres of greenways and 22 acres of undeveloped parkland. Most of the undeveloped parkland is proposed for improvement as part of the 19.5 acre Suncrest Park. The 2006 Parks Master Plan does not identify a LOS standard for open space, natural areas, and greenways. However, it does identify priority sites for acquisition, including extension of the Wagner Creek Greenway and a conservation buffer near Ridgeline Trail.

The City may be able to satisfy its needs for parks, natural areas, and trails on undeveloped parkland that the City already owns or on vacant land within the UGB, if land is available for purchase at a price that the City can afford. The City may meet some needs for natural areas in areas with constraints, such as wetlands. Development of parks infrastructure, such as trails or playgrounds, in these constrained areas is subject to similar restrictions as other types of development (e.g., residential development).

In cases where the City cannot afford to purchase parkland within the UGB, the City may develop parks, natural areas, and trails outside of the UGB. These areas may remain outside of the UGB and serve the community’s recreational needs.

Based on this analysis, we conclude that the City has sufficient land within the UGB to meet the service standards in the 2006 adopted *Parks Master Plan*.

Land Needs for Schools

The Phoenix and Talent School District is working on an updated Facilities Plan. The District's plans for future schools do not include need for additional land for schools in Talent over the next 20-years.³¹

Semi-Public Land Needs

Land needed for semi-public uses includes land for churches, non-profit organizations such as fraternal organizations, and related semi-public uses. The analysis includes land need assumptions using acres per 1,000 persons for all lands of these types. Exhibit 55 shows that Talent has 10 acres of land used for semi-public uses, with 1.6 acres per 1,000 residents in Talent in 2015. These semi-public land uses are most likely to occur in Low Density Plan Designations.

Assuming that Talent will continue to need 1.6 acres of land per 1,000 people for semi-public uses in the future, Talent will need approximately 4 acres of land to accommodate growth of the 2,716 new population forecast for Talent in Exhibit 48. Land needed for these users can typically be provided within existing Plan Designations, including all residential designations, based on the uses that are permitted in the associated zone.

Exhibit 55. Semi-Public Land Demand, Talent UGB, 2017-2037

| Category | Existing Semi-Public Land in 2015 | | Acres Needed 2016-2036 |
|--------------------------|-----------------------------------|------------------------|------------------------|
| | Acres | Acres per 1,000 people | |
| Church | 5 | 0.8 | 2 |
| Other | 5 | 0.8 | 2 |
| Total Semi-Public | 10 | 1.6 | 4 |

Source: ECONorthwest

Based on this analysis, we assume that Talent will need 4 acres of land zoned residential, most likely in the Low Density Plan Designation, for semi-public uses.

³¹ Based on discussions with Jon Mccalip, the Director of Facility Maintenance for the Phoenix and Talent School District.

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Talent is to compare the demand for housing by Plan Designation (

Exhibit 50) with the capacity of land by Plan Designation (Exhibit 53).

Exhibit 56 shows that Talent has a deficit of capacity in all residential Plan Designations:

- **Low Density:** Talent has a deficit of capacity for about 309 dwelling units, or 77 gross acres of land to accommodate growth over the 2017-2037 period, in both the RL-CL and RL-UGB zones.
- **Medium Density:** Talent has a deficit of capacity for about 128 dwelling units, or 17 gross acres of land to accommodate growth.
- **High Density:** Talent has a deficit of capacity for about 122 dwelling units, or 9 gross acres of land to accommodate growth.
- **Commercial:** Exhibit 56 shows a need for 83 dwelling units of capacity in commercial designations, about 6 gross acres. This development could occur in mixed-use buildings or on land that is redesignated to High Density

Exhibit 56. Comparison of capacity of existing residential land with demand for new dwelling units and land deficit, Talent UGB, 2017-2037

Source: Buildable Lands Inventory from City of Talent; Calculations by ECONorthwest

*Note: This analysis assumes that a Medium Density Residential Designation will replace the existing Residential Manufactured Home Designation.

Note: DU is dwelling unit.

| Plan Designation | Dwelling Units Capacity of Buildable Land | Needed Dwelling Units (2017-2037) | Surplus or Deficit of Dwelling Units | Gross Density (du/acre) | Land Deficit (Gross Acres) |
|----------------------|---|-----------------------------------|--------------------------------------|-------------------------|----------------------------|
| Low Density | 428 | 737 | -309 | 4.0 | -77 |
| Low Density (RL-CL) | 152 | 324 | -172 | 4.0 | -43 |
| Low Density (RL-UGB) | 276 | 413 | -137 | 4.0 | -34 |
| Medium Density (RM)* | 38 | 166 | -128 | 7.7 | -17 |
| High Density (RH) | 164 | 286 | -122 | 13.7 | -9 |
| Commercial | 0 | 83 | -83 | 13.7 | -6 |
| Total | 630 | 1,272 | -642 | | |

The analysis of semi-public land needs shows that need for land for semi-public uses, such as churches, increases Talent’s residential land deficit by about 4 acres. These semi-public uses are most likely to locate in the Low Density Plan Designation.

Conclusions and Recommendations

The findings of the Talent Housing Needs Analysis are:

- **Talent has a deficit of land to accommodate housing in every Plan Designation.** Talent has a deficit of 77 acres of Low Density land, both in the R-CL and the RL-UGB. Talent also has a deficit of land for medium density development, shown as a deficit of 17 acres in Medium Density. However, Talent does not have a typical medium density Plan Designation and the only zone in the city's Medium Density is Single-Family Manufactured Housing. Talent also has a deficit of land for high density housing, with 9 acres in High Density and 6 acres in commercial designations.

Need for land for semi-public land needs increases Talent's residential land deficit by about 4 acres. These semi-public uses are most likely to locate in the Low Density Plan Designation.

- **The City's density assumptions do not meet the requirements of the RPS Regional Plan.** The RPS resulted in agreements from each city in the region about "committed densities" for residential development in land in areas within the UGB but outside the city limits and in the Urban Reserve Areas (URAs). Talent's committed density is 6.6 dwelling units per gross acre (or 8 dwelling units per net acre) for the 2010-2035 period. For the 2036-2060 period, Talent's committed density is 7.6 dwelling units per gross acre, a 15% increase over the committed density for the 2010-2035 period.³²

The forecast for land need shown in Exhibit 53 result in a density of 4.0 dwelling units per gross acre for land in RL-UGB, which is within the UGB but outside of the city limits. This does not meet Talent's committed density of 6.6 dwelling units per gross acre through 2035. The recommendations in this section include suggestions to meet this target.

- **Talent will need to address infrastructure development constraints in the Railroad District Master Plan area.** Much of Talent's vacant buildable land in Low Density Residential, about 84 acres and 78% of buildable lands, is in the Railroad District Master Plan area, located southwestern of Rapp Road. While a master plan for this area was completed in 2007, no development has occurred in this area. The primary reason for the lack of development is constraints to developing urban infrastructure (e.g., water and wastewater service) in this area. Providing urban services to this area will require crossing the rail line, which requires obtaining permission to cross the rail line from ODOT Rail. Providing

³² Greater Bear Creek Valley Regional Plan, page 2-11 to 2-12.

urban services will require extending water and wastewater services and making transportation connections with Talent's transportation network. In addition, development of this area will be challenging because of steep slopes, about three-quarters of the unconstrained vacant buildable area in slopes of 5% to 25%.

Given that this area accounts for a large percentage of Talent's buildable residential land, making this area ready for development should be a high priority for the City. If this area cannot be made ready for development, the City should consider ways to accommodate residential development elsewhere in the City.

- **Talent will need to address physical development constraints in the Railroad District Master Plan area.** This area accounts for more than three-quarters of the vacant buildable land in the Low Density Residential Designation in Talent. More than 90% of this land, about 78 acres, has slopes of 5% or more and 60% of this land (51 acres) has slopes of 10% to 25%.

Development densities on land with slopes is typically lower than on flat land. Steeper slopes generally decrease development density. Talent has little existing development on slopes to provide information development densities on sloped land. But it is reasonable to expect that some development may be reduced below the 4.0 dwelling unit per gross acre assumption used for Low Density land in this study. Some development may occur at densities closer to 3.3 dwelling units per gross acre (10,000 square foot lots) or 2.2 dwelling units per gross acre (15,000 square foot lots) on steeper slopes.

Much of this area is within Talent's UGB but outside of the city limits, where Talent is committed to meeting an average density of 6.6 dwelling units per gross acre.³³ Talent should consider planning for higher density development on the flatter areas of the Railroad District area, such as Medium Density Residential. The City may also want to consider planning for additional density in downtown or along commercial corridors to compensate for the lower density development on slopes in the Railroad District area.

- **Talent will need to provide opportunity for development of a wider range of housing types.** Three-quarters of the housing in Talent's housing market is single-family detached. While Talent will continue to need single-family detached housing in the future, the City's needed housing mix includes a wider range of housing types, such as townhouses and all types of multifamily

³³ The RPS Plan allows cities to meet this target through increases of residential density for areas within the city limits.

housing. The City should provide opportunities for development of a wider range of housing types, especially housing that is more affordable for households with income below \$50,000. The city's biggest affordability challenge is for households with income below \$25,000 because these households generally cannot afford market-rate housing.

- **Talent has an existing deficit of affordable housing.** Talent's housing prices, especially ownership prices, have increased substantially since 2000. For example, the median home value was 5.1 times the median income in 2014, up from 3.2 in 2000. Nearly half of Talent's households are unable to afford a two-bedroom rental at fair market rent (\$858). Talent has a deficit of about 600 units for households with income below \$25,000, in housing types such as apartments, duplexes, tri- and quad-plexes, and manufactured housing. The City may consider partnering with organizations involved in producing affordable housing, such as the Jackson County Housing Authority, to support development of new affordable housing in Talent.
- **The City will need to identify ways to accommodate for forecast of housing growth.** The City can meet the need for housing by increasing land use efficiency, expanding its urban growth boundary (UGB), or both.
 - *Evaluate land use efficiency policies.* ECONorthwest recommends that the City evaluate policies to increase land use efficiency, which is a required part of a UGB expansion analysis. Policies that the City could consider include: (1) allowing a wider range of housing in low- and medium-density zones, (2) redesignating land from lower-density uses to higher density uses, such as low-density residential to medium- or high-density uses, (3) redesignating surplus commercial and industrial land to medium- and high-density residential uses, (4) lowering barriers to mixed-use and multifamily development in commercial zones, (5) lower barriers to development of affordable housing types, such as smaller single-family units, accessory dwelling units, and apartments, and (6) lowering other barriers to efficient development of Talent's residential land base. These policies can help Talent meet its RPS committed residential density of 6.6 dwelling units per gross acre on land within Talent's UGB but outside of the city limits (specifically in the Railroad District).
 - *Evaluate opportunities for UGB expansion.* Talent participated in the Regional Planning Solving process (RPS) and adopted urban reserves for residential development. Talent's urban reserves for residential development are in the following areas: TA3 has about 104 acres and most

is expected to be developed for residential uses, and TA5 has about 26 acres and less than half is planned for residential uses.

- **Work with the RPS Committee to identify options for accommodating the forecast of residential growth in urban reserves.** It seems unlikely that all of Talent’s residential growth can be accommodated within the UGB, especially given challenges of developing land in the Railroad District. However, Talent’s urban reserve areas may not be sufficient or best suited to accommodate Talent’s residential development. TA3 is located at the southern end of Talent, south and east of Highway 99. Development in this area may be challenging due to steep slopes and infrastructure constraints. TA5 is relatively small (26 acres) and only 43% is planned for residential uses. ECONorthwest recommends that the City work with the RPS Committee to identify options for accommodating housing need in the urban reserves, such as using some areas identified for employment uses for residential uses.
- **The City lacks a standard medium density residential comprehensive Plan Designation.** The City’s existing Medium Density Plan Designation includes one zone, the Single-Family Manufactured Home (RS-MH) zone, which is intended to provide opportunities for developing manufactured home parks or on individual lots. The City lacks a zone that bridges the gap between low density zones and high density zones. ECONorthwest recommends that the City develop a medium density zone and Plan Designation with a density of 5 to 10 dwelling units per acre. This zone should allow single-family detached housing, townhouses, duplexes, tri- and quad-plexes, small apartment buildings, and other moderate density housing types. Developing a Medium Density Plan Designation can help Talent meet its RPS committed residential density of 6.6 dwelling units per gross acre on land within Talent’s UGB but outside of the city limits (specifically in the Railroad District).
- **Talent should consider opportunities to use commercial land for residential development.** The Economic Opportunities Analysis identified a surplus of about 45 acres of commercial land. The Housing Needs Analysis identified a deficit of land to accommodate high density housing, both in the High Density designation and in commercial areas. The City should evaluate opportunities to accommodate some or all of this deficit in commercial areas, either through redesignating commercial land to residential uses or by developing policies to encourage development of high density housing in commercial areas. Allowing higher density housing on commercial land can help Talent meet its RPS committed residential density of 6.6 dwelling units per gross acre on land within Talent’s UGB but outside of the city limits (specifically in the Railroad District).

The broad conclusion of the housing needs analysis is that Talent can take policy actions to address the issues identified in this report, as recommended above. The Housing Policies Strategies memorandum makes recommendations on policies that Talent should implement, based on the analysis in this report and discussions with the project Citizen Advisory Committee. We recommend that the Talent Planning Commission and City Council review and evaluate the recommendations in the Housing Policies Strategies and give their staff direction to implement those strategies, as the decision-makers find appropriate.

Appendix A: Buildable Lands Inventory

The general structure of the buildable land (supply) analysis is based on the DLCD HB 2709 workbook *“Planning for Residential Growth – A Workbook for Oregon’s Urban Areas,”* which specifically addresses residential lands. The buildable lands inventory uses methods and definitions that are consistent with OAR 660-009 and OAR 660-024. City staff used 2016 data for this report. The following provides an overview of the buildable land inventory methodology and results.

Overview of the methodology

The buildable lands analysis was completed through several sequential steps. First, the analysis established the residential land base (parcels or portion of parcels with appropriate zoning), classified parcels by buildable status, identified/deducted environmental constraints, and lastly summarized total buildable area by Plan Designation.

Data used for the analysis was provided by the Jackson County GIS Department. Specific data used included city/urban growth boundaries, tax lots, zoning, National Wetland Inventory wetlands, and a digital elevation model (to calculate slopes). The tax lot data was current as of June 2016.

Definitions

A key step in the buildable lands analysis is to classify each tax lot into a set of mutually exclusive categories based on development status. For the purpose of this study, all residential tax lots in the UGB are classified into one of the following categories:

- **Vacant land.** Tax lots that have no structures or have buildings with very little improvement value. For the purpose of this inventory, residential lands with improvement values under \$10,000 are considered vacant.
- **Partially vacant land.** Partially vacant tax lots are those occupied by a use but which contain enough land to be further subdivided without need of rezoning. Residential parcels zoned RL and RM one-half acre or more were assumed to be partially-vacant. One-quarter acre (10,890 square feet) of the parcel area was subtracted to account for the existing dwelling and assuming that the remainder is buildable land.

City staff performed a visual assessment of partially vacant land and identified parcels that could not be reasonably subdivided because of access issues that would make one or more of the subdivided lots inaccessible. These lots were

considered fully developed and not included in the inventory of partially vacant land.

- **Undevelopable land.** Vacant land that is under the minimum lot size for the underlying zoning district, land that has no access or potential access, land that is already committed to other uses by policy, or tax lots that are more than 90% constrained, or land used by a home-owners' association.
- **Public land.** Lands in public or semi-public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations, such as hospitals. Public lands were identified using the Talent County Assessment data with a total assessed value of \$0 and aided by using the property owner name. This category only includes public lands that are located in residential Plan Designations.
- **Developed land.** Land that is developed at densities consistent with zoning and improvements that make it unlikely to redevelop during the analysis period. Lands not classified as vacant, partially-vacant, or undevelopable are considered developed.

Following the initial classification of parcels, city staff visually scanned the result based using aerial photos to look for anomalies.

Development constraints

Consistent with state guidance on buildable lands inventories, ECO deducted portions of residential tax lots that fall within certain constraints from the buildable lands including wetlands and steep slopes. Categories used were consistent with OAR 660-008-0005(2):

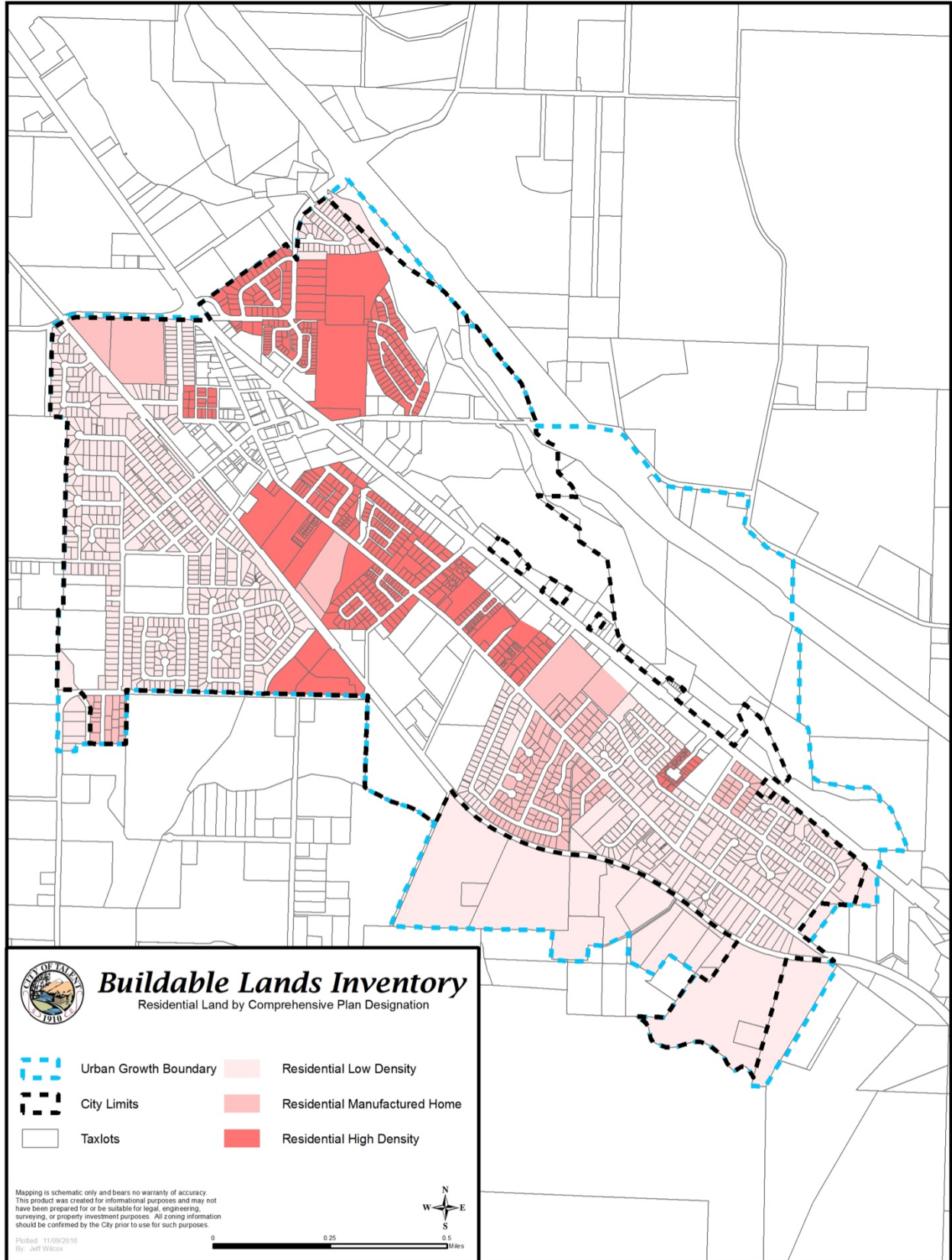
- Lands within floodways. We used FEMA FIRM maps to identify lands in floodways. No parcels with residential Plan Designations fell within a floodway. As a result, no land was deducted for this constraint.
- Lands in regulated wetlands. We used Talent Local Wetlands Inventory data (1997) to identify wetlands.
- Land with slopes over 25%. Jackson County GIS calculated steep slopes using a digital elevation model file to identify areas with slopes over 25%, which is consistent with the Division 9 rule.

The inventory was completed primarily using Geographic Information Systems (GIS) mapping technology. The output of this analysis is a database of land inventory information, which is summarized in both tabular and map format. Although data for

the inventory was gathered and evaluated at the parcel level, the inventory does not present a parcel - level analysis of lot availability and suitability. The results of the inventory have been aggregated by comprehensive Plan Designations, consistent with state planning requirements. As such, the inventory is considered to be accurate in the aggregate only and not at the parcel level. The Residential Buildable Land Inventory includes a review of the following residential comprehensive Plan Designations:

- Residential Low Density (RL), which includes lands in the RS-5 zone and the RS-7 zone
- Residential Manufactured Home (RM), which includes land in the RS-MH zone
- Residential High Density (RH), which includes land in the RM-22 zone

Map A-1: Residential Comprehensive Plan Designations, Talent UGB, 2016



Source: City of Talent analysis of Jackson County GIS data

Residential Buildable Land Inventory Results

Table A-1 shows residential land in Talent by classification (development status). The results show that Talent has 541 total acres in residential Plan Designations. By classification, about 62% of the land is developed, 24% is partially vacant, 9% is vacant, 4% is public and 1% is undevelopable. About 25% of residential land is in the residential high density designation (RH); 13% in residential manufactured home designations (RM) and 63% in residential low density designations (RL).

Table A-1. Residential Land by Classification, Talent UGB, 2016

| Development Status | Plan Designation | | | Outside of city limits, within urbanizing area | | Total | Percent of Total |
|-------------------------|------------------------------|------------------------------------|-------------------------------|--|------------------|-------------|------------------|
| | Residential Low Density (RL) | Residential Manufactured Home (RM) | Residential High Density (RH) | Residential Low Density (RL) | Percent of Total | | |
| Developed | 168 | 61 | 106 | 2 | 337 | 62% | |
| Partially vacant | 27 | 4 | 7 | 94 | 132 | 24% | |
| Vacant | 33 | 3 | 9 | 1 | 46 | 9% | |
| Public | 7 | 0 | 11 | 4 | 22 | 4% | |
| Undevelopable | 2 | 1 | 0 | 1 | 4 | 1% | |
| Total | 237 | 69 | 133 | 102 | 541 | 100% | |
| Percent of Total | 44% | 13% | 25% | 19% | 100% | | |

Source: City of Talent analysis of Jackson County GIS data

Table A-2 shows land in all residential Plan Designations by development and constraint status. Talent has 541 acres in 1,797 tax lots in residential Plan Designations. About 65% of total residential land (352 acres) is built, 12% (65 acres) is constrained, and 23% (124 acres) is buildable.

Table A-2. Residential Land by Comprehensive Plan Designation, Talent UGB, 2016

| Plan Designation | Tax Lots | Total Acres | Built Acres | Constrained Acres | Buildable Acres |
|--------------------------|--------------|-------------|-------------|-------------------|-----------------|
| RL-City Limits | 987 | 237 | 176 | 23 | 38 |
| RL-Urban Growth Boundary | 28 | 101 | 5 | 29 | 67 |
| RM | 203 | 69 | 63 | 1 | 5 |
| RH | 579 | 133 | 108 | 12 | 13 |
| Total | 1,797 | 541 | 352 | 65 | 124 |
| Percent of Total | | 100% | 65% | 12% | 23% |

Source: City of Talent analysis of Jackson County GIS data

Note: Lots identified as undevelopable or publicly owned were not included in "total acres".

Table A-3 shows buildable acres (e.g., acres in tax lots after constraints are deducted) for vacant and partially vacant land by Plan Designation. The results show that Talent has about 124 buildable residential acres. Of this, about 28% are in tax lots classified as vacant, and 72% are in tax lots classified as partially vacant. Over half of all buildable residential land (69 acres) is in the residential low density Plan Designation and currently outside city limits. Thirty-one percent of the remaining buildable land is within the residential low density Plan Designation within city limits. Residential manufactured home and high density land is sparse, together comprising only 14% of total remaining buildable lands.

Table A-3. Buildable acres in vacant and partially vacant tax lots by Plan Designation, Talent UGB, 2016

| Development Status | Plan Designation | | | | Percent of | |
|--------------------|------------------|-----------|------------|------------|-------------|-------------|
| | RL-CL | RM | RH | RL-UGB | Total | Total |
| Partially vacant | 16 | 2 | 3 | 68 | 89 | 72% |
| Vacant | 22 | 3 | 9 | 1 | 35 | 28% |
| Total | 38 | 5 | 12 | 69 | 124 | 100% |
| Percent of Total | 31% | 4% | 10% | 56% | 100% | |

Source: City of Talent analysis of Jackson County GIS data

Note: RL-CL is Residential Low Density in the city limits and RL-UGB is Residential Low in outside the city limits within the UGB.

Map A-5 shows slopes for land within the Talent UGB. Most of the land in Talent is relatively flat, with a slope of less than 5%. The exception is the Railroad District, which is in the southern part of Talent. Most of the land in the Railroad District is within the UGB but outside of the city limits. Slopes in this area vary from 0 to 5% slope to areas with a slope of 25% or more. Map A-3 and Map A-4 show that most of Talent’s vacant and partially vacant residential land is in the Railroad District.

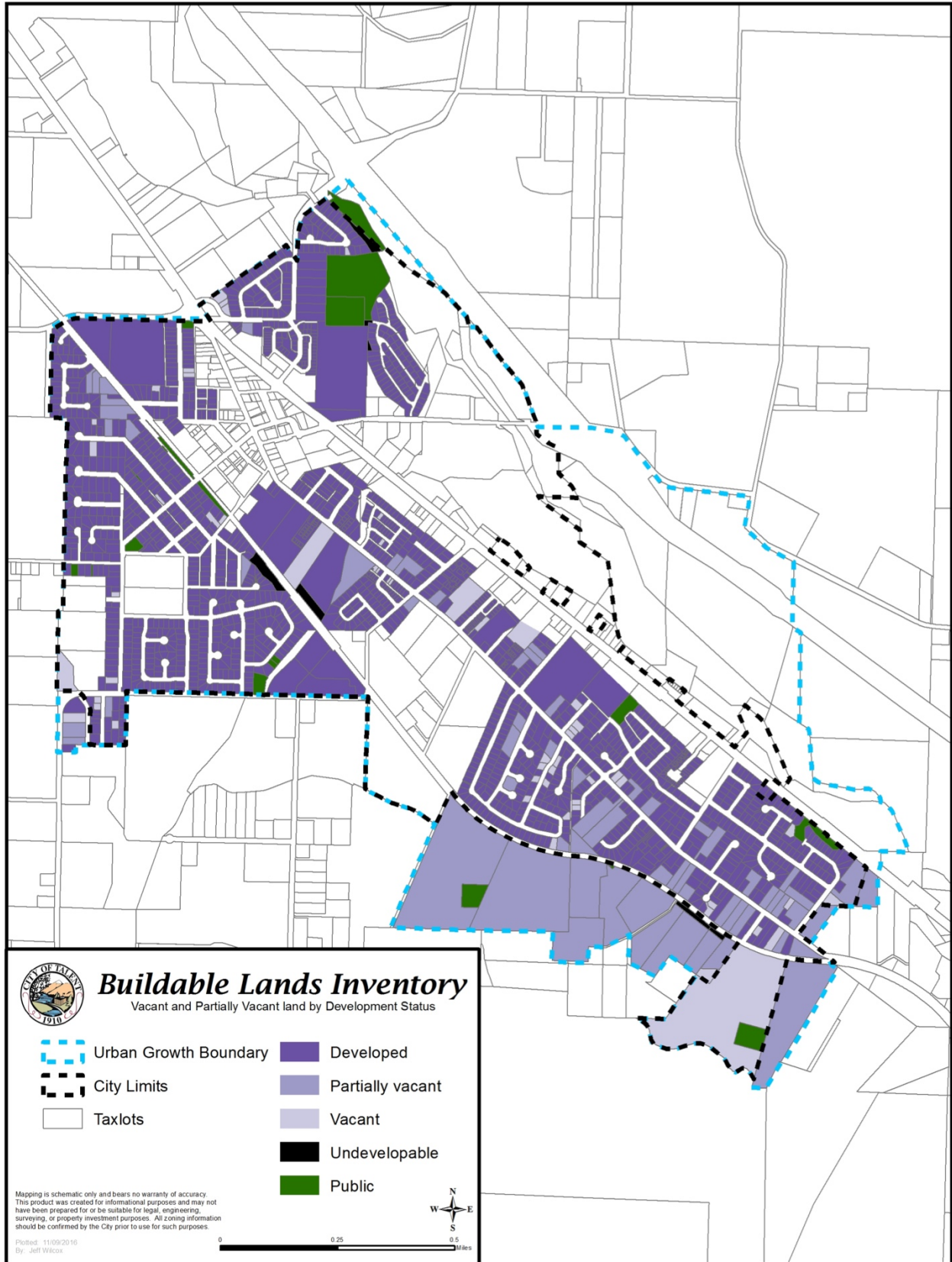
Table A-4 shows the vacant and partially vacant buildable land in the Railroad District by slope class and by Plan Designation. Nearly 7 acres of land in this area is on land with a slope of 5% or less, 27 acres on land with a slope of 5 to 10%, and 51 acres on land with a slope of 10 to 25%. Land with slopes greater than 25% are considered constrained and unbuildable, consistent with the assumptions in the buildable lands inventory.

Table A-4. Buildable acres by Plan Designation and slope, Railroad District in Talent UGB, 2016

| | Vacant and Partially Vacant Residential Land by | | |
|--------------------|--|----------------|-----------------|
| | 0-5% slope | 5-10% slope | 10-25% slope |
| Within City Limits | | | |
| RL-CL, zoned RS-5 | 1 | 5 | 11 |
| Within UGB | | | |
| RL-UGB | 5 | 22 | 40 |
| Total | 7 | 27 | 51 |

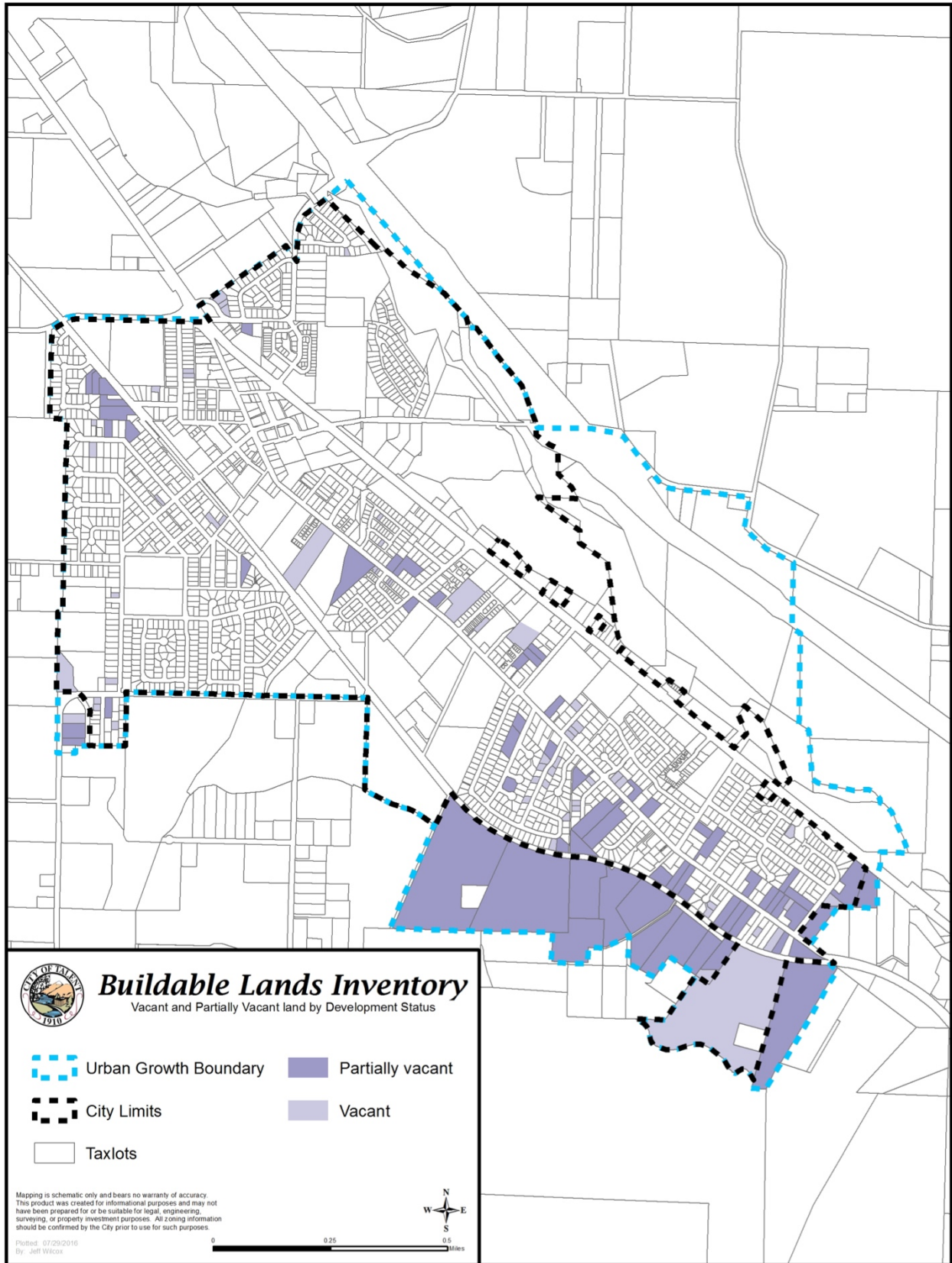
Source: City of Talent analysis of Jackson County GIS data
 Note: RL-CL is Residential Low Density in the city limits and RL-UGB is Residential Low in outside the city limits within the UGB.

Map A-2: Residential land by development status, Talent UGB, 2016



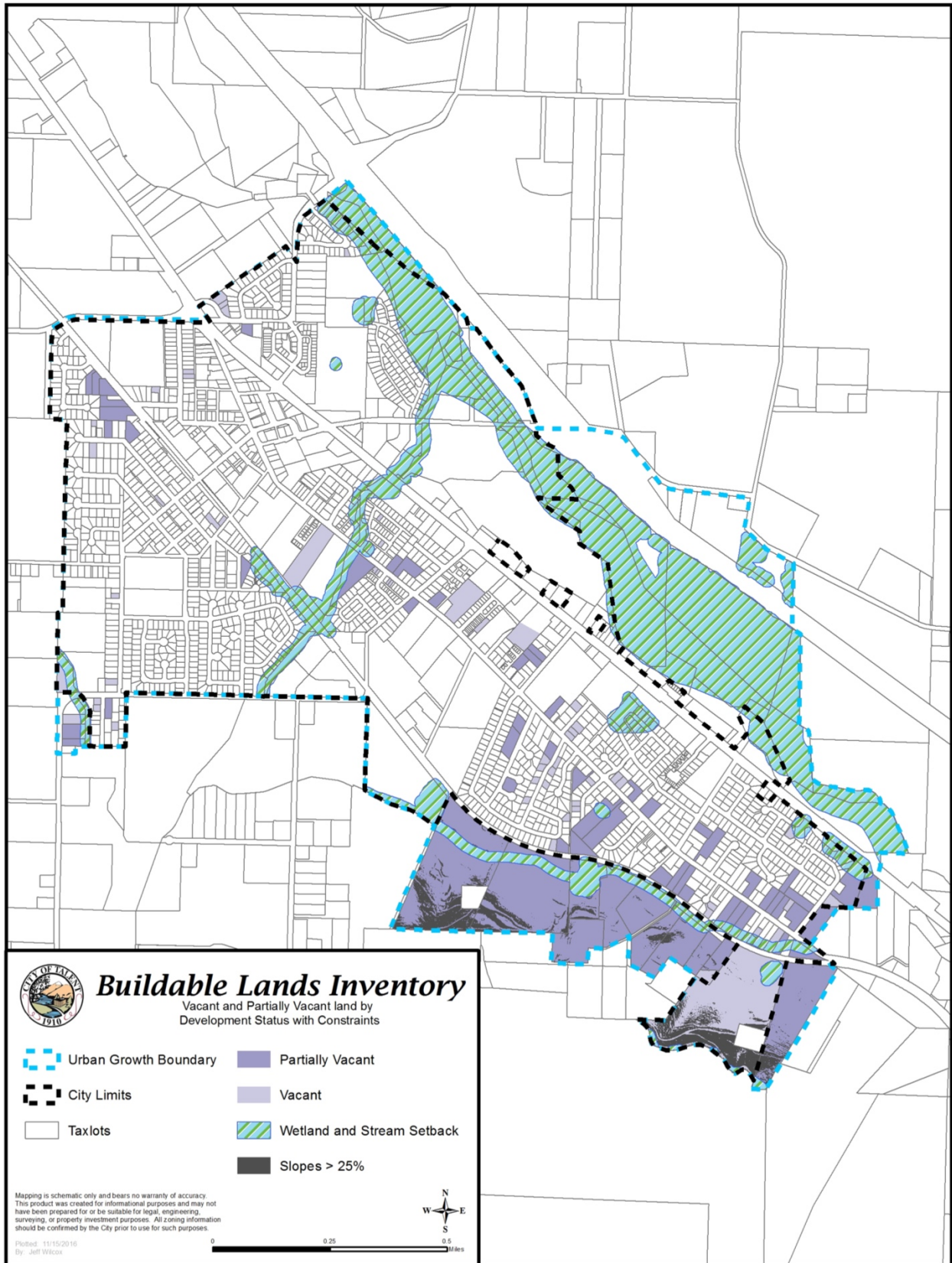
Source: City of Talent analysis of Jackson County GIS data

Map A-3: Vacant and partially vacant residential land, Talent UGB, 2016



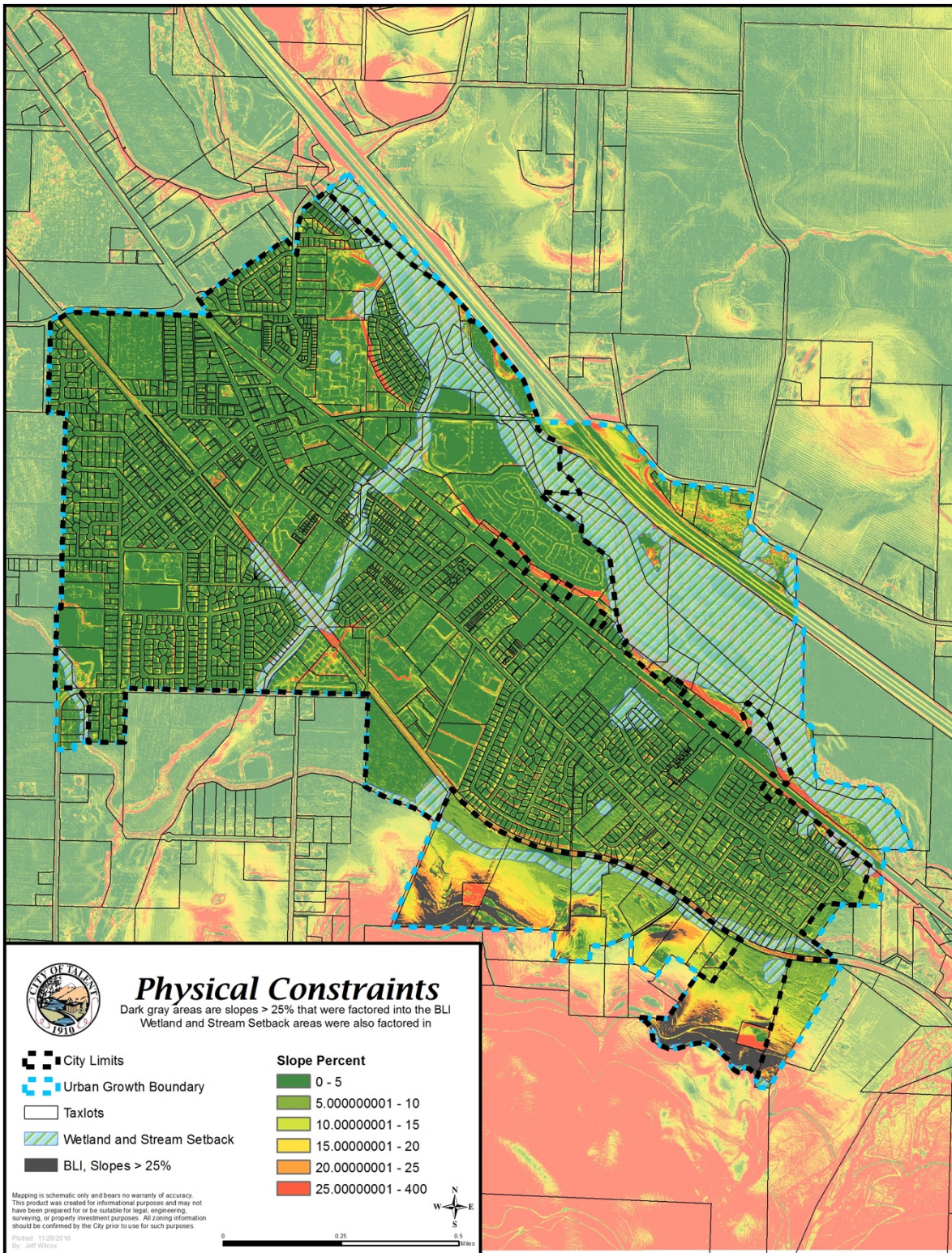
Source: City of Talent analysis of Jackson County GIS data

Map A-4: Vacant and partially vacant residential land and development constraints, Talent UGB, 2016



Source: City of Talent analysis of Jackson County GIS data

Map A-5: Slopes, Talent UGB, 2016



Source: City of Talent analysis of Jackson County GIS data

DATE: January 4, 2017
TO: Talent HNA Citizen Advisory Committee
CC: Zac Moody
FROM: Beth Goodman
SUBJECT: DRAFT: TALENT HOUSING POLICIES AND STRATEGIES

The City of Talent contracted ECONorthwest to develop a housing needs analysis (HNA). The HNA will determine whether the City has enough land to accommodate 20-years of population and housing growth. The HNA will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as development of an action plan to implement the Housing policies.

This memorandum presents a draft of revised Housing policies for Talent based on the City's existing Comprehensive Plan Housing policies and discussions with the Citizen Advisory Committee (CAC) at the meeting on August 10, 2016, August 31, 2016, October 4, 2016, November 1, 2016, and December 6, 2016.

Appendix A provides a summary of the implementation schedule. The implementation period is intended to provide a sense of priority and indicates when work on each strategy will begin. It may take longer to implement some strategies and the schedule presented in this memorandum.

Appendix B provides a list of strategies for managing residential land. Many of these policies are commonly used by cities and Talent already uses many of these policies. The purpose of this appendix is to provide the CAC with information about potential policies that could be implemented in Talent to address the City's deficit of residential land and to address housing affordability problems.

Revised Housing Policies

POLICY 1: Land Availability: Plan to for a 20-year supply of suitable land for Talent's housing needs within the existing urban growth boundary to the extent possible.

Objective 1.1: Identify opportunities to address the residential land deficits identified in the Housing Needs Analysis.

Implementation Strategy 1.1a: Develop a true Medium Density Plan Designation and Zone that allows 5 to 10 dwelling units per gross acre and single-family detached and townhouses.

Implementation Steps: (1) Work with Planning Commission to develop this Plan Designation and to develop a zone to correspond to this Plan Designation, (2) work with Planning Commission to identify land to include in this Designation and zone, and (3) adopt changes to the Comprehensive Plan and zoning ordinance to implement these changes through a public process.

When: within 1 year

Partners: City staff and Planning Commission

Implementation Strategy 1.1b: Identify low-density residential land that should be redesignated for medium-density or high-density residential uses.

Implementation Steps: (1) Work with Planning Commission to identify land that should be redesignated for these uses and (2) adopt changes to the Comprehensive Plan and zoning ordinance to implement these changes through a public process.

When: 1 to 2 years

Partners: City staff and Planning Commission

Implementation Strategy 1.1c: Identify commercial and industrial land that should be redesignated for low-, medium-, or high-density residential uses.

Implementation Steps: (1) Work with Planning Commission to identify land that should be redesignated for these uses and (2) adopt changes to the Comprehensive Plan and zoning ordinance to implement these changes through a public process.

When: 1 to 2 years

Partners: City staff and Planning Commission

Objective 1.2: Revise and implement the Talent Railroad District Master Plan to make this land available for development. The Master Plan envisions development of housing, mixed-use residential, and public facilities such as streets necessary to service development of the District.

Implementation Strategy 1.2a: Revise the Master Plan to fit with Talent’s revised housing policies and to ensure that development plans proposed in the Master Plan are both efficient and support development of infrastructure by the developers of the area.

Implementation Steps: Work with Planning Commission to revise the Master Plan based on Talent’s revised housing policies.

When: 1 to 3 years

Partners: City staff and Planning Commission

Implementation Strategy 1.2b: Plan for infrastructure development in the Master Plan area by securing permission to secure necessary rail crossings to allow for infrastructure development.

Implementation Steps: Work with ODOT, landowners, and other stakeholders to secure permission for a rail crossing.

When: 1 to 3 years

Partners: City staff, City staff, and ODOT

Implementation Strategy 1.2c: Develop plans to pay for infrastructure in the Master Plan area through methods such as developing public-private partnerships with landowners in the area and planning for backbone infrastructure development in the City's Capital Improvement Plan (CIP).

Implementation Steps: (1) Develop public-private partnerships and development agreements for backbone infrastructure development and (2) coordinate with the City's Capital Improvement Plan.

When: 3 to 5 years

Partners: City staff and City staff

Objective 1.3: Address applicable requirements of the Regional Problem Solving (RPS) when making decisions about changes to the Comprehensive Plan map and Zoning map.

Implementation Strategy 1.3a: This is an on-going strategy that the City will continue to perform as it makes changes to the Comprehensive Plan map and Zoning map.

Implementation Steps: Continue addressing RPS requirements.

When: On-going

Partners: City staff

Implementation Strategy 1.3b: Modify Talent's existing zoning districts and standards to meet the requirements of the RPS plan.

Implementation Steps: (1) Identify revisions needed to Talent's zoning code to meet requirements of the RPS plan and (2) develop and adopt revisions through a public process.

When: 1 to 2 years

Partners: City staff and Planning Commission

Objective 1.4: Work with the Regional Problem Solving Policy Committee (appropriate review authority) to revise plans for Talent’s urban reserve areas to fit with the residential needs identified in the Talent Housing Needs Analysis, through actions such as re-examining the distribution of residential, commercial, and industrial lands with Talent’s adopted Urban Reserves.

Implementation Strategy 1.4a: City staff should work with the RPS Policy Committee or appropriate review authority to revise plans for Talent’s urban reserve areas.

Implementation Steps: Coordinate with the RPS Policy Committee or appropriate review authority to revise plans for Talent’s urban reserve areas

When: within 1 year

Partners: City staff and RPS Policy Committee (or appropriate review authority)

Implementation Strategy 1.4b: City staff should work with landowners in Talent’s urban reserves to understand landowners’ preferences for development and understand how these preferences fit into Talent’s housing needs, as identified in the Housing Needs Analysis.

Implementation Steps: Continue to discuss landowner’s preferences for development in urban reserve areas

When: Ongoing

Partners: City staff

Objective 1.5: If the City cannot accommodate the forecast for housing growth within the urban growth boundary, evaluate expansion of the urban growth boundary to accommodate housing needs.

Implementation Strategy 1.5a: Once the City has completed evaluation of land use efficiency measures in Objective 1.1 and 3.1, staff should determine whether there is a need to expand the urban growth boundary and articulate what kind of land is needed. If there is a need for an urban growth boundary expansion, the City should initiate the analysis necessary to support such an expansion.

Implementation Steps: Evaluate need to expand the UGB based on increases in capacity resulting from policy changes in Objective 1.1.

When: 1 to 3 years

Partners: City staff

Objective 1.6: Monitor residential land development to ensure that there is enough residential land to accommodate the long-term forecast for population growth.

Implementation Strategy 1.6.a: Develop and implement a system to monitor the supply of residential land. This includes monitoring residential development (through permits) as well as land consumption (e.g. development on vacant, or redevelopable lands).

Implementation Steps: (1) Develop a monitoring system for land development based on development applications, starting with the inventory of buildable lands completed for the 2016 housing needs analysis. (2) Update the inventory of buildable lands on an annual basis.

When: 1 to 2 years

Partners: City staff

POLICY 2: Opportunity for Development of a Range of Housing Types: Provide opportunities for development of a range of housing types that are affordable to households at all income levels as described in the Talent Housing Needs Analysis. These housing types include (but are not limited to): single-family detached housing, accessory dwellings, cottage housing, manufactured housing, townhouses, duplexes, and apartments.

HUD sets a Median Family Income (MFI) for each county in the nation based on information from the U.S. Census' American Community Survey. The MFI is meant to provide information about the income of an average family. In 2016, Jackson County's MFI was \$53,000.

Objective 2.1: Provide opportunity for development of housing affordable to low-income households, including government-assisted housing. HUD defines low-income households as households with less than 60% of MFI (about \$32,000 in 2016).

Implementation Strategy 2.1a: Partner with the Jackson County Housing Authority to support development of new housing projects in Talent, especially when the City's support can help the Housing Authority acquire funds to develop affordable housing.

Implementation Steps: Actively engage in discussions with Jackson County Housing Authority about supporting development of affordable housing projects in Talent and how the City can support these developments.

When: Ongoing

Partners: City staff and Jackson County Housing Authority

Implementation Strategy 2.1b: Partner with the Jackson County Housing Authority and other social service organizations to expedite new housing projects when their programs have funds committed to such projects.

Implementation Steps: Actively engage in discussions with Jackson County Housing Authority about supporting development of affordable housing projects in Talent and how the City can support these developments.

When: Ongoing

Partners: City staff and Jackson County Housing Authority

Implementation Strategy 2.1c: Evaluate policies to encourage the development of accessory dwelling units (“granny flats”) on existing and proposed lots to provide a source of affordable housing, such as standardizing the development standards rather than requiring a hearings to process development applications for an accessory dwelling unit or developing systems development charges for accessory dwelling units that scale with the size of the unit.

Implementation Steps: (1) Work with Planning Commission to develop standards and streamline the process for developing accessory dwelling units in Talent and (2) adopt the revised policies through a public process.

When: within 1 year

Partners: City staff and Planning Commission

Objective 2.2: Provide opportunity for development of housing affordable to moderate and higher-income households. HUD defines moderate and higher-income as households with incomes between 60% and 120% of MFI (about \$32,000 to \$64,000 in 2016).

Objective 2.2 will be implemented through implementing Policy 1, Policy 3, and Policy 4.

Objective 2.3: Provide opportunity for development of housing affordable to higher-income as households with incomes above 120% of MFI (\$64,000 and above in 2016).

Implementation Strategy 2.3a: Provide opportunity for development of a wide-range of single-family detached housing, including single-family detached on larger lots (e.g., 8,000 square feet lots).

Implementation Steps: (1) Work with Planning Commission to identify changes to the zoning code or rezoning land to allow for larger-lot housing.

When: 3 to 5 years

Partners: City staff and Planning Commission

Objective 2.4: Support renovation and redevelopment of existing housing in Talent.

Implementation Strategy 2.4a: Develop a process to identify housing that has been abandoned or not occupied for a long-term period.

Implementation Steps: (1) Work with existing sources of information to identify abandoned or unoccupied housing and (2) maintain a list of abandoned or unoccupied housing.

When: On-going

Partners: City staff

Implementation Strategy 2.4b: Work with the property-owner to expedite the renovation or redevelopment the housing.

Implementation Steps: Work with property-owners to expedite renovation or redevelopment of abandoned or unoccupied housing.

When: On-going

Partners: City staff

Implementation Strategy 2.4c: Develop an expedited building permit process for substantial redevelopment and renovation of existing housing.

Implementation Steps: Work with Jackson County Building Inspection Services to develop the expedited building process.

When: 3 to 5 years

Partners: City staff

POLICY 3: Efficient Development Patterns: The City will support and encourage residential development, infill, and redevelopment, especially in downtown, as a way to use land and existing infrastructure more efficiently and promote pedestrian-oriented commercial development in downtown.

“Infill” is additional development on the vacant portion of a tax lot with existing development (i.e., putting a new residence on a 2-acre tax lot where the existing residence occupies one-half of an acre). “Redevelopment” is when an existing building is demolished and a new building is built, adding additional capacity for more housing. Redevelopment could also include substantial renovations of an existing building that increases the residential capacity of the building.

Objective 3.1: Provide a variety of housing types in Talent at densities that support maintaining densities of 6.6 dwelling units per gross acre through 2035 and 7.6 dwelling units per gross acre between 2036 and 2060 in urban reserves and areas within the urban growth boundary but outside of the city limits.

Implementation Strategy 3.1a: Evaluate opportunities for allowing smaller lots in the zones in Talent’s Low Density Residential designations. RS-7 has a minimum lot size of 6,000 square feet and RS-4 has a minimum lot size of 7,000 square feet.

Implementation Steps: (1) Work with Planning Commission to develop evaluate opportunities for allowing smaller lot sizes and (2) develop and adopt changes to the Comprehensive Plan and zoning ordinance to implement these changes through a public process.

When: 1 to 2 years

Partners: City staff and Planning Commission

Implementation Strategy 3.1b: Evaluate development of a cottage housing ordinance to allow for development of small single-family detached housing clustered on a lot, possibly with the inclusion of park or open space.

Implementation Steps: (1) Work with Planning Commission to develop evaluate development of a cottage housing ordinance and (2) develop and adopt changes to the Comprehensive Plan and zoning ordinance to implement these changes through a public process.

When: 1 to 2 years

Partners: City staff and Planning Commission

Implementation Strategy 3.1c: Evaluate development of a tiny house ordinance to allow for development of tiny houses clustered on a lot, possibly with the inclusion of park or open space.

Implementation Steps: (1) Work with Planning Commission to evaluate development of a tiny house ordinance and (2) develop and adopt changes to the Comprehensive Plan and zoning ordinance to implement these changes through a public process.

When: 2 to 3 years

Partners: City staff and Planning Commission

Implementation Strategy 3.1d: Evaluate adoption of minimum and maximum densities in the Medium Density and High Density residential designations and zones.

Implementation Steps: (1) Work with Planning Commission to develop minimum and maximum density standards in each of the zones in the Medium and High Density residential designations and (2) changes to the Comprehensive Plan and zoning ordinance to implement these changes through a public process.

When: 1 to 2 years

Partners: City staff and Planning Commission

Objective 3.2: The City will develop policies and programs to encourage residential and mixed-use development in downtown. (Consistent with Economic Objective 2.1.)

Implementation Strategy 3.2a: Provide additional opportunities beyond what the City currently provides for development of housing within the Central Business District zone in a way that also promotes business through mixed-use development.

Implementation Steps: Work with Planning Commission to identify opportunities for development of housing within the Central Business District.

When: 2 to 5 years

Partners: City staff and Planning Commission

Implementation Strategy 3.2b: Evaluate developing a Downtown Overlay that supports development of three-story buildings (with a maximum of 45 feet) as a permitted use, rather than a conditional use.

Implementation Steps: Work with Planning Commission to develop an Overlay that supports development of three-story buildings as a permitted use, coordinating with Economic Strategy 2.2.

When: 2 to 5 years

Partners: City staff and Planning Commission

Implementation Strategy 3.2c: Refine design standards for a new Downtown Business District (when it is established) based on the Old Town District Overlay, to encourage mixed use development and ensure a reasonable transition between one-story and three-story buildings.

Implementation Steps: Work with Planning Commission to develop design standards for the Downtown Business District to encourage reasonable transition between one-story and three-story buildings, coordinating with Economic Strategy 5.4d.

When: 2 to 5 years

Partners: City staff and Planning Commission

Implementation Strategy 3.2d: Identify and plan for investments and infrastructure necessary to support redevelopment of key sites in downtown. (Consistent with Economic Strategy 2.1f.)

Implementation Steps: (1) As part of the master plans in Strategy 2.1e, identify investments necessary to implement the master plans. (2) Work funding for the infrastructure investments into the Capital Improvements Plan.

When: 5 to 10 years

Partners: City staff and City staff

Objective 3.3: The City will develop policies and programs to encourage residential and mixed-use development in other areas of the city.

Implementation Strategy 3.3a: Support and encourage implementation or amendment of the West Valley View Master Plan to develop or redevelop properties within the Master Plan area. (Consistent with Economic Strategy 2.1d.)

Implementation Steps: (1) Identify funding sources for developing master plans for these areas. (2) Develop scope of work and hire consultants to develop the master plans.

When: 1 to 3 years

Partners: City staff

Implementation Strategy 3.3b: Evaluate opportunities to rezone commercial land on streets that are not adjacent to Talent Avenue to meet identified residential land needs. (Consistent with Economic Strategy 2.2a.)

Implementation Steps: (1) Identify undeveloped commercial land in areas compatible for development of the types of housing the City has deficits of.

When: 1 to 2 years

Partners: City staff

Implementation Strategy 3.3c: Develop policies to allow ground floor residential use as a temporary use in commercial mixed-use buildings. These policies should include provisions such as: design standards to ensure that the ground floor in new commercial buildings is designed for commercial use and zoning districts or overlay areas these uses are allowed. (Consistent with Economic Strategy 2.2b.)

Implementation Steps: (1) Work with Planning Commission to review, identify opportunities to implement policies to allow floor ground residential use as a temporary use in commercial mixed-use buildings and (2) adopt revised design standards through a public process.

When: 2 to 3 years

Partners: City staff and Planning Commission

POLICY 4: Zoning Flexibility: The City will support residential development through adopting a flexible zoning code that provides developers with flexibility, balancing the need for housing to develop consistent with density targets in the RPS (in urban reserves and areas within the urban growth boundary but outside of the city limits, develop at an average of 6.6 dwelling units per gross acre through 2035 and 7.6 dwelling units per gross acre between 2036 and 2060) while protecting scenic and natural resources.

Objective 4.1: Develop standards for residential development that allow for flexibility in lot size standards.

Implementation Strategy 4.1a: Revise the City’s flag lot ordinance to provide consistency with other residential zones for lot setback requirements and to provide clearer standards for driveway access.

Implementation Steps: (1) Work with Planning Commission revise the flag lot ordinance and (2) Adopt revised design standards through a public process.

When: 2 to 3 years

Partners: City staff and Planning Commission

Objective 4.2: Develop standards for residential development based on the number of bedrooms.

Implementation Strategy 4.2a: Evaluate developing zoning standards in the for cottage housing, tiny houses, and multifamily housing to based upon the number of bedrooms and/or size of unit rather than the number of units to encourage inclusion of studios and one- and two-bedroom units in new residential developments.

Implementation Steps: (1) Work with Planning Commission develop these revised zoning standards and (2) adopt revised design standards through a public process.

When: 1 to 3 years

Partners: City staff and Planning Commission

Implementation Strategy 4.2b: Evaluate developing zoning standards in the High Density Residential (R-2), Central Business District (C-2), and Neighborhood Commercial (C-1) zoning districts to determine densities based upon the number of bedrooms and/or size of unit rather than the number of units to encourage inclusion of studios and one- and two-bedroom units in new residential developments.

Implementation Steps: (1) Work with Planning Commission develop these revised zoning standards and (2) adopt revised design standards through a public process.

When: 1 to 3 years

Partners: City staff and Planning Commission

Implementation Strategy 4.2c: Evaluate modifying multifamily parking standards based on the number of bedrooms.

Implementation Steps: (1) Work with Planning Commission develop these revised zoning standards and (2) adopt revised design standards through a public process.

When: 3 to 5 years

Partners: City staff and Planning Commission

Objective 4.3: Streamline the building permit review process.

Implementation Strategy 4.3a: Review the current process for building permit review and processing with Jackson County and make recommendations to increase the speed of the building permit review process.

Implementation Steps: (1) Work with Jackson County to revise the building permit review and processing and (2) develop agreements for changes the building permit review process.

When: 2 to 3 years

Partners: City staff and Planning Commission

Objective 4.4: Streamline the site planning criteria in the zoning ordinance to make it more efficient and clearer when a development proposal must go to Planning Commission for hearing

Implementation Strategy 4.4a: Review the current site planning criteria in the zoning ordinance and propose changes to the ordinance.

Implementation Steps: (1) Work with Planning Commission revise site planning criteria and (2) adopt revised criteria through a public process.

When: within 1 year

Partners: City staff and Planning Commission

Appendix A: Implementation Schedule

| Implementation Strategy | Partners | On-going | Implementation Year | | | | | Y6 to Y10 |
|--|-------------|----------|---------------------|----|----|----|----|-----------|
| | | | Y1 | Y2 | Y3 | Y4 | Y5 | |
| 1.1a: Develop a true Medium Density Plan Designation and Zone. | CPD; PC | | ■ | | | | | |
| 1.1b: Identify LDR land that should be redesignated for MDR or HDR uses. | CPD; PC | | ■ | ■ | | | | |
| 1.1.c: Identify C and I land that should be redesignated for LDR, MDR, or HDR | CPD; PC | | ■ | ■ | | | | |
| 1.2a: Revise the Master Plan to fit with Talent’s revised housing policies. | CPD; PC | | ■ | ■ | ■ | | | |
| 1.2b: Plan for infrastructure development in the Master Plan area. | PWD; | | ■ | ■ | ■ | | | |
| 1.2c: Develop plans to pay for infrastructure in the Master Plan area and plan for backbone infrastructure development in the City’s Capital Improvement Plan (CIP). | CPD; PWD | | | | ■ | ■ | ■ | |
| 1.3a: On-going strategy concurrent with changes to Comprehensive Plan map and | CPD | ■ | | | | | | |
| 1.3b: Modify existing zoning districts and standards to meet the requirements of the | CPD; PC | | ■ | ■ | | | | |
| 1.4a: City staff should work with the RPS Policy Committee to revise plans for urban | CPD; | | ■ | | | | | |
| 1.4b: City staff should work with landowners in Talent’s urban reserves to understand landowners’ preferences for development. | CPD | ■ | | | | | | |
| 1.5a: City staff discuss potential UGB expansion, after Objectives 1.1 and 3.1 are | CPD | | ■ | ■ | ■ | | | |
| 1.6a: Monitor residential land development to ensure that there is enough residential land to accommodate the long-term forecast for population growth. | CPD | | ■ | ■ | | | | |
| 2.1a: Partner with the Jackson County Housing Authority to support development of | CPD; | ■ | | | | | | |
| 2.1b: Partner with the Jackson County Housing Authority and others to expedite | CPD; | ■ | | | | | | |
| 2.1c: Evaluate policies that encourage the development of ADUs on existing and proposed lots to provide a source of affordable housing. | CPD; PC | | ■ | | | | | |
| 2.3a: Provide opportunity for development of a wide-range of single-family detached | CPD; PC | | | | ■ | ■ | ■ | |
| 2.4a: Develop a process to identify housing that has been abandoned or not | CPD | ■ | | | | | | |
| 2.4b: Work with the property-owner to expedite the renovation or redevelopment the | CPD | ■ | | | | | | |
| 2.4c: Develop an expedited building permit process for substantial redevelopment and renovation of existing housing. | CPD | | | | ■ | ■ | ■ | |
| 3.1a: Evaluate opportunities for allowing smaller lots in the zones in LDR. | CPD; PC | | ■ | ■ | | | | |
| 3.1b: Evaluate development of a cottage housing ordinance to allow for development of small SF detached housing. | CPD; PC | | ■ | ■ | | | | |
| 3.1c: Evaluate development of a tiny house ordinance to allow for development of | CPD; PC | | | ■ | ■ | | | |
| 3.1d: Evaluate adoption of minimum and maximum densities in the MDR and HDR | CPD; PC | | ■ | ■ | | | | |
| 3.2a: Provide additional opportunities for development of housing within the CBD | CPD; PC | | | ■ | ■ | ■ | | |
| 3.2b: Evaluate developing a Downtown Overlay that supports development of three- | CPD; PC | | | ■ | ■ | ■ | | |
| 3.2c: Refine design standards for a new Downtown Business District based on the | CPD; PC | | | ■ | ■ | ■ | | |

Appendix B: Strategies to Manage Talents Residential Land

This appendix presents a menu of housing strategies (policies) commonly, and some less commonly, used to manage a City's supply of residential land. These strategies may provide ideas potential changes to housing policy in Talent. The purpose of this appendix is to provide the CAC and Planning Commission with information about potential policies that could be implemented in Talent to address the City's deficit of residential land and to address housing affordability problems.

It is common for jurisdictions to adopt combinations of strategies to manage growth and improve the efficiency and holding capacity of land uses. Such strategy groupings, however, are not necessarily cumulative in their intent or impact. Strategies that address similar issues may not be mutually reinforcing. For example, having strategies in residential zones for maximum lot size and minimum density essentially address the same issue—underbuild in residential zones. Thus, Talent should carefully consider their existing strategies and policies and evaluate each strategy individually and in consideration of other strategies. It is also important to consider market dynamics when evaluating land use efficiency strategies. Strategies such as density bonuses or the transfer or development rights (TDRs) may be of limited effectiveness if they encourage building types or densities that have little demand or are economically unviable.

Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes and those, which increase the land available for housing.

| Strategy Name | Description | Scale of Impact in Talent |
|---|--|---|
| Regulatory Changes | | |
| Streamline Zoning Code and other Ordinances | <p>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development.</p> <p>As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations,</p> | <p>Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to Talent's zoning and other ordinances.</p> |
| Administrative and Procedural Reforms | <p>Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications; however, complicated projects frequently require additional analysis such as traffic impact studies, etc.</p> <p>A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.</p> | <p>Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to Talent's procedures.</p> |
| Allow Small Residential Lots | <p>Small residential lots are generally less than 5,000 sq. ft. This policy allows individual small lots within a subdivision or short plat. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small lots limit sprawl, contribute to the more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p> | <p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 3,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes.</p> |

| Strategy Name | Description | Scale of Impact in Talent |
|--|---|--|
| Mandate Maximum Lot Sizes | <p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p> | <p>Scale of Impact – Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p> |
| Mandate Minimum Residential Densities | <p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multiple-family zones they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p> | <p>Scale of Impact - Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuild and the minimum density standard.</p> |
| Increase Allowable Residential Densities | <p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development code. This strategy is most commonly applied to multifamily residential zones.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p> | <p>Scale of Impact – Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p> |
| Allow Clustered Residential Development | <p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p> | <p>Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p> |

| Strategy Name | Description | Scale of Impact in Talent |
|------------------------------------|---|--|
| Reduce Street Width Standards | <p>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones.</p> <p>Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.</p> | <p>Scale of Impact - Small. This policy is most effective in cities that require relatively wide streets.</p> |
| Preserving Existing Housing Supply | <p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Single-room-occupancy ordinances • Regulating demolitions | <p>Scale of Impact - Small. Preserving small existing housing can make a difference in the availability of affordable housing in Talent but it is limited by the existing stock housing, especially smaller, more affordable housing.</p> |
| Inclusionary Zoning | <p>Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning-requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning-provides density or other types of incentives.</p> <p>Price of low-income housing passed on to purchasers of market-rate housing; inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.</p> | <p>Scale of Impact – Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.</p> |

| Increasing Land Available for Housing | | |
|---|--|--|
| Redesignate or rezone land for housing | <p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (e.g., smaller parcels) in areas where multifamily housing would be compatible (e.g., along transit corridors or in employment centers that would benefit from new housing).</p> <p>This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p> | Scale of Impact - Small to large: Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land. |
| Encourage multifamily residential development in commercial zones | <p>This tool seeks to encourage denser multifamily as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities.</p> <p>This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p> | Scale of Impact – Small to moderate: Talent already encourages multifamily housing in commercial zones. Further encouraging multifamily housing in commercial zones would likely have a small impact, as multifamily housing is allowed many of the commercial areas where it would be desirable. |
| Promoting Infill Development | <p>This policy seeks to maximize the use of lands that are fully developed or underdeveloped. Make use of existing infrastructure by identifying and implementing policies that (1) improve market opportunities, and (2) reduce impediments to development in areas suitable for infill or redevelopment.</p> <p>Regulatory approaches to promote infill development include:</p> <ul style="list-style-type: none"> • Administrative streamlining • Allowing accessory dwelling units (ADUs) • Allowing small lots • Density bonuses | Scale of Impact – Small. In general, infill development, especially small-scale infill, is more expensive than other types of residential development. Some types of infill development, such as ADUs, may provide opportunities for relatively affordable housing. |

| | | |
|--|--|--|
| Transfer or Purchase of Development Rights | This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to “receiving zones” and can be traded. This policy can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed). | Small to moderate. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas. |
| Provide Density Bonuses to Developers | <p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain amount affordable units.</p> | Scale of Impact - Small. |
| Parcel assembly | <p>Parcel assembly involves the city’s ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is more often associated with development of government-subsidized affordable housing, where the City partners with nonprofit affordable housing developers.</p> | Scale of Impact - Small to moderate: Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time. |

| | | |
|----------------------------|--|---|
| Community Land Trust (CLT) | <p>A Community Land Trust (CLT) creates permanent affordability by severing the value of the land and the improvements (i.e., the house). The land is held in trust by a nonprofit or other entity then leased to the homeowner. The homeowner enjoys most of the rights of homeownership, but restrictions are placed on use (e.g., owner occupancy requirement) and price restrictions on resale ensure that the home remains affordable.</p> <p>CLTs may be used in conjunction with land banking programs, where the city or a nonprofit housing corporation purchases a future site for affordable housing or other housing that meets community goals.</p> <p>A variation to the community land trust is to have the City own the property rather than the land trust, and lease property to income-qualifying households (such as low-income or moderate-income households) to build housing. The City would continue to own the land over the long-term but the homeowner would be able to sell the house. Restrictions on resale ensure that the home remains affordable.</p> | <p>Scale of Impact - Small to moderate: A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p> |
|----------------------------|--|---|

Increase the types of housing

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

| Strategy Name | Description | Scale of Impact in Talent |
|--|---|---|
| Allow Duplexes, Townhomes, Row Houses, and Tri- and Quad-Plexes in single-family zones | Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone. | <p>Scale of Impact - Small. Allowing these types of housing in more zoning districts may provide a relatively small number of new, relatively affordable, housing opportunities.</p> <p>Talent does not allow these types of housing as an outright permitted use in some zones.</p> |

| Strategy Name | Description | Scale of Impact in Talent |
|---|---|---|
| Permit Accessory Dwelling Units (ADUs) in single-family zones | Communities use a variety of terms to refer to the concept of accessory dwellings: secondary residences; “granny” flats; and single-family conversions, among others. Regardless of the title, all of these terms refer to an independent dwelling unit that share, at least, a tax lot in a single-family zone. Some accessory dwelling units share parking and entrances. Some may be incorporated into the primary structure; others may be in accessory structures. Accessory dwellings can be distinguished from “shared” housing in that the unit has separate kitchen and bathroom facilities. ADUs are typically regulated as a conditional uses. Some ordinances only allow ADUs where the primary dwelling is owner-occupied. | Scale of Impact - Small. Allowing ADUs can provide opportunity for development of a small number of new, more affordable housing. Talent allows ADUs. |
| Allow small or “tiny” homes | <p>“Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units.</p> <p>Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units.</p> <p>Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</p> | Scale of Impact - Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes. |
| Allow Co-housing | <p>Co-housing is a type of intentional community that provides individual dwelling units, both attached and detached, along with shared community facilities. Members of a co-housing community agree to participate in group activities and members are typically involved in the planning and design of the co-housing project. Private homes contain all the features of conventional homes, but residents also have access to extensive common facilities, such as open space, courtyards, a playground, and a common house.</p> <p>This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones.</p> | Scale of Impact - Small. While co-housing may be able to achieve multi-family housing densities, it is unlikely that this housing type would make up a large portion of new housing stock, thereby diminishing its impact. |

Programs that provide financial assistance to homeowners and renters

The following policies focus on ways in which the City and other community stakeholders can provide financial assistance to potential residents in order to increase housing affordability and accessibility for multiple income groups.

| Strategy Name | Description | Scale of Impact in Talent |
|---------------------------------|--|--|
| Home ownership programs | <p>Cities use a variety of programs to assist with homeownership</p> <ul style="list-style-type: none"> • Homebuyer Assistance Programs. These Down Payment Assistance loans help low- or moderate-income households cover down payment and closing costs to purchase homes on the open market. These programs either give loans or grants, most frequently to first time homebuyers. • Inclusionary Housing Program. Some cities have an Inclusionary Housing Ordinance (IH) requires that new residential development contribute at least 20% of the total units as permanently affordable housing. Options for meeting this requirement can be allow the affordable units to be located on or off site. Cities that use inclusionary housing generally have programs to ensure that housing continues to be affordable over the long-term. • Partnerships. Cities often work with partnerships with nonprofit agencies that provide homeownership assistance. | <p>Scale of Impact - Small. While homeownership programs are important, limited funds mean that the number of households that benefit from homeownership programs is relatively small.</p> |
| Rental assistance programs | <p>Cities use a variety of programs to provide rental assistances</p> <ul style="list-style-type: none"> • Section 8 Voucher: This assistance subsidizes the difference between 30 to 40 percent of a household’s income and the area’s Fair Market Rent (FMR). • Rental assistance programs. These programs offer a range of services, such as assistance with security deposits. • Rent Control. Rent control regulations control the level and increases in rent, over time resulting in rents that are at or below market rates. • Partnerships. Cities often work with partnerships with nonprofit agencies that provide rental assistance. | <p>Scale of Impact - Small. Renter assistance programs are important. However, limited city funds mean that the number of households that benefit from rental assistance resulting from city funding is relatively small.</p> |
| Housing Rehabilitation Programs | <p>Cities often offer home rehabilitation programs, which provide loans to low- and moderate-income households for rehabilitation projects such as making energy efficiency, code, and safety repairs. Some programs provide funding to demolish and completely reconstruct substandard housing.</p> | <p>Scale of Impact - Small. Limited fund availability means that relatively few households will be able to access housing rehabilitation funds.</p> |

Programs that provide financial assistance to lower development or operational costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in Talent in order to increase housing affordability and available housing stock.

Recommendations are broken into the following categories: programs to lower the cost of development, sources of funding to pay for infrastructure to support development, and tax abatement programs that decrease operational costs by decreasing property taxes.

| Strategy Name | Description | Scale of Impact in Talent |
|--|--|---|
| Programs to lower the cost of development | | |
| SDC Financing Credits | Enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. Can come in the form of student, low-income, or workforce housing. | The City may consider changes in SDCs to allow financing but the City would want to ensure that the impact should be spread-out and non negatively impact one entity. |
| Sole Source SDCs | Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and TIF. Funding can come from an SDC fund or general fund. In some cases there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing. | |
| Fees or Other Dedicated Revenue | Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also these fees or revenues allow for new revenue streams into the City. | |

| Strategy Name | Description | Scale of Impact in Talent |
|--|--|---|
| Public Land Disposition | The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, EB-5. | |
| Reduced Parking Requirements | Allows development of housing units to with discretionary reduction of parking requirements if an applicant can demonstrate that no more parking is needed. Reduced parking requirements are generally used in conjunction of development of subsidized affordable housing but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances. | Scale of Impact - Small. The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability. |
| Sources of funding to pay for infrastructure to support development | | |
| Urban Renewal / Tax Increment Finance (TIF) | Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments: <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments • Economic development strategies, such as capital improvement loans for small or start up businesses which can be linked to family-wage jobs • Streetscape improvements, including new lighting, trees, and sidewalks • Land assembly for public as well as private re-use • Transportation enhancements, including intersection improvements • Historic preservation projects • Parks and open spaces | Scale of Impact – Moderate. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront. |

| Strategy Name | Description | Scale of Impact in Talent |
|--|--|--|
| General Fund and General Obligation (GO) Bonds | The city can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements. GO Bonds require a public vote which can be time-consuming and costly. GO Bonds also raise property owner taxes. | Scale of Impact – Moderate to Large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). |
| Linkage Fees for Non-Residential Development | Linkage fees are a type of impact fee based on the source of the impact. In this case, the fee is based on the impact of commercial and industrial development creating additional housing demand. New nonresidential development generates jobs, which triggers housing needs for their workers. Commercial and/or industrial developers are charged fees, usually assessed per square foot, which then are used to build new housing units. A community-wide analysis is usually performed to estimate the type and amount of jobs and wages that are expected to be generated by new development. | |
| Local Improvement District (LID) | This tool is a special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. LIDs must be supported by a majority of affected property owners and setting up fair LID payments for various property owners, who are located different distances from the improvement can be challenging. However, if successful it succeeds in organizing property owners around a common goal. It also allows property owners to make payments over time to bring about improvements quickly that benefit them individually. LIDs can also be bundled with other resources, such as TIFs. | |
| Community Development Block Grants (Federal Program, Locally Administered) | <p>Community Development Block Grants (CDBG) provide communities with resources to address a range of community development needs, including infrastructure improvements, housing and commercial rehab loans and grants, as well as other benefits targeted to low- and moderate-income persons. Funds can be applied relatively flexibly. This program has been run since 1974, and is seen as being fairly reliable, but securing loans/grants for individual projects can be competitive.</p> <p>Some drawbacks to CDBG funds include:</p> <ul style="list-style-type: none"> • Administration and projects must meet federal guidelines such as Davis Bacon construction requirements. • Amount of federal funding for CDBG has been diminishing over the past few years. • CDBG program is not in the control of the City. | |

| Strategy Name | Description | Scale of Impact in Talent |
|--|---|---|
| Section 108 (Federal Program, Locally Administered) | HUD Section 108 increases the capacity of block grants to assist with economic development projects by enabling a community to borrow up to five times its annual CDBG allocation. These funds can be fairly flexible in their application. The program has been in operation since 1974 and has gained reliability. It enables a larger amount of very low interest-rate-subordinate funding for eligible projects. As with CDBGs, the process of securing the loan can be competitive. | Scale of Impact - Small. Section 108 funds could be used to help finance development of some affordable housing but would only cover a portion of the affordable housing development. |
| Housing Trust Funds | <p>Housing trust funds are designed locally so they take advantage of unique opportunities and address specific needs that exist within a community. Housing trust funds support virtually any housing activity that serves the targeted beneficiaries and would typically fund new construction and rehabilitation, as well as community land trusts and first time homeowners.</p> <p>This tool is often used in cities with inclusionary zoning ordinances, which generates fees to fund development of the housing trust fund. Successfully implementing this tool requires a dedicated funding source.</p> | |
| Tax abatement programs that decrease operational costs by decreasing property taxes | | |
| Vertical Housing Tax Abatement (State of Oregon enabled, locally adopted) | <p>Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80% over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80% of area is median income or below). The proposed zone must meet at least one of the following criteria:</p> <ul style="list-style-type: none"> • Completely within the core area of an urban center. • Entirely within half-mile radius of existing/planned light rail station. • Entirely within one-quarter mile of fixed-route transit service (including a bus line). • Contains property for which land-use comprehensive plan and implementing ordinances effectively allow "mixed-use" with residential. <p>State program webpage.</p> | Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact. |

| Strategy Name | Description | Scale of Impact in Talent |
|---|--|--|
| Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed) | Multi-unit projects receive a ten-year property tax exemption on structural improvements to the property as long as program requirements are met. There is no ground floor active use requirement for this tool. The City of Portland's program, for example, limits the number of exemptions approved annually, requires developers to apply through a competitive process, and encourages projects to provide greater public benefits to the community. This program is enabled by the state, but managed by the local jurisdiction. | Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact. |



Planning Commission Agenda Report

| | | | |
|-----------------------|-----------------------|------------------------|-------------------------|
| Meeting Date: | January 12, 2017 | Primary Staff Contact: | Zac Moody |
| Department: | Community Development | E-Mail: | zmoody@cityoftalent.org |
| Staff Recommendation: | Information Only | Estimated Time: | 10 minutes |

ISSUE BEFORE THE PLANNING COMMISSION

Provide information to Planning Commission about the Vertical Housing Program offered to cities as an option to encourage mixed use commercial-residential developments.

BACKGROUND

The 2005 Legislature passed legislation moving the **Vertical Housing Program** from Oregon Economic and Community Development Department (OECDD) to Oregon Housing and Community Services (OHCS) beginning in November 2005. The program encourages mixed-use commercial / residential developments in areas designated by communities through a partial property tax exemption. The exemption varies in accordance with the number of residential floors on a project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area median income or below).

Staff has been asked by the City Manager and City Council to provide the Planning Commission with some of the benefits of the program as well as some of the parameters of the program. Below are some basic parameters of the program:

- Requires administrative State approval
- Applies to specific areas of the City with preference for downtown and other commercial cores
- Vertical Housing Development Zone is established by Resolution of the City Council
- Once a VHDZ is established, individual projects are eligible for an abatement on improvement values. Here are some basic elements of the abatement:
 - Project must contain at least two floors of housing over a single level of non-residential use for a minimum of at least three stories
 - Ground level uses may include retail, restaurant, office or other commercial
 - Projects receive an abatement of 20% of their improvement values per residential floor up to a maximum of 80% for four levels
 - For sites with only one street frontage, at least 50% of the street facing elevation must be non-residential and for sites with frontage on more than one street, 100% of at least one of the street facing elevations must be non-residential
 - Live work units count as non-residential.
 - Abatement is for 10 years



STAFF RECOMMENDATION

None

RELATED CITY POLICIES

None

PLANNING COMMISSION OPTIONS

N/A

POTENTIAL MOTIONS

None

ATTACHMENT

Program Fact Sheet

Vertical Housing Program

| | |
|---|--|
| Overview | <p>The 2005 Legislature passed legislation moving the Vertical Housing Program from Oregon Economic and Community Development Department (OECD) to Oregon Housing and Community Services (OHCS) beginning in November 2005. The purpose of the Program is to encourage investment in and rehabilitation of properties in targeted areas of a city or community, to augment the availability of appropriate housing, and to revitalize communities. The program encourages mixed-use developments that contain both non-residential and residential uses in areas (zones) designated by local jurisdictions. The residential portion may be for market rate or lower income households. Eligible projects receive a partial property tax exemption which varies with the number of "Equalized Floors" in a project, with a maximum property tax exemption of 80 percent over a 10 year term. An additional partial property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area median income or below).</p> |
| Eligibility Requirements / Zones | <p>An eligible zone is any area that meets the criteria for a Vertical Housing Zone which has been designated by the local jurisdiction and has been approved by OHCS.</p> <p>Any project that has made application to and has been approved by the OHCS may receive a partial tax exemption as determined by the number of Equalized Floors for a maximum of 10 years. The tax exemption will be based on the number of Equalized Floors as determined by the total square footage divided by the number of actual floors of the project that are at least 500 square feet per floor. Equalized floors will be rounded down to the nearest whole number (e.g., any equalized quotient between 1.0 and 1.99 will have a rounded Equalized Floor equivalent of 1.0).</p> |
| Application / Charge | <p>The application can be accessed via the OHCS Web site. Eligible criteria and instructions can be accessed through the Oregon Administrative Rules for the Vertical Housing Program. A nonrefundable Project Application charge of \$550. A one-time Monitoring charge of \$150 for projects with no low-income units, and \$200 for projects with low-income units.</p> |
| Learn More | <p>Visit the webpage for full program details.</p> |