



Planning Commission Recommendations to the City Commission for the 2019-2021 Biennium

The Planning Commission identified projects for the City Commission to consider in the 2019-2021 goal setting and associated budgeting process. As the City Commission, Natural Resources Committee, staff, and public have also identified requests, the City Commission must prioritize projects to best meet the needs of the community. This memorandum is intended to provide background on each of the Planning Commission requests and seek some prioritization to assist the City Commission in allocating limited resources and funding.

Updating the Oregon City Comprehensive Plan

The existing Comprehensive Plan for Oregon City was adopted in 2004. In the past fourteen years the City has seen significant growth, a changing population, increased housing costs, adoption of multiple concept plans, economic growth, increased traffic, and new City facilities. The update of the Comprehensive Plan should include an analysis of the location of and uses within each zoning designation throughout the City, and should incorporate the findings of the Housing Needs Analysis being currently conducted. We encourage the City Commission to ensure that adequate funding for an updated Comprehensive Plan is allocated within the next budget biennium. The Natural Resource Committee also support this request in their separate letter to the City Commission.

Staff Notes on Proposed Project:

- Our Comprehensive Plan provides a framework for how the City will grow over time and addresses each of the statewide goals.
- The existing Comprehensive Plan was adopted in 2004 and contains many elements which are likely reliable today. An update to the Comprehensive Plan allows the community to reassess a variety of topics including how we implement meaningful public engagement, protection of environmental and historic resources, land use, equity, and future city facilities.
- Meaningful public involvement is the key to a successful Comprehensive Plan update.
- Though staff will work with the City Commission to identify project expectations, the following identifies a potential project scope:
 - Begin with a City-wide visioning to understand the aspirations and concerns of the public, followed by an analysis of how the existing Comprehensive Plan carries out that vision. The public engagement should be exhaustive and meaningfully include all members of the community through multiple venues. The project would then be broken down into a series of smaller projects addressing each chapter of the Comprehensive Plan and determining if the existing plan carries out that public vision and amending the chapter if needed. If it is determined that the Comprehensive Plan mapping designations do not carry out the vision of the public, a project would be created to amend the Comprehensive Plan and Zoning Maps and the associated chapters of the Oregon City Municipal Code.
- Project expected to span multiple biennium's and require significant staff time, despite the use of any consultants.
- Approximate Budget: \$300,000 within biennium. There are no single source grants which

may be obtained to cover the project cost. Staff will piece together multiple smaller grants aimed at reviewing specific parts of the Comprehensive Plan.

- Project informed by: Buildable Lands Inventory and Housing Needs Analysis completed in summer 2019
- *Staff recommends initiating this project as a 2019-2021 City Commission goal and seeking additional funding sources.*

Update the Urban Growth Management Agreement with Clackamas County

The Urban Growth Management Agreement (UGMA) with Clackamas County lays out the governance of property which is anticipated to be transferred from Clackamas County to Oregon City jurisdiction. As the UGMA was last updated in 1990, and we encourage the City to work with Clackamas County to update the agreement. The UGMA update should include mutual City / County consideration of annexation policies regarding tree removal as discussed below.

Staff Notes on Proposed Project:

- Urban Growth Management Agreements (UGMAs) facilitates an agreement of how to manage property currently within Clackamas County jurisdiction, but inside of the urban growth boundary (UGB) which may be annexed into Oregon City jurisdiction. They address items such as annexation and land use.
- The City/County UGMA is one of the oldest UGMA's in the county and is comparatively favorable towards the City. The UGMA map does not currently reflect the all of the UGB expansion areas, though regardless appears to have been implemented nonetheless across the existing UGB.
- Clackamas County and the City have been intermittently discussing updating the UGMA for some time. The project has been delayed due to other priorities or larger interrelated issues. The process to update the agreement would include multiple departments such as Planning, Public Works, etc.
- Amendments to the UGMA require approval of an Ordinance by the City Commission as well as approval by Clackamas County.
- Updating the UGMA includes a minor budgetary cost, though significant staff time is anticipated.
- *Staff recommends working with Clackamas County to discuss updating the UGMA, but feels this task does not rise to a 2019-2021 City Commission goal.*

Trees: Draft Regulations to Prohibit Significant Tree Removal Prior to Annexation

The proposed amended code includes standards regarding tree removal during the local annexation review process. However, property owners are still able to remove significant tree canopy while the property is within Clackamas County jurisdiction, prior to submittal of an annexation application. This is a significant concern, because the properties in the County are not subject to the generally stricter standards for tree removal and plantings of mitigation trees in the City. We encourage the City Commission to review policies adopted by neighboring jurisdictions to address this concern through discouragement of annexation for properties where significant tree removal has occurred soon before the submittal of an annexation application.

Staff Notes on Proposed Project:

- Tree removal in the City is not regulated in all cases. Generally, the City regulates tree removal for all properties during the development process or in the right-of-way, some cases when the tree removal is within an environmental or historic overlay, or on private property when the use is not single-family or duplex. Once properties are annexed into the City, in many cases

they may be allowed to remove trees without mitigation plantings because not all tree removal is regulated.

- The proposed code amendments before the City Commission include an additional annexation factor which allows significant tree removal during the annexation process to be considered when determining if property should be annexed into Oregon City.
- In order to change regulations regarding tree removal prior to annexation, the Clackamas County development code would need to be amended. Amending Clackamas County regulations to reduce tree removal in the UGB requires significant staff time to propose and additional Clackamas County staff time to implement. Modification would need to be completed with consultation from the County and mindfulness for timber harvesting regulations. Amending tree regulations in the County would require significant staff time and cost with a Legislative code amendment application.
- Amending Clackamas County regulations to decrease tree removal may also require modification of the Urban Growth Management Agreement (UGMA).
- The City Commission and Planning Commission have indicated in the past a desire to audit all tree regulations and create comprehensive tree protections.
- *Staff recommends revising the proposed code amendment currently before the City Commission adding tree removal during the annexation process as an annexation factor and reevaluating tree removal in a comprehensive manner which includes tree removal in the urban growth boundary as a part of that process in the future. Due to limited staff resources, this project should be revisited in the 2021-2013 biennium, after the Comprehensive Plan is updated.*

Trees: Increase Fees for Tree Mitigation

In many cases, when a tree is cut down in the City, additional trees are required to be planted to mitigate for the loss of the tree. If the replacement trees cannot be planted onsite, property owners are allowed to pay a fee-in-lieu of planting the tree. The City utilizes the funding from these fee-in-lieu payments for tree education and tree plantings. The current fee reflects the City's cost of obtaining and planting each tree. The Planning Commission would like to discourage tree removal by increasing the tree mitigation fee to 150% of the City's cost, which would be consistent with how the City collects fee-in-lieu for required public right-of-way improvements.

Staff Notes on Proposed Project:

- Regulated trees are required to be replaced when not determined to be dead, diseased, dying, or hazardous. If the replacement trees cannot be physically located onsite, applicants can opt to plant the trees elsewhere, or pay a fee in lieu of planting.
- Fee in lieu for tree mitigation on private property other than single-family and duplexes as well as properties in a permitting process requires the fee be calculated as 150% of the costs of materials, transporting, and planting the tree. The code does not identify the methodology for calculating fee-in-lieu for street tree mitigation.
- The current fee is \$333 per tree which has been used to plant trees, primarily in partnership with Friends of Trees.
- Amendments to the tree mitigation fees require Resolution approval by the City Commission.
- *Staff recommends reviewing the proposed code amendment currently before the City Commission and consider mitigation fees during a future comprehensive city-wide tree analysis.*

Short Term and Vacation Rental Use

Planning Commission heard testimony from several people regarding short term rentals such as HomeAway, Air B&B and Vacation Rental By Owner. Currently Bed and Breakfast use providing accommodation for less than thirty (30) days requires a Conditional Use permit, whether the house is entirely or partially rented out. The Conditional Use application review process is lengthy and a significant expense (the 2018 review fee is \$3,952.00 and also requires the submission of a Site Plan and Design Review application with a minimum review fee of \$862.00). We therefore encourage the City Commission to consider a more streamlined review process for certain types of Bed and Breakfast uses. Such a process could be tailored to Oregon City and adapted from what other Oregon Communities have adopted (e.g. Newport, McMinnville and others), including additional policies, criteria and procedures that could streamline the approval process for short-term vacation rentals and assure that homeowners have some flexibility to use their property in this manner, while providing assurances that any negative impacts on the character and livability of the adjacent residential neighborhood is taken into account and mitigated.

Staff Notes on Proposed Project:

- Currently, rentals less than 30 days in length in a residential zoning designation require a conditional use approval before the Planning Commission. This process requires time and application fees to review the proposal against criteria identified in the Municipal Code and against the Comprehensive Plan.
- There has not been significant discussion about changing the short-term regulations at the Planning or City Commission level. Staff suggests community involvement to determine proposed regulations supported by the community prior Legislative review by the Planning Commission and City Commission at a series of public hearings.
- The regulations should balance and consider the effects on the general housing supply, affordable housing, as well as the effects on the City as a whole.
- The process to amend short term rental regulations should involve a targeted public process and thus will require significant costs and staff time.
- *Staff does not recommend considering this item in the 2021-2023 biennium due to limited staff availability and in conjunction with analyzing other housing strategies such as construction excise tax and the Comprehensive Plan Update.*

Supporting Affordable Housing Units

Though the proposed code amendments provide opportunities to increase the number of housing units and housing options, they provide no guarantee that affordable housing will be built. Local jurisdictions often employ a variety of other tools to encourage affordable housing by preserving existing housing stock and supporting new construction. We suggest the Commission consider a menu of approaches to further support affordable housing, including:

- *Provide property tax exemptions for up to ten years for multi-unit projects that meet certain rent affordability targets;*
- *Charging full system development charges (SDCs) for a home that replaces a demolished home;*
- *Provide a reduction or waiver of SDCs for accessory dwelling units, and/or new multi-unit housing;*
- *Adopt disincentives for demolition of existing housing stock beyond protected historic resources;*
- *City housing bond measure similar to the one being considered by Metro;*
- *Require that new multi-unit developments include a given percentage of below-market rate units (known as inclusionary zoning);*

- *Create a locally-funded rent voucher system;*
- *Include workforce housing projects in Urban Renewal projects;*
- *Use of other capital improvement funds to help pay for the infrastructure needed to serve a workforce housing project.*

Staff Notes on Proposed Project:

- Evaluating the menu of options may take significant staff and time, though moderate budgetary cost anticipated.
- The City Commission preliminary investigated inclusionary zoning and implementation of a construction excise tax (CET) for affordable housing and decided to revisit CET at a City Commission work session in 2019.
- The menu of housing policies may be explored with the Comprehensive Plan update which includes an analysis of how the City will accommodate future housing needs including housing affordability.
- *Staff recommends considering construction excise tax in mid-2019 and evaluating the remaining strategies with the Comprehensive Plan update.*

Move Forward with Rezoning of Existing Manufactured Home Parks

The Planning Commission has recently heard concerns from residents of a manufactured home park about potential sale of that property. Though the City Commission has adopted measures in Oregon City Municipal Code Chapter 15.52 to assist residents in the case of a park closure, we urge the Commission to provide further protections by investigating rezoning of all manufactured home parks to a zoning designation which only allows alternative low cost housing options such as manufactured homes, tiny homes, and similar housing.

Staff Notes on Proposed Project:

- Existing manufactured home parks are currently within the R-3.5 Dwelling District, allowing properties to be redeveloped for single and two-family homes.
- Rezone existing manufactured home parks for exclusive use by manufactured homes requires additional research and public input as well as approval by the Planning Commission and City Commission.
- The Commission may consider this as a product of the Comprehensive Plan update. Housing types and availability will be analyzed in Chapter 10 of the Comprehensive Plan.
- The City is currently working on a housing needs analysis and a buildable lands inventory which will help inform this decision.
- Rezoning property should be carefully considered, as it may have effects on the value of private property.
- *Staff recommends considering this in the Comprehensive Plan Update.*