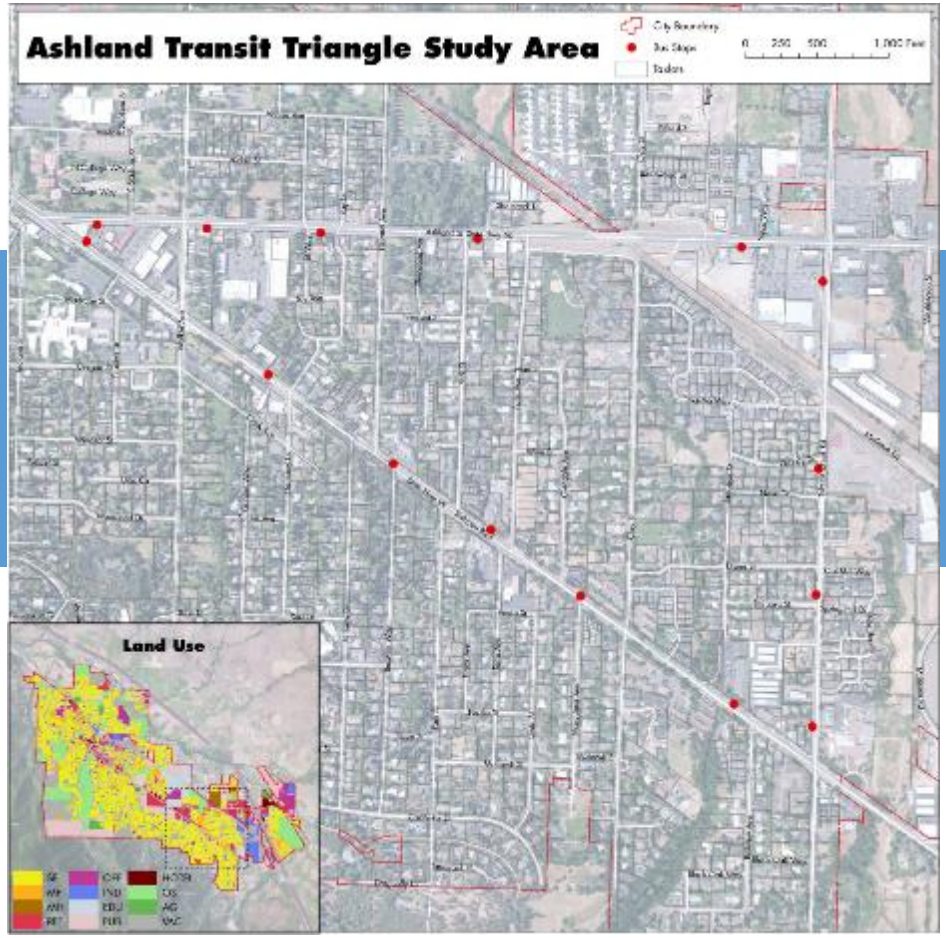
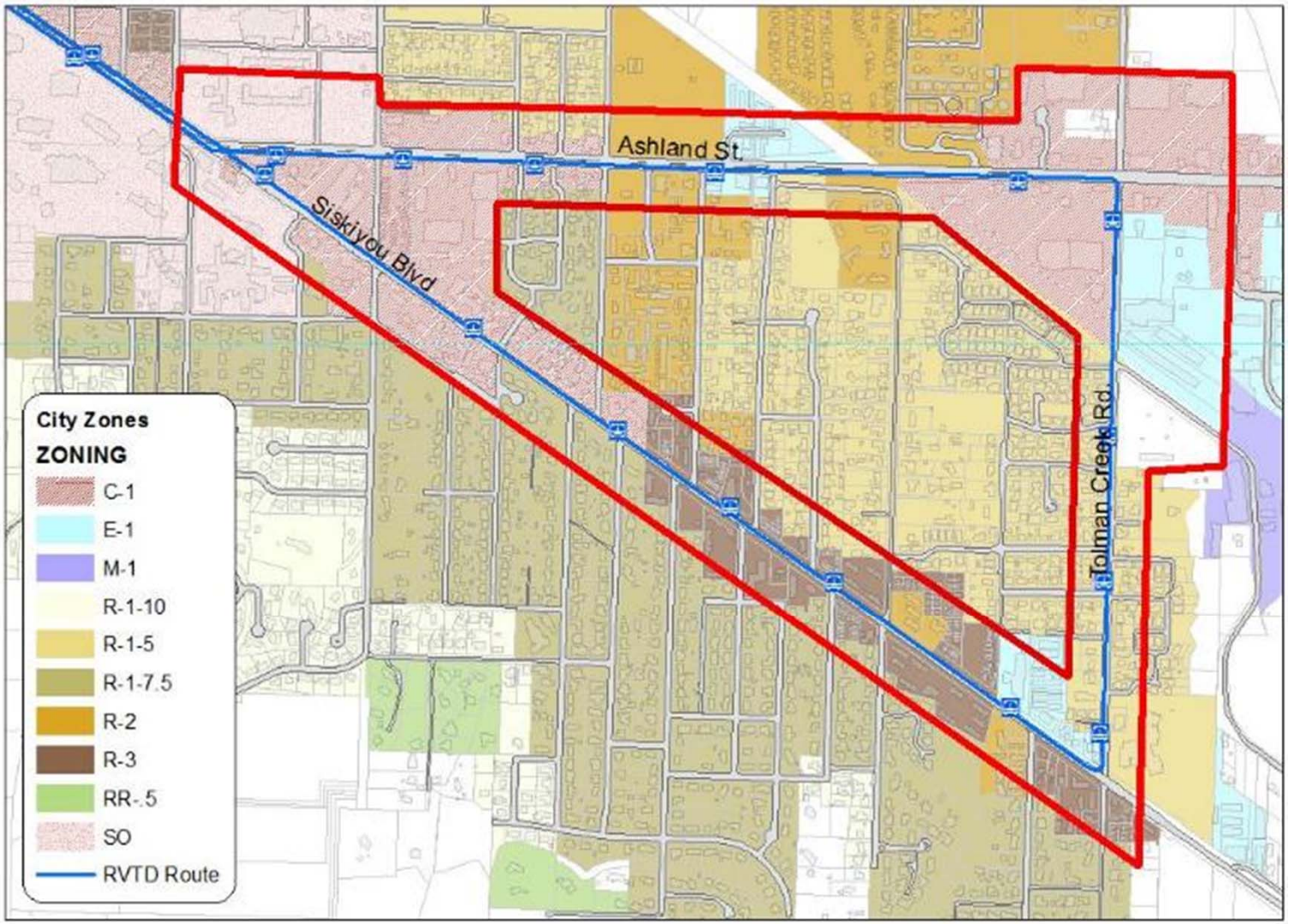
Ashland Transit Triangle:
Strategic Approach to Implementation



Fregonese Associates Inc.

12/19/16


Ashland St.
Siskiyou Blvd
Tolman Creek Rd.
City Zones
ZONING
C-1
E-1
M-1
R-1-10
R-1-5
R-1-7.5
R-2
R-3
RR-.5
SO
RVTD Route

Phase I of the Transit Triangle Study Conducted in the Fall of 2015

Tasks Completed:

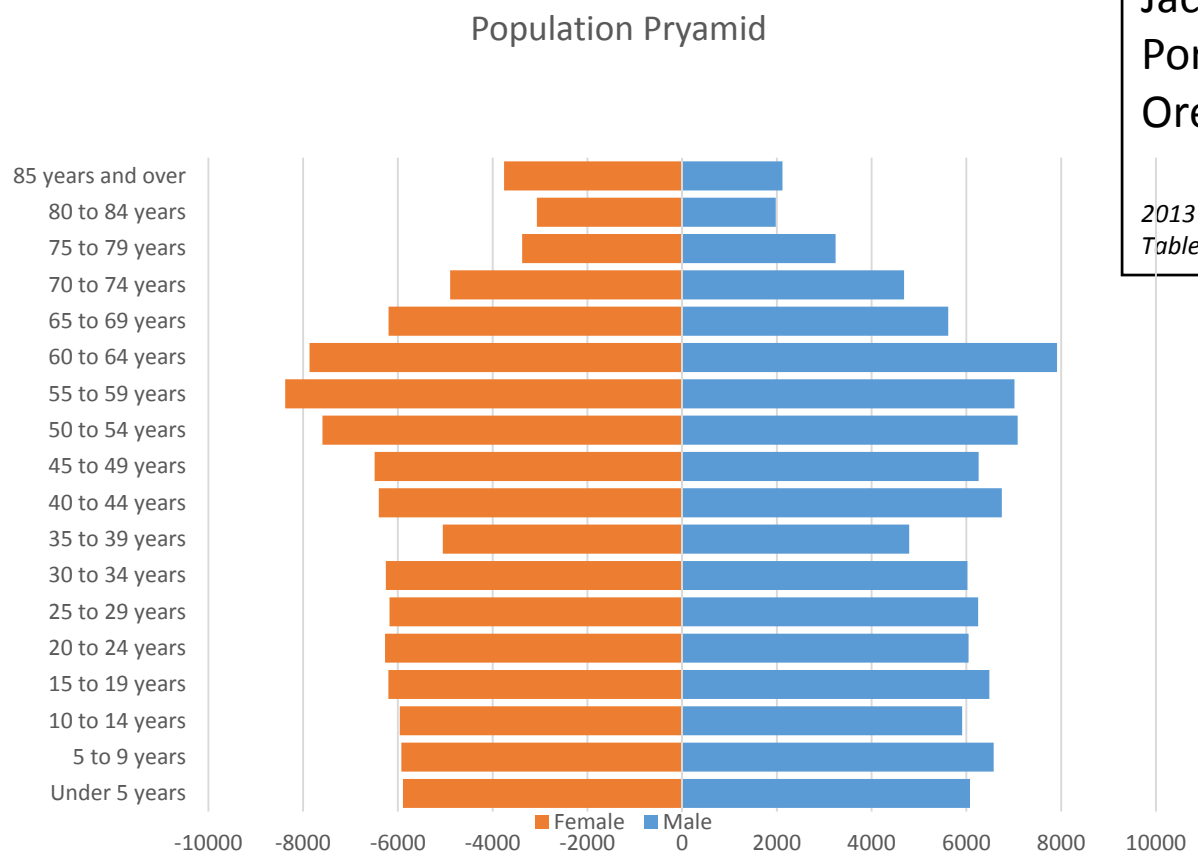
- Market analysis
- Initial developer interviews
- Demographic analysis
- Analysis of current zoning
- Pro forma testing conducted
- Detailed site-level analysis conducted at 3 sites across the study area

Demographics

Market Segmentation: ESRI Tapestry

Housing from Envision Balanced Housing Model, Jackson Co. 2013

Age

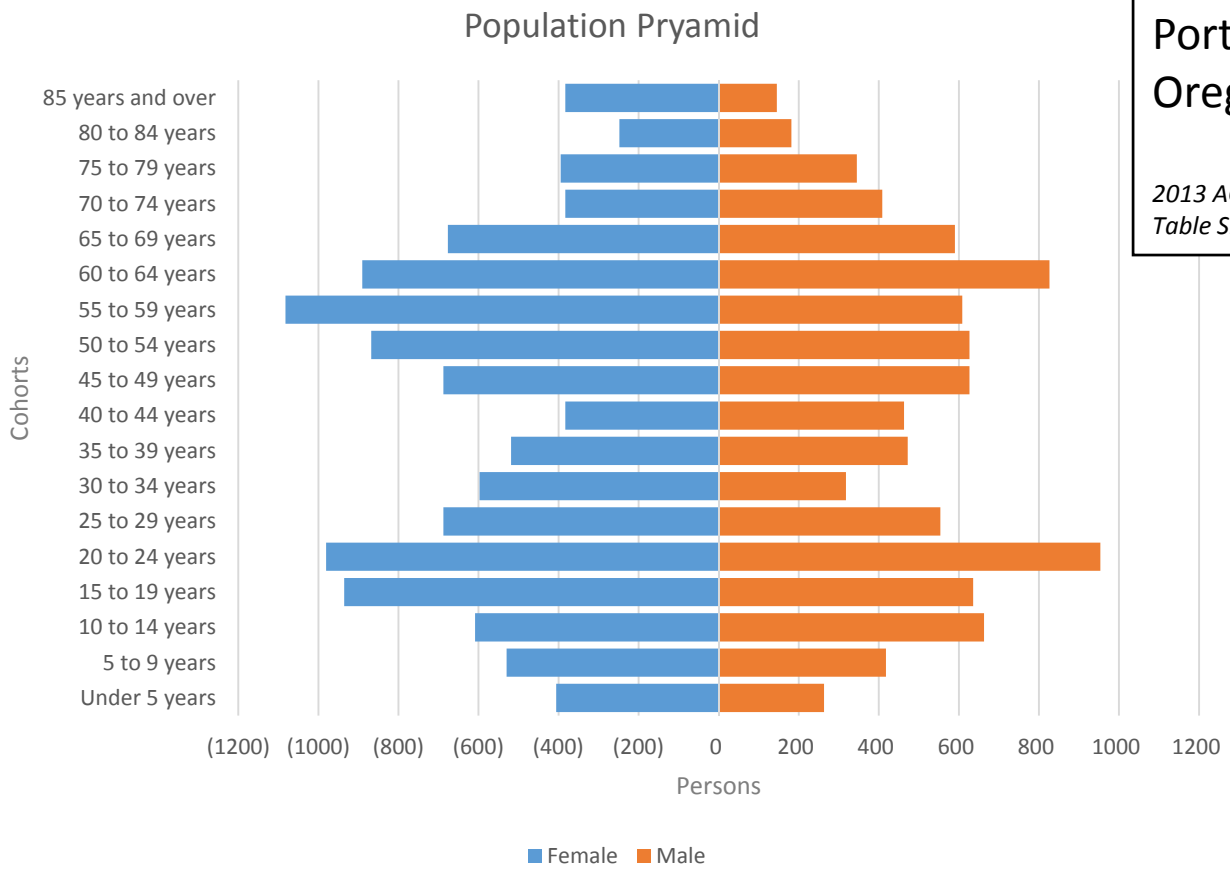


Median Age Comparisons:	
Ashland	43.9
Jackson Co.	42.5
Portland	36.3
Oregon	38.7

2013 ACS (5 year estimates) via Social Explorer Table SE:T12.

Source: Census, ACS Table B01001
Geography: City of Ashland

Age



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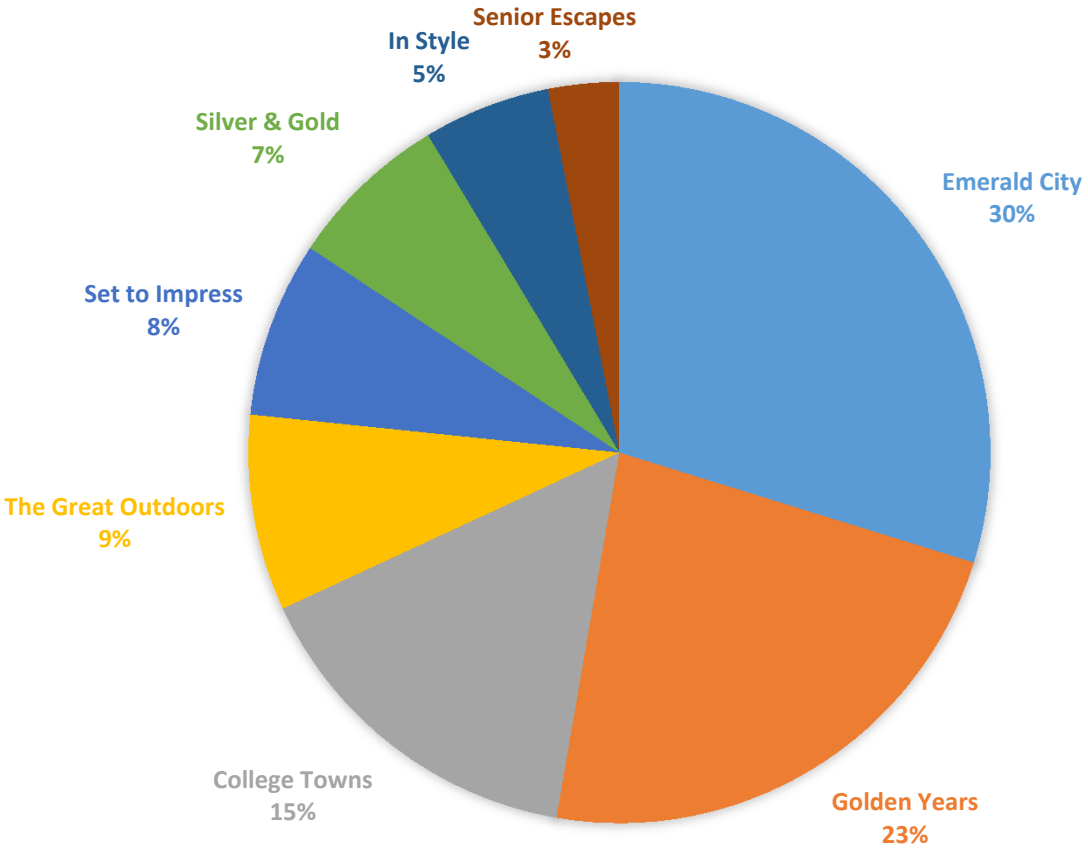
Who Lives in Ashland?

Tapestry Market Segments

- Young professional families and singles
- Retirees



Source: ESRI Tapestry
Geography: City of Ashland

LifeMode Group: Senior Styles

Golden Years

9B

Households: 1,597,000

Average Household Size: 2.05

Median Age: 51.0

Median Household Income: $61,000

WHO ARE WE?

Independent, active seniors nearing the end of their careers or already in retirement best describes *Golden Years* residents. This market is primarily singles living alone or empty nesters. Those still active in the labor force are employed in professional occupations; however, these consumers are actively pursuing a variety of leisure interests—travel, sports, dining out, museums, and concerts. They are involved, focused on physical fitness, and enjoying their lives. This market is smaller, but growing, and financially secure.

TAPESTRY SEGMENTATION
esri.com/tapestry

OUR NEIGHBORHOOD

- This older market has a median age of 51 years and a disproportionate share (nearly 30%) of residents aged 65 years or older.
- Single-person households (over 40%) and married-couple families with no children (one-third) dominate these neighborhoods; average household size is low at 2.05 (Index 79).
- Most of the housing was built after 1970; approximately 43% of householders live in single-family homes and 42% in multiunit dwellings.
- These neighborhoods are found in large metropolitan areas, outside central cities, scattered across the US.

SOCIOECONOMIC TRAITS

- *Golden Years* residents are well educated—20% have graduate or professional degrees, 26% have bachelor's degrees, and 26% have some college credits.
- Unemployment is low at 7% (Index 76), but so is labor force participation at 55% (Index 88), due to residents reaching retirement.
- Median household income is higher in this market, more than $61,000. Although wages still provide income to 2 out of 3 households, earned income is available from investments (Index 172), Social Security benefits (Index 153), and retirement income (Index 149).
- These consumers are well connected: Internet access is used for everything from shopping or paying bills to monitoring investments and entertainment.
- They are generous supporters of the arts and charitable organizations.
- They keep their landlines and view cell phones more as a convenience.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100.
Consumer preferences are estimated from data by GfK MRI.

LifeMode Group: Middle Ground

Emerald City

8B

Households: 1,677,000

Average Household Size: 2.05

Median Age: 36.6

Median Household Income: $52,000

WHO ARE WE?

Emerald City's denizens live in lower-density neighborhoods of urban areas throughout the country. Young and mobile, they are more likely to rent. Well educated and well employed, half have a college degree and a professional occupation. Incomes close to the US median come primarily from wages and self-employment. This group is highly connected, using the Internet for entertainment and making environmentally friendly purchases. Long hours on the Internet are balanced with time at the gym. Many embrace the "foodie" culture and enjoy cooking adventurous meals using local and organic foods. Music and art are major sources of enjoyment. They travel frequently, both personally and for business.

OUR NEIGHBORHOOD

- There are mostly older, established neighborhoods with homes built before 1960; around 30% built before 1940.
- Just over half of all homes are renter occupied.
- Single-person and nonfamily types make up over half of all households.
- Median home value and average rent are slightly above the US levels; around half of owned homes are worth $150,000–$300,000.

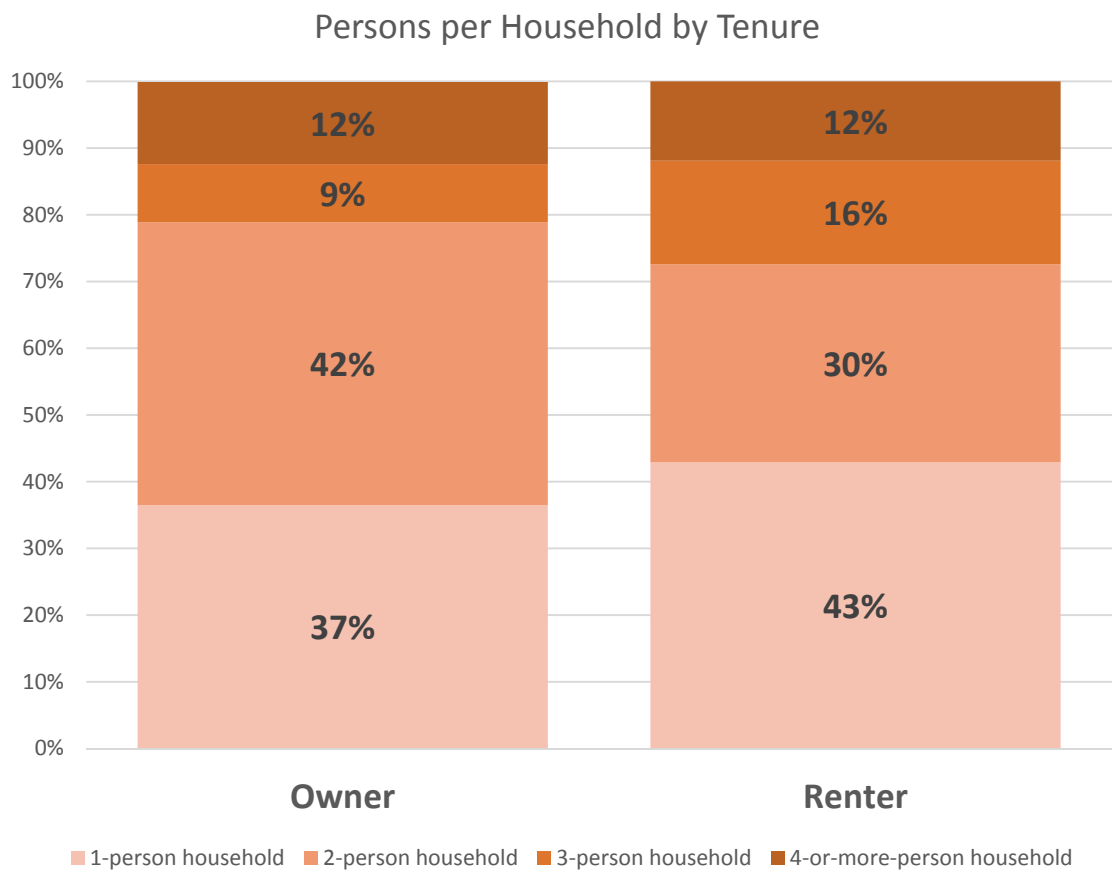
SOCIOECONOMIC TRAITS

- Well educated, these consumers research products carefully before making purchases.
- They buy natural, green, and environmentally friendly products.
- Very conscious of nutrition, they regularly buy and eat organic foods.
- Cell phones and text messaging are a huge part of everyday life.
- They place importance on learning new things to keep life fresh and variable.
- They are interested in the fine arts and especially enjoy listening to music.

TAPESTRY SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100.
Consumer preferences are estimated from data by GfK MRI.

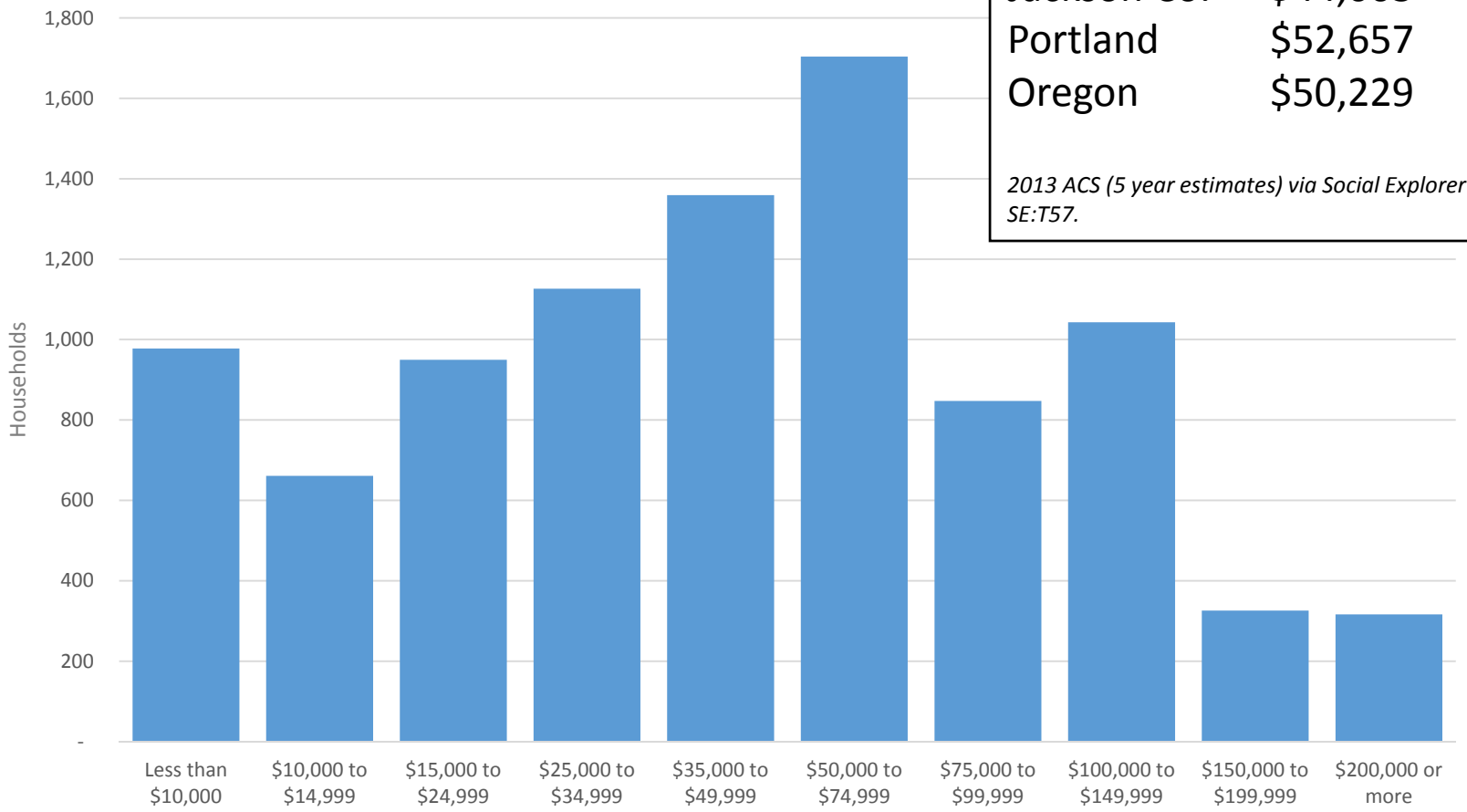
Persons per Household



Income

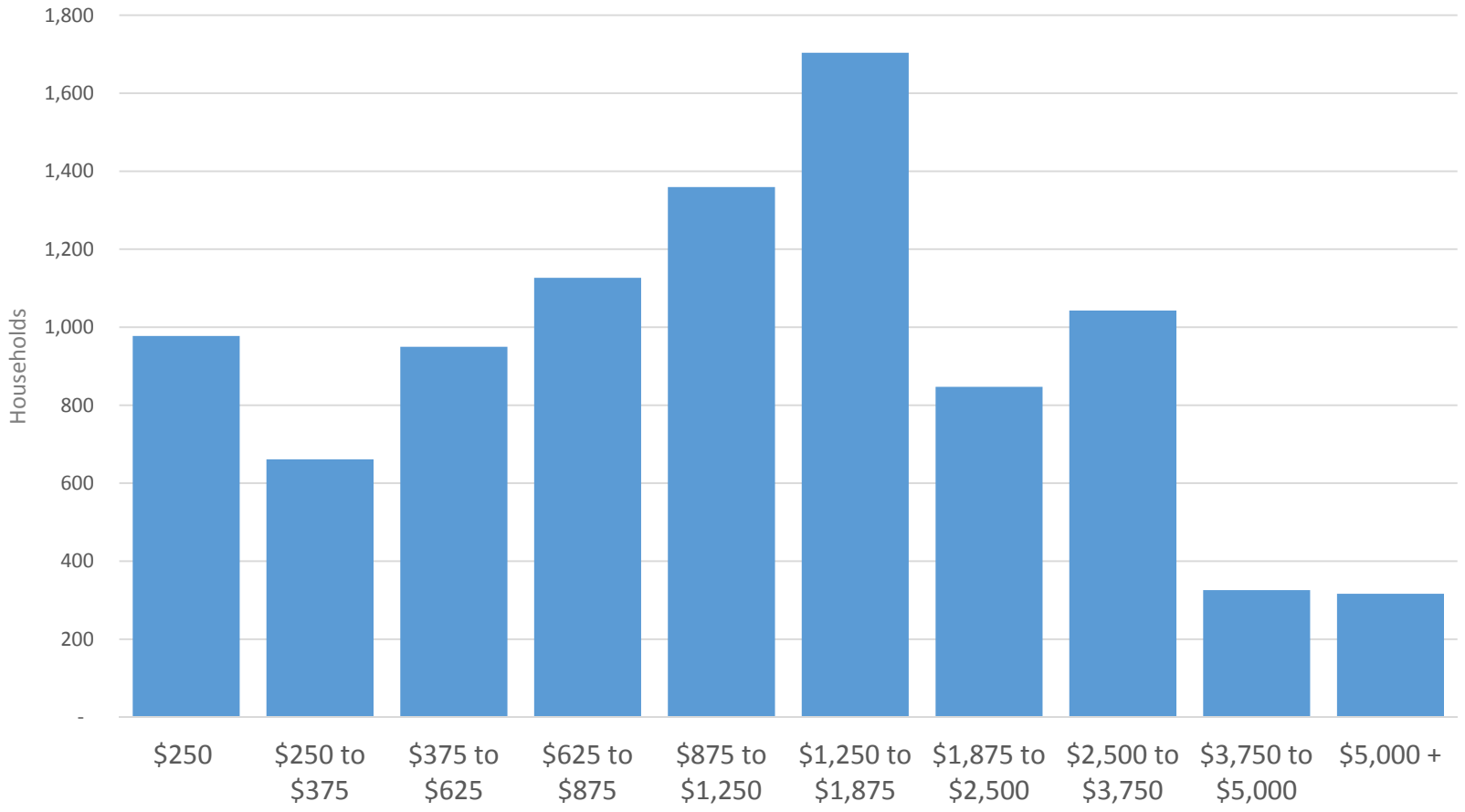
Median Income Comparisons:	
Ashland	$45,596
Jackson Co.	$44,005
Portland	$52,657
Oregon	$50,229

2013 ACS (5 year estimates) via Social Explorer Table SE:T57.



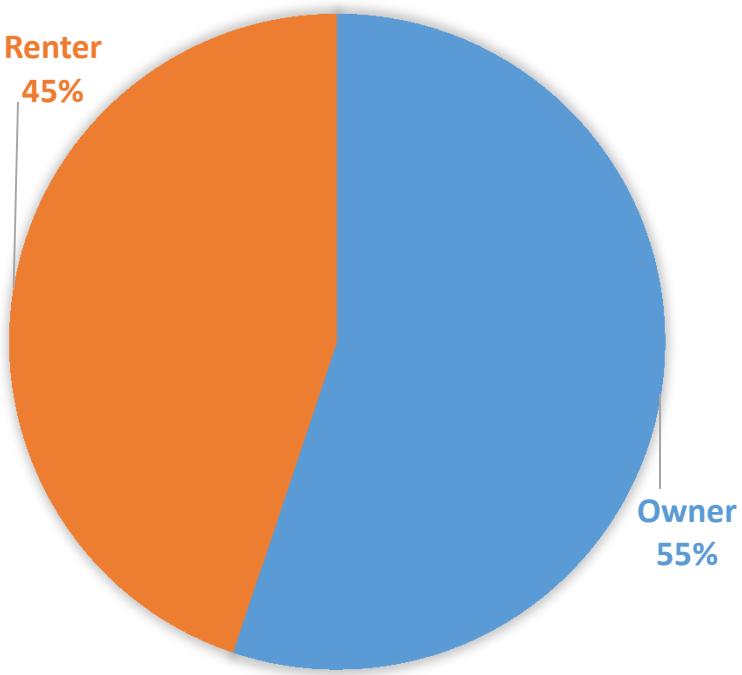
Source: Census, ACS
Geography: City of Ashland

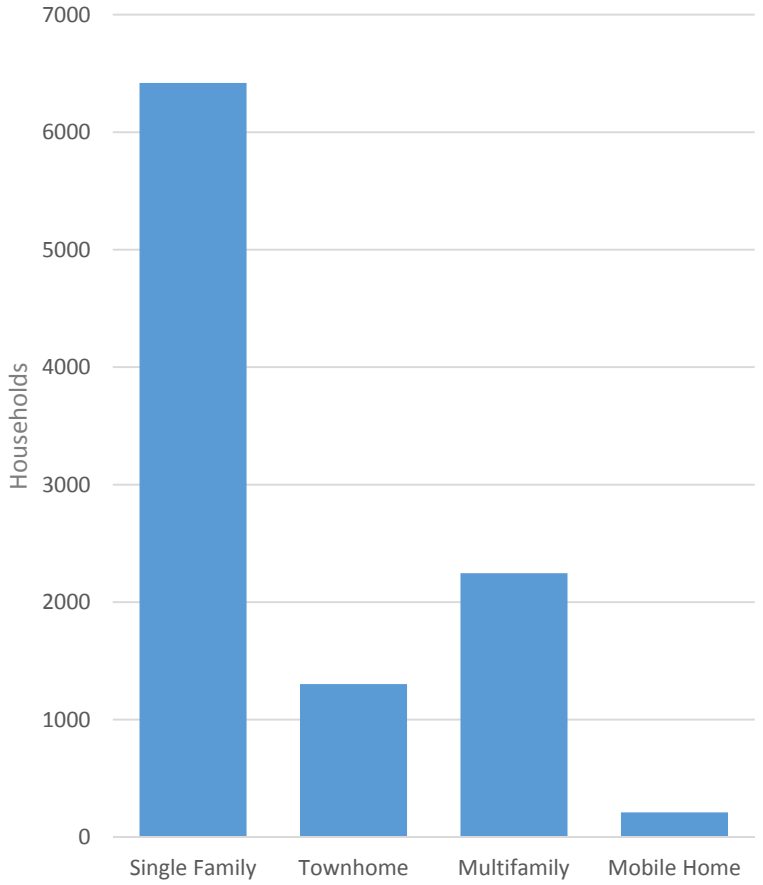
Incomes Converted to Affordable Rents (30%)



Source: Census, ACS
Geography: City of Ashland

Housing





Source: Census, ACS
Geography: City of Ashland

What impacts development performance?

- Land cost
- Market demand
- Zoning standards

Cities can influence these

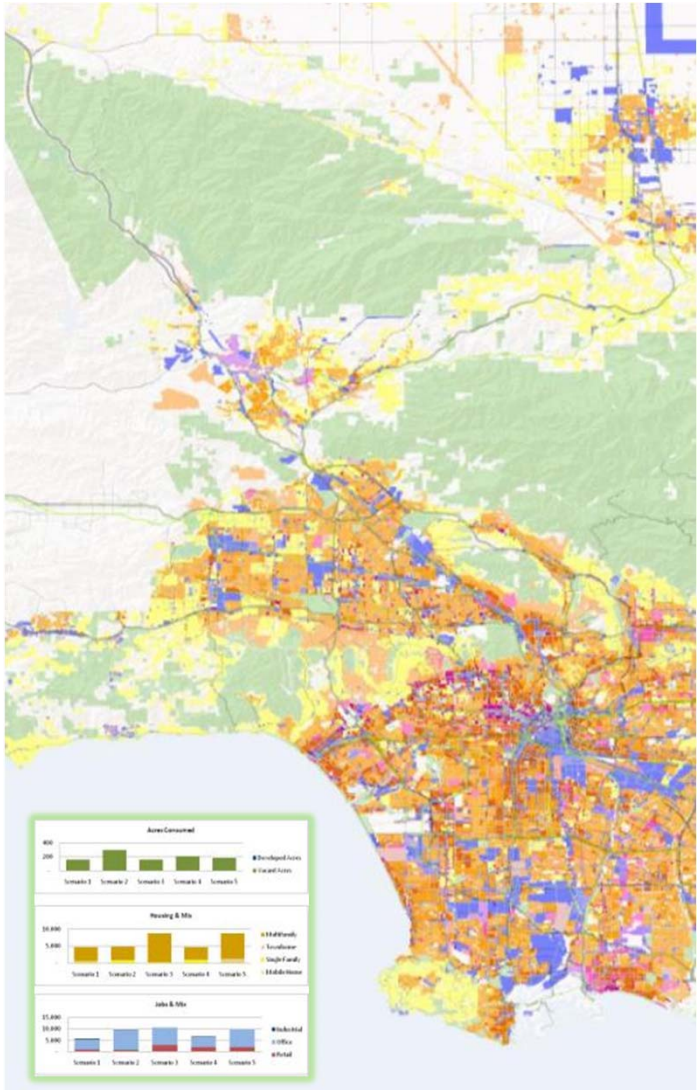
- New zoning & incentives
- Streetscapes, parks and amenities

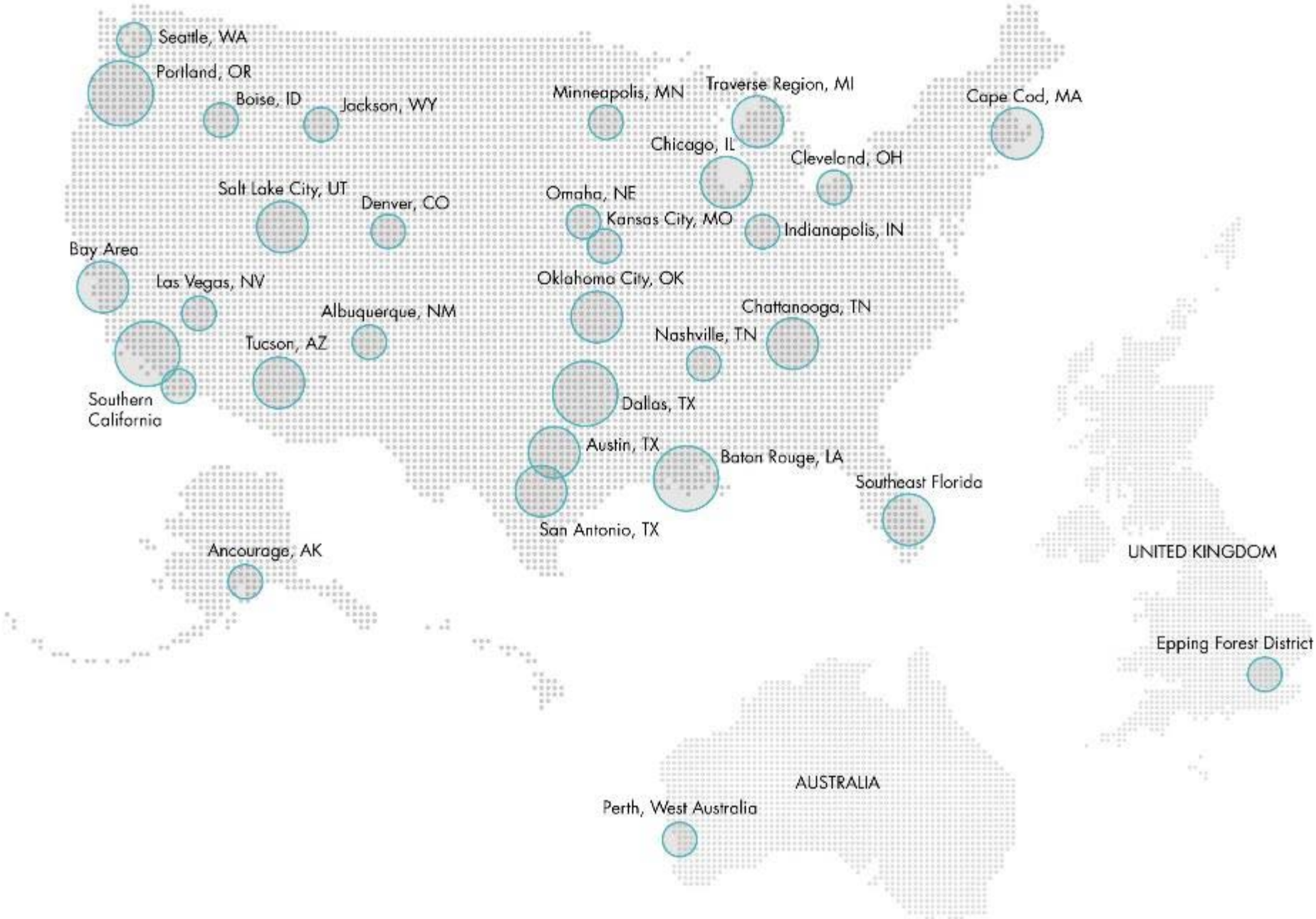
What is Envision Tomorrow?

- Suite of open source planning tools:
  - Prototype Builder
    - Return on Investment (ROI) model
  - Scenario Builder
    - Extension for ArcGIS
  - 20+ modules or “apps” funded by HUD Sustainable Communities Grants

envision tomorrow

a suite of urban and regional planning tools





Almost 400 Projects – Dozens of users

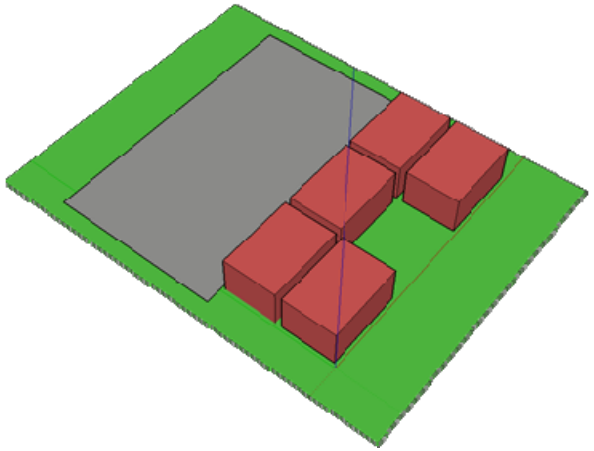
Tool For All Planning Scales

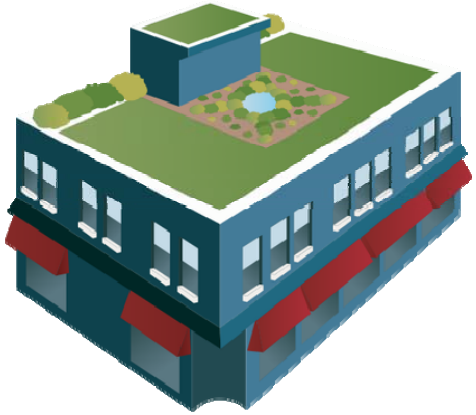
REGION

DISTRICT

BUILDING

Envision Tomorrow for Zoning Diagnostics

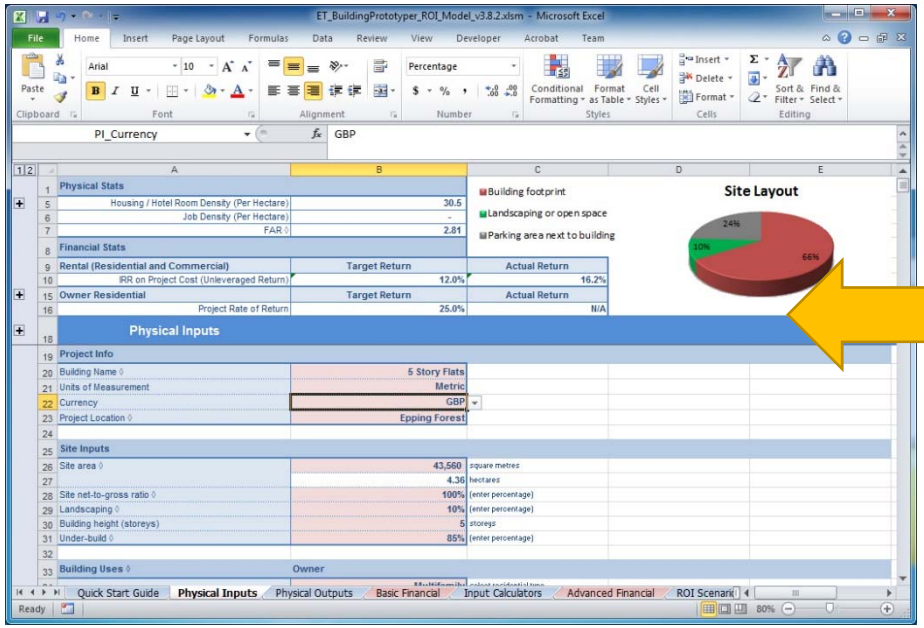


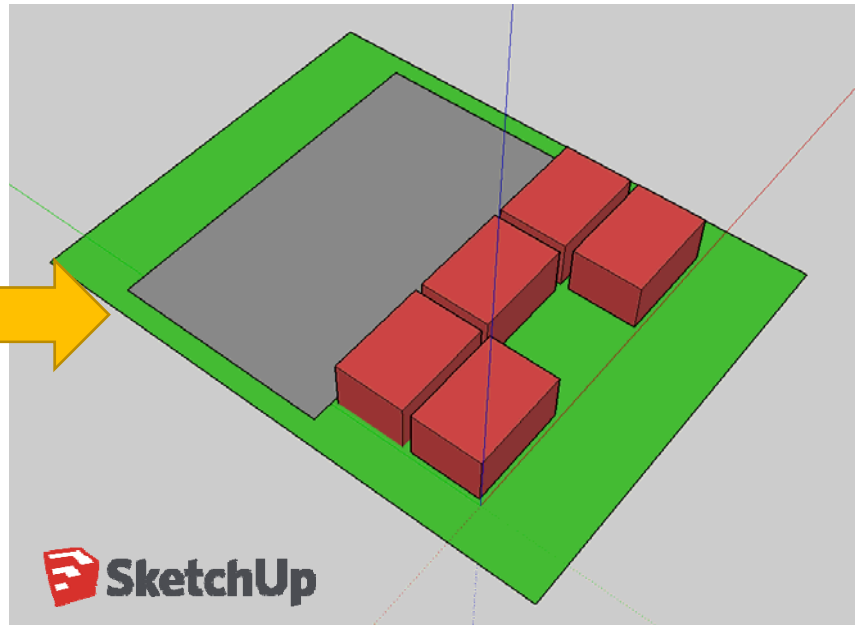


envision tomorrow™

a suite of urban and regional planning tools

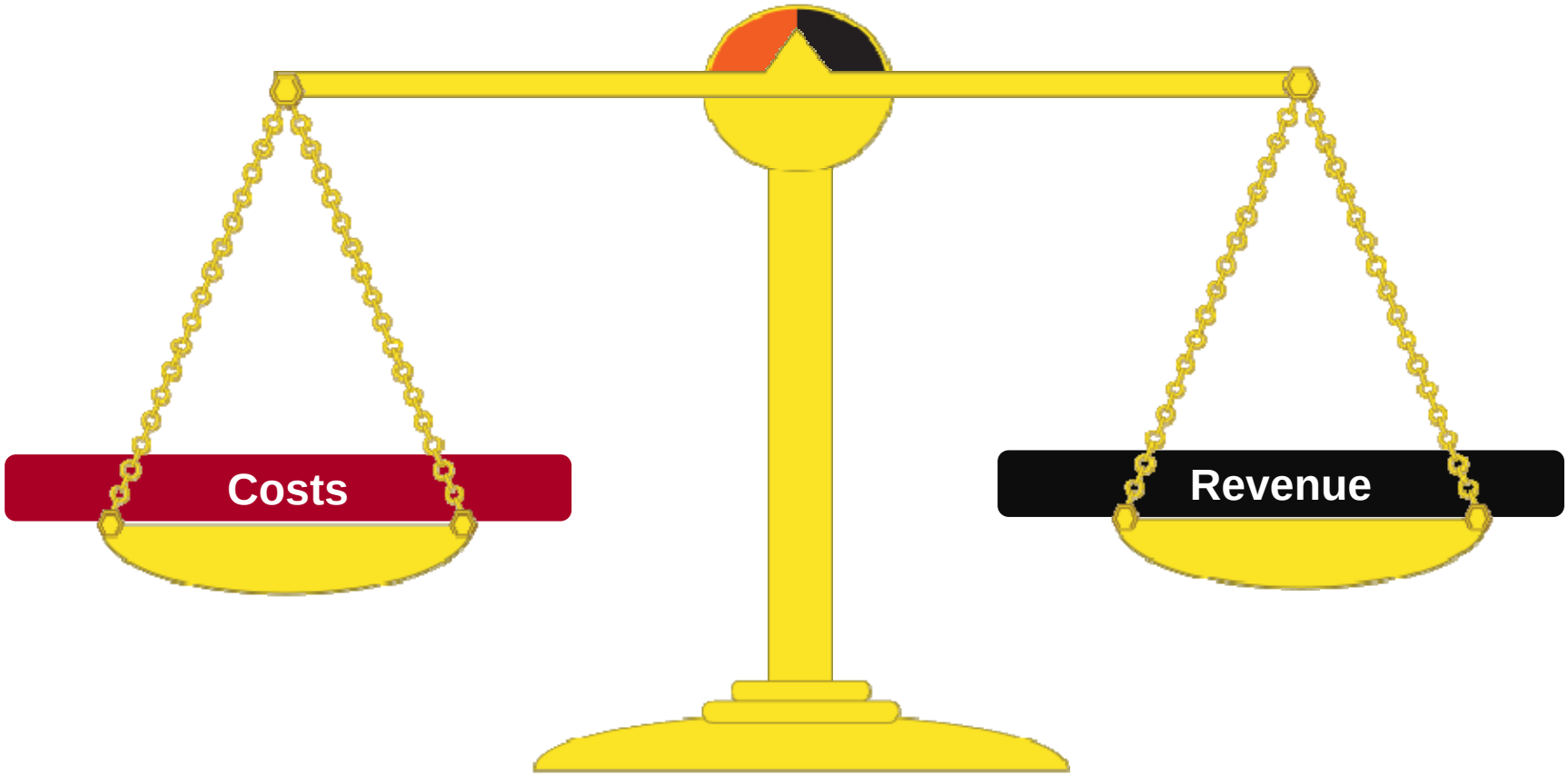
Testing Physical Parameters





Testing Financial Performance

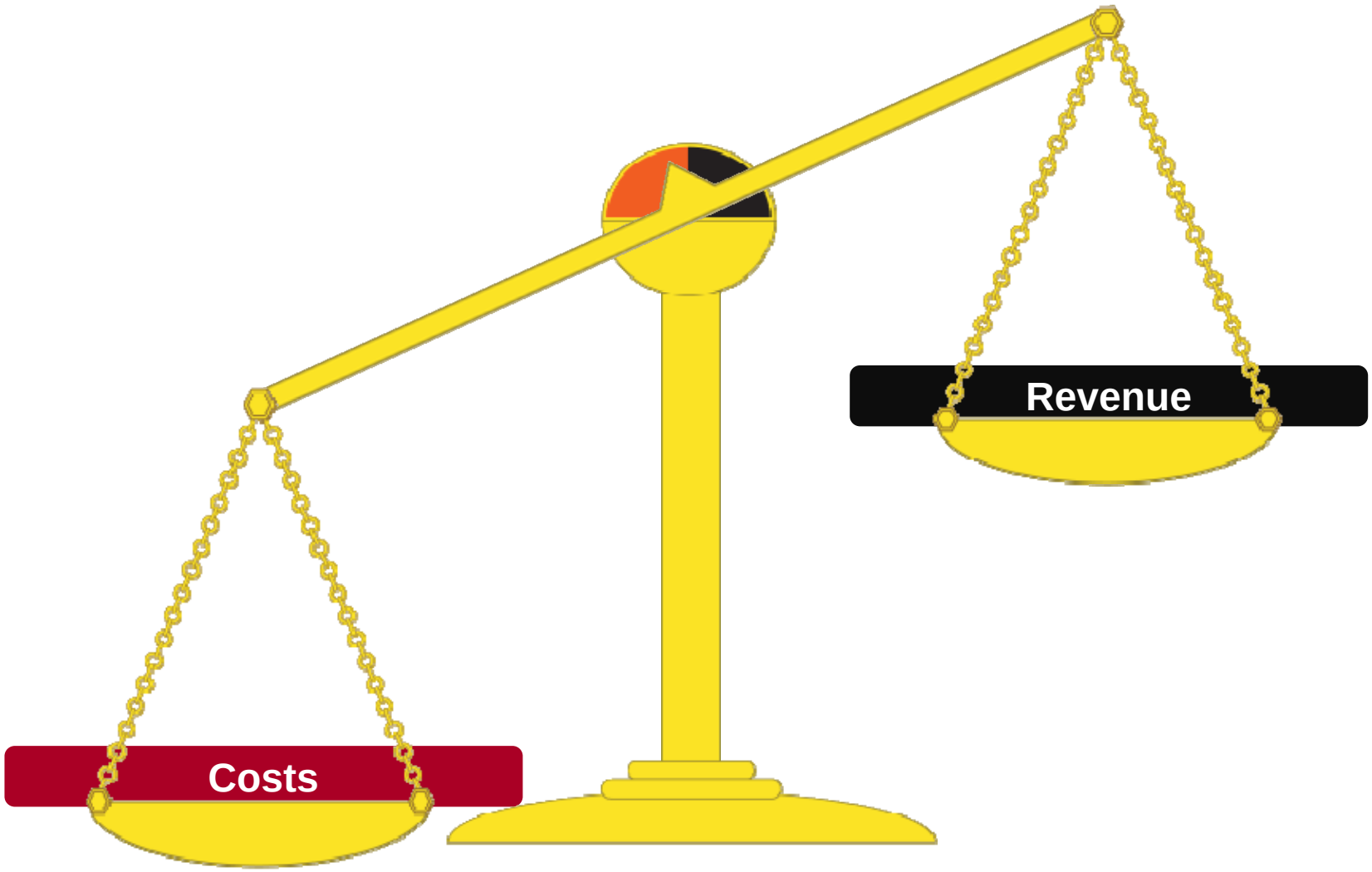
Tipping Point



adjustable settings and tools

Building form **Costs** **Revenues** **Gap tools**

Tipping Point



adjustable settings and tools

Building form **Costs** **Revenues** **Gap tools**

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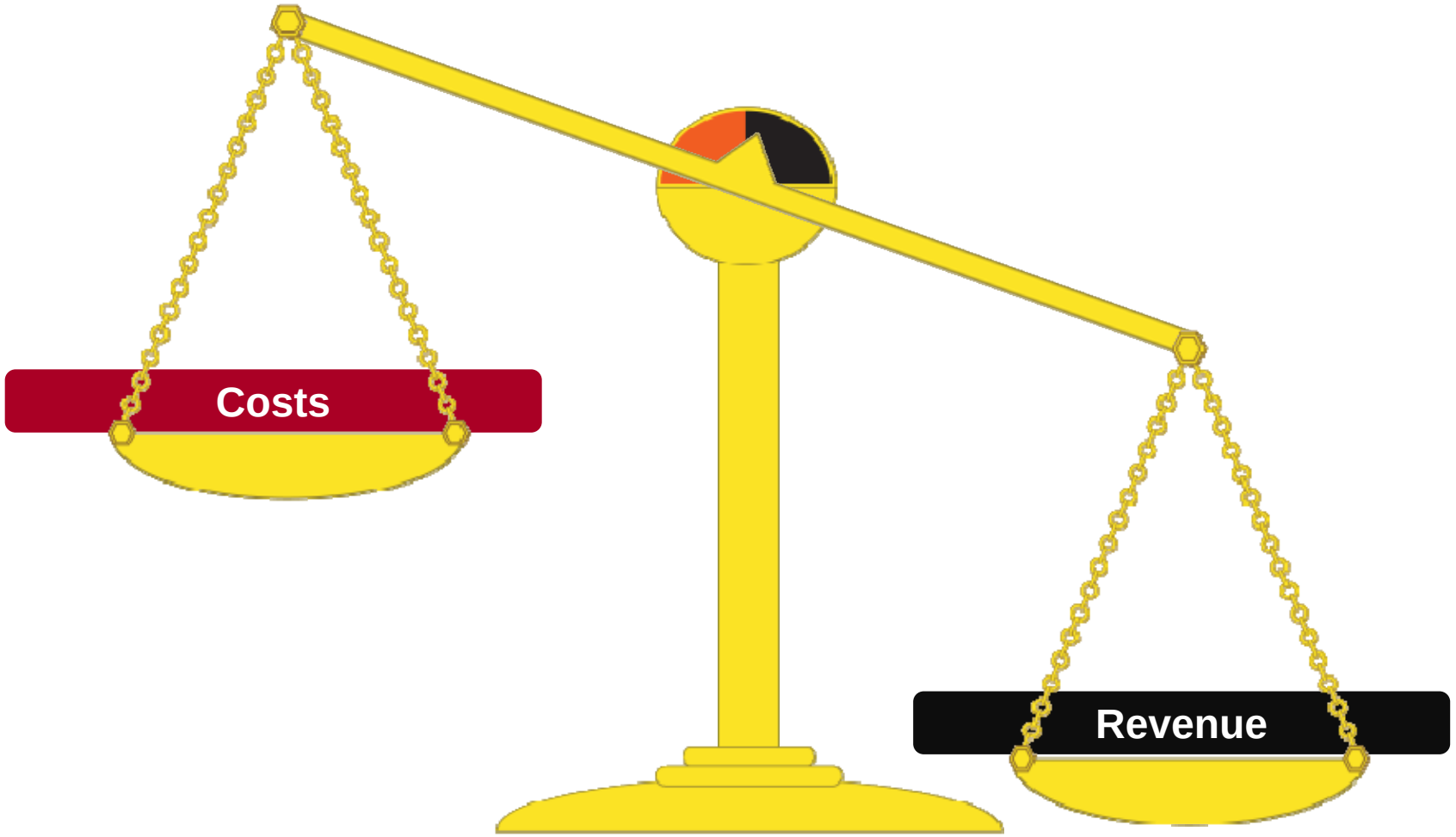


adjustable settings and tools

Building form **Costs** **Revenues** **Gap tools**

Building form

- Height
- Set back
- Landscaping
- Parking Ratios

Costs

- $$$ Hard
- $ Soft
- $$$ Taxes
- $$ Fees

tuck under

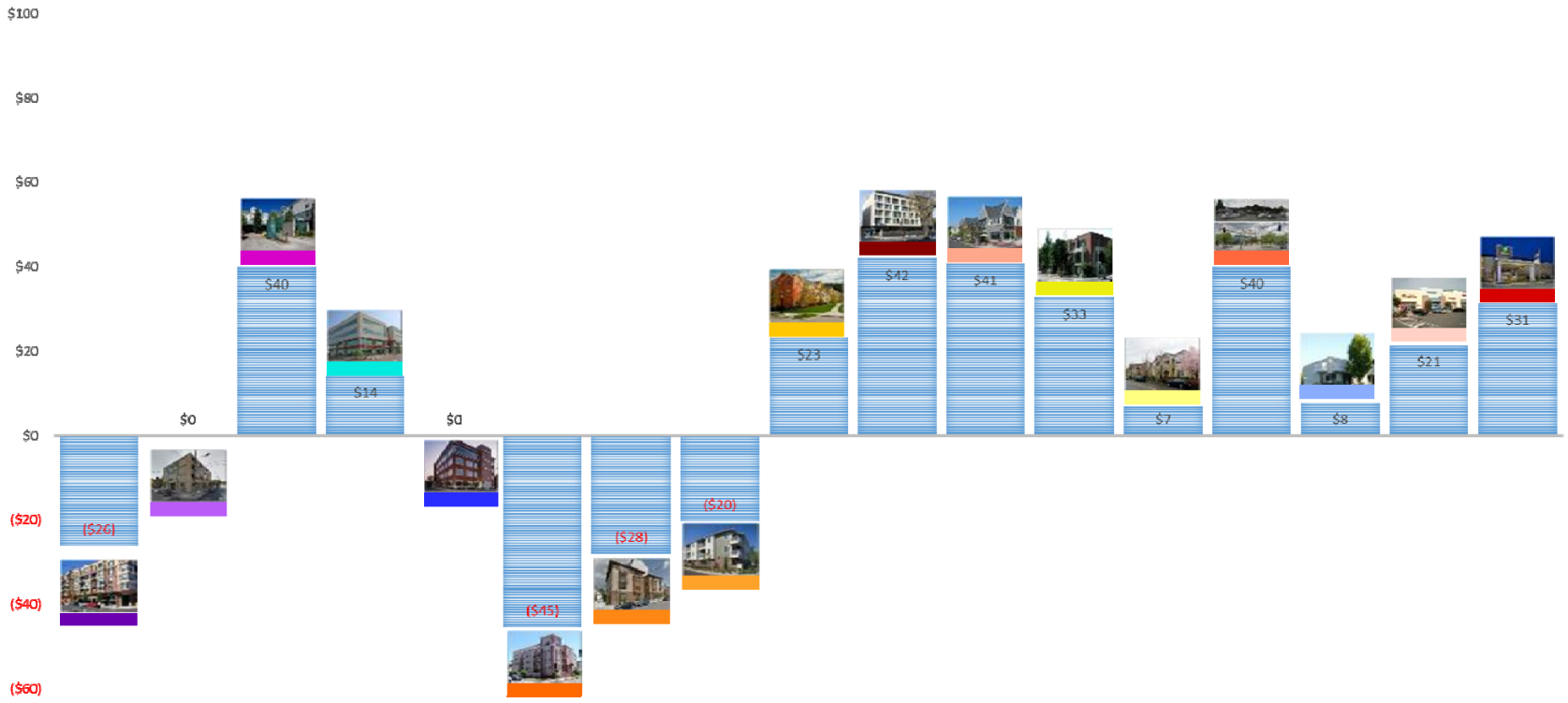
Parking

structured surface

Revenues

- $$$ Rent 1
- $ Rent 2
- $$$ Rent 3
- $$ Parking

Residual Land Value

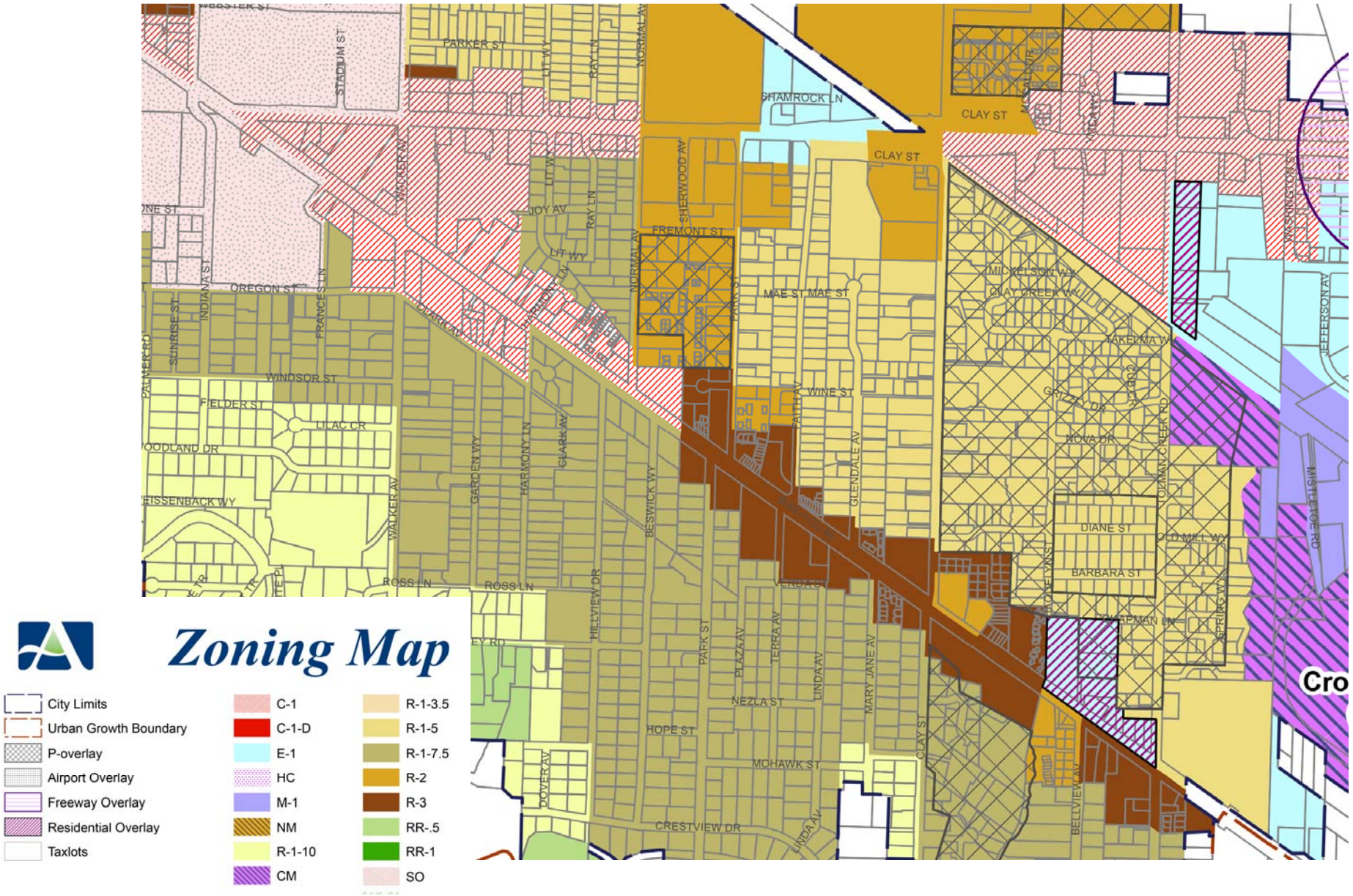


Building-Level Development Feasibility Analysis

Development Analysis: Common Assumptions

- Land Costs: Maximum price in study area is about $25 / Sq Ft (from interviews)
- Achievable rents for new construction:
- Residential rent range: $1.75 - $1.90 per square foot
- Residential sale price range: ~$250,000 - $300,000
- Commercial rents:
  - Retail: $15-20 / sq ft
  - Office: $15-20 / sq ft
- Construction costs:
  - $120-150 / sq ft
- Required Return Rates
  - 10% IRR
  - 20% Rate of Return (for for-sale units)

Current Zoning Map



Building Prototypes

- Several prototype buildings were modeled
- The building started being built to current zoning code
- Several strategies were applied to modify the building to make it more feasible
- The final building prototype was used as a model for future changes

Mixed-Use Apartment & Retail C-1

Site Characteristics	Current Zoning	Market Feasible	Change
Lot Size (Sq Ft)	20,000	20,000	0%
Max Land Cost (/Sq Ft)	$23	$25	9%
Height (Stories)	3	3	0%
Parking Spaces	30 (1 per Unit)	28 (1 per Unit)	-6%
Units on Site	14	20	43%
Density (Net)	30 DU / Acre	44 DU / Acre	46%
Floor Area Ratio	0.95	1.17	23%
Landscaping	15%	10%	-50%
Project Value	$3.7 Million	$4.5 Million	22%
Average Unit Size	775 sq ft	655 sq ft	-15%
Unit Rent	$1,473 /month ($1.90 / sq ft)	$1,211 /month ($1.85 / sq ft)	-18%
Affordability (% AMI) (100% AMI for family of 2: $44,800)	131%	108%	-18%

Mid-Rise Apartment
R-3

Site Characteristics	Current Zoning	Market Feasible	Change
Lot Size (Sq Ft)	10,000	10,000	0%
Max Land Cost (/Sq Ft)	$16	$25	56%
Height (Stories)	2	3	50%
Parking Spaces	4 (1 per Unit)	14 (1 per Unit)	250%
Units on Site	4	14	250%
Density (Net)	19 DU / Acre	61 DU / Acre	221%
Floor Area Ratio	0.53	1.04	96%
Landscaping	55% (because of density caps)	15%	-73%
Project Value	$1 Million	$2 Million	100%
Average Unit Size	1000 sq ft	630 sq ft	-37%
Unit Rent	$1,750 /month ($1.75 / Sq Ft)	$1,072 /month ($1.70 / Sq Ft)	-39%
Affordability (% AMI) (100% AMI for family of 2: $44,800)	156%	96%	-38%

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Mixed-Use Office/Retail C-1 or E-1

Site Characteristics	Current Zoning	Market Feasible	Change
Lot Size (Sq Ft)	20,000	20,000	0%
Max Land Cost (/Sq Ft)	$10	$25	150%
Height (Stories)	3	3	0%
Parking Spaces	34 (2.5 per 1000 sq ft)	33 (1.67 per 1000 sq ft)	-3%
Density (Net)	60 Emp / Acre	78 Emp / Acre	30%
Floor Area Ratio	0.75	0.98	31%
Landscaping	15%	10%	-50%
Project Value	$2.8 Million	$3.9 Million	39%

Flex Employment /Office E-1

Site Characteristics	Current Zoning	Market Feasible	Change
Lot Size (Sq Ft)	10,000	10,000	0%
Max Land Cost (/Sq Ft)	$22	$23	5%
Height (Stories)	2	2	0%
Parking Spaces	14 (2 per 1000)	15 (2 per 1000)	7%
Density (Net)	69 Emp / Acre	74 Emp / Acre	7%
Floor Area Ratio	0.72	0.76	6%
Landscaping	15%	10%	-33%
Project Value	$1.5 million	$1.6 Million	7%

Conclusions

- Current average commercial rents are too low in the corridor to support new construction
- Required rents for residential spaces are higher than market
- Making the public improvements in the corridor will stimulate the market for development
- The current zoning is quite restrictive and prevents a feasible unit form being constructed
- The zoning changes that would be effective are:
  - Slightly lower commercial parking rates
  - Slightly less landscaping
  - Eliminate the maximum units per acre cap
- The unit per acre cap in the zoning is out of sync with the FAR otherwise permitted
- Since the unit cap is low, it forces a larger unit than would otherwise be built
- Larger units are more expensive and there is limited market for them

Possible Solutions examined in Phase 2

- Focus on mixed use residential in the corridor
- Adjust the prototype to best meet market conditions
  - Smaller specialized commercial space to achieve $20 per foot rent
  - Encourage smaller apartments to meet rent thresholds and affordability
  - Attempt to develop a prototype that can pay land costs in the are and still be affordable to the median income household
  - Assume that land costs will be about $25 per foot
- Develop visualizations to guide development standards
- Develop build out scenarios to evaluate impacts and benefits.

“Doesn’t look Ashland”

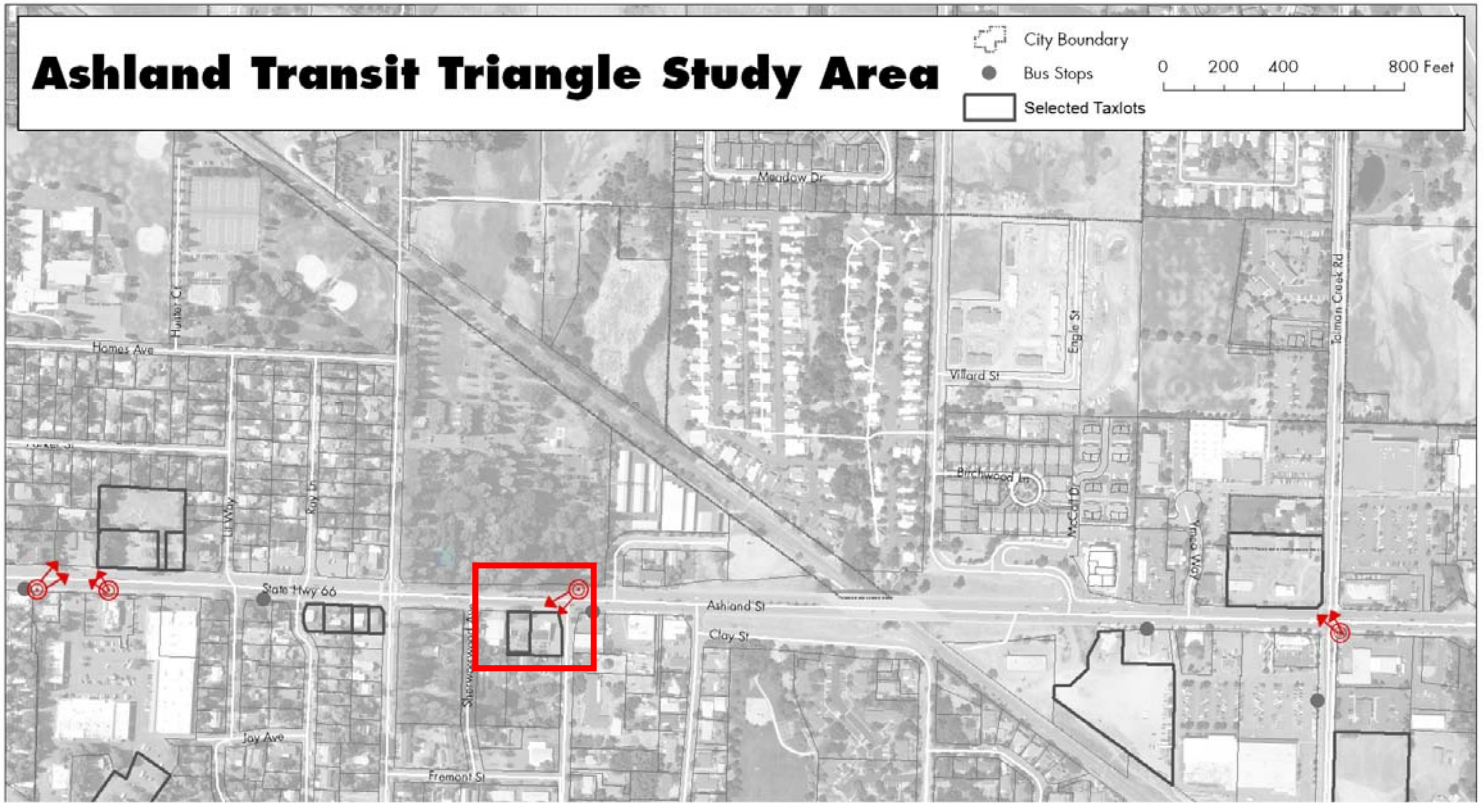
Mixed-Use
Apartment & Retail

Doesn’t look “Ashland” Mid-Rise Apartment

Sellwood Library/Lofts –Potentially better fit

“Buckhurst Hill Station” – step back on upper floors may help

1896 Ashland St. – Design Test and Visualization



1896 Ashland St.

1896 Ashland St. – 3 story building

1896 Ashland St. – 4 story building

1896 Ashland St. – 5 story building

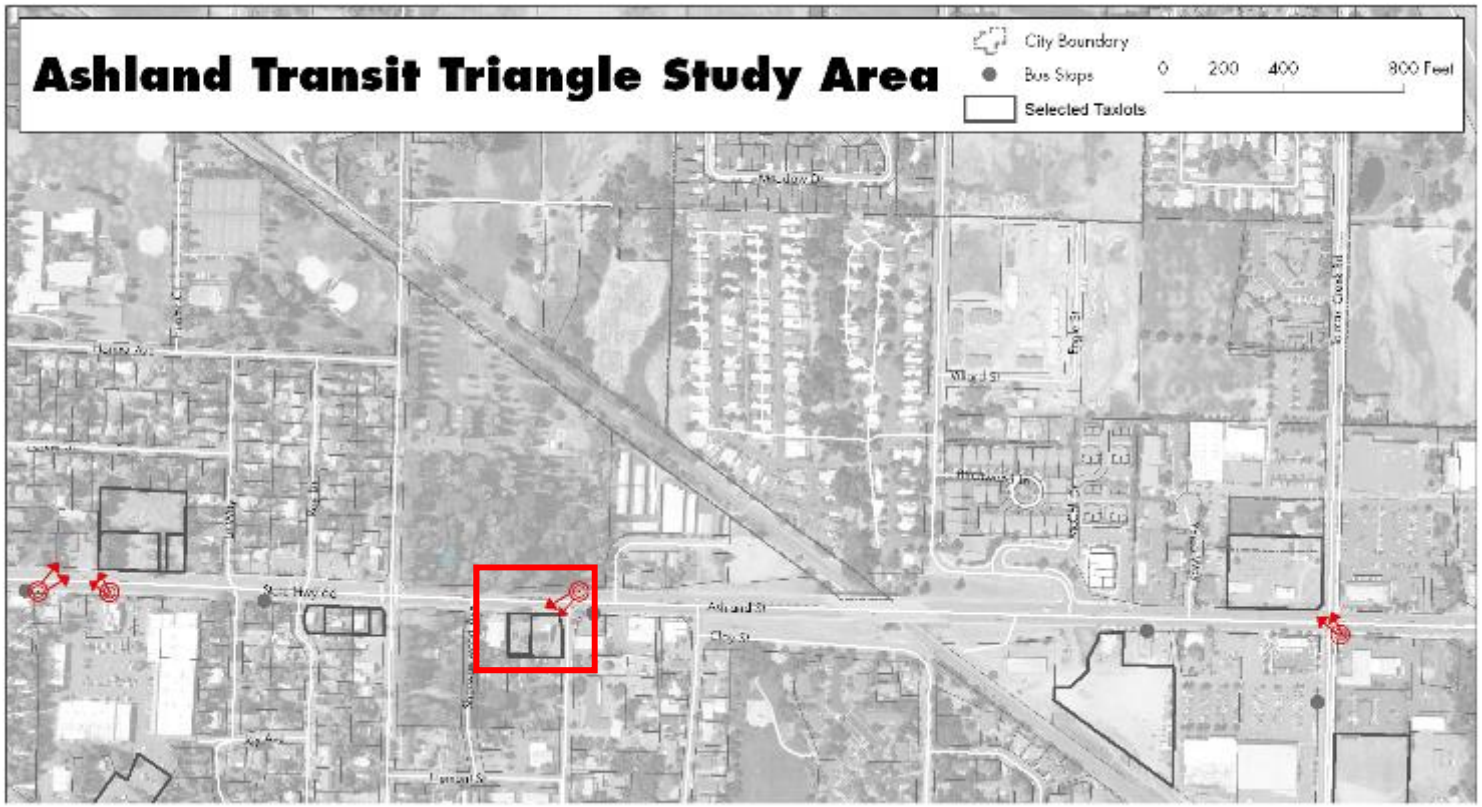
Effect of Stories on Density (current zoning 13.5 du/acre)

Stories	Stepback	No Stepback
3	44.5 Du/acre	48.7
4	51.1	55
5	56.2	60

Prototype Summary for 3 story mixed use (current zoning allows 7 units)

Building Characteristics	**1896 Ashland St.**
Lot Size (Sq Ft)	25,492
Land Cost	$14.57 - $25
Height (Stories)	3
Parking Spaces	31(1 per unit)
Units on Site	31
Housing Density (Per Acre)	52.4
Jobs on Site	6
Employment Density (Per Acre)	4.6
Floor Area Ratio	1.06
Landscaping	15%
Project Value	$5.45 million
Average Unit Size	600 Sq Ft
Unit Rent	$1,110 / month

1896 Ashland St. - Visualization



1896 Ashland St. - Today

1896 Ashland St. – with public improvements

1896 Ashland St. – Project used in Pro Forma

1896 Ashland St. – with 3 full stories

1896 Ashland St. – with 4 full stories

1645 Ashland St. - Visualization

Site Plan for this site

Today

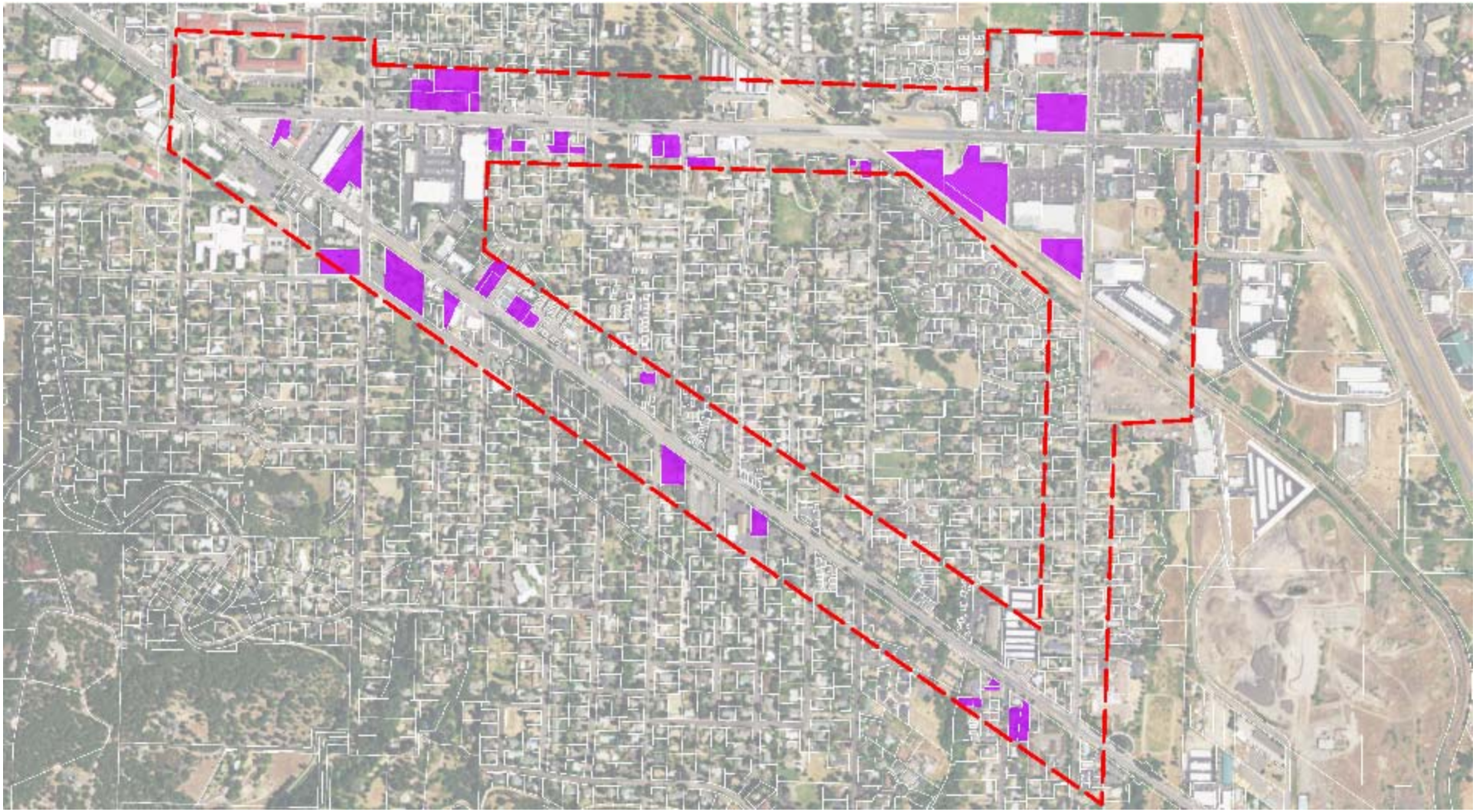
With public improvements

With corresponding private improvements

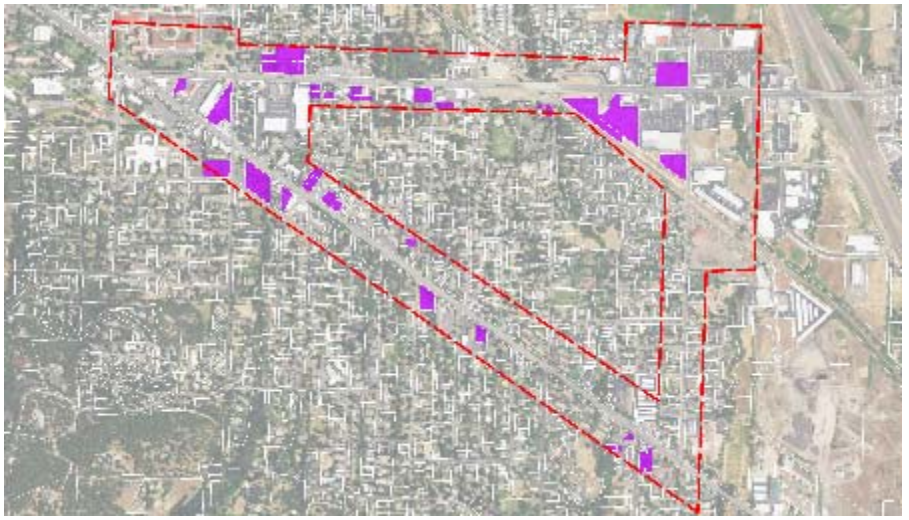
A more residential style

New Development

3-story MU Apartment & Retail



Scenario Summary



Development Characteristics	Summary New
People	**1,072**
People per Net Residential Acre	68.6
Housing Units (Multifamily)	**876**
Land Area (Acres)	15.37
Housing units per Net Residential Acre	56.0
Jobs (Retail)	**79**
Land Area (Acres)	1.71
Jobs per Net Employment Acre	45.3
Households	**823**
Average Household Size	1.3

Conclusions

- The current zoning's limits on units per acre are a severe limit to affordable housing.
- Market units size would be between 500 square foot studio to 750 square foot 2 bedrooms, with current market being for smaller units to react to the 80% of renters that are one and two person households
- That would lead to about 40 to 70 units per acre as the most natural result based on the FAR permitted by the zoning standards
- The unit limits in the zoning code are far below what is otherwise achievable
- In other words, the zoning creates an unsolvable problem
- This forces a large, more expensive unit.

Conclusions

- The study of buildings and modeling various solutions yielded a variety of buildings that are far more feasible and affordable than current zoning
- The solutions range from 2.5 story residential style buildings to 4 story mixed use buildings
- Densities would range from about 40 units an acre to almost 70 units per acre, depending oon the size of the units and the height of the buildings
- Given our assumptions, costs would range from about $1,000 a month to $1,300 a month, although actual land and construction costs will vary. This is approximately what a median income household can afford in Ashland.
- This suggests that a targeted program of change for the Transit Triangle would be effective in encouraging the development of more mixed use projects

Caveats and Cautions

- Different solutions should be developed for different zoning districts and situation in the Triangle
- Strong incentives should be developed to encourage smaller affordable units rather than large units, vacation rentals, or condominiums
- Incentives should be developed to encourage housing affordable to lower income persons
- Appropriate design standards should be developed at the same time
- Implementation of the public improvements adopted in prior plans should be accelerated, they will enhance the attractiveness for investment

Proposal:

Authorize a process to prepare the following modifications and plans

1. Develop a Zoning Overlay for the C1 and E-1 that lift the density cap, and implement other small changes in the zoning changes
2. Evaluate changes for the R-2 and R-3 zones when property fronts one of the Triangle arterials.
3. Develop improved Site Design Standards for this area and for the new zoning standards
4. Clean up and consolidation of all the previous overlays
5. Develop Recommendations for an accelerated improvement strategy of the existing adopted plans
6. Develop inclusionary zoning strategy to comply with the new state law.
7. Investigate other incentives and regulations that will encourage affordable units.