



Community Development – Planning

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To: Mayor and City Commission of Oregon City
From: Laura Terway, AICP, Community Development Director
Re: Planning Commission and Natural Resources Committee
Recommendations to the City Commission for the 2019-2021 Biennium

The City Commission will soon be meeting to identify a series of city-wide goals for the 2019-2021 biennium. The goals often include largescale projects or partnerships which reflect the values of the community and exceed daily departmental tasks. As there are varying projects addressing different needs within the community, the challenge remains prioritizing and balancing goals while allocating resources responsibly to adequately address our community's needs.

The Planning Commission and Natural Resources Committee have each identified a series of projects for the City Commission's consideration in the 2019-2021 goals and/or associated budget. After the initial project requests, discussion with each of the committees clarified and in some cases narrowed the list of requests. This memo identifies the narrowed project requests and provides background on the scope of the projects, estimated resources required to complete the project, and a recommendation of how each request balances with other needs within the Community Development Department and the upcoming City Commission's goals.

Prioritized Planning Commission Recommendations

1. Updating the Oregon City Comprehensive Plan (Including an Analysis of Affordable Housing Units)

Planning Commission Recommendation to Update the 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.

Planning Commission Recommendation to Support 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 Recommendation: The Comprehensive Plan provides a framework for how the City will maintain compliance with statewide planning goals and evolve over time. Last adopted in 2004, the Comprehensive Plan ensures that land resources are thoughtfully and efficiently used, that public services are cost-effective and adequate, that natural and historic resources that help define the city's character are protected and preserved, and that citizens will have continuing influence on the on-going decisions about the growth and development of their community and government participation. The plan provides a balanced approach to protect and maintain the quality of life and social and economic vitality of the community. An analysis of how the City will accommodate future housing needs and affordability is an essential component to updating the Comprehensive Plan and the desire to further consider the strategies identified by the Planning Commission may be included in the update process.

Though the update is not required by law, it provides an opportunity to update the plan to reflect the changes in the community. Implementation of the goal would begin with in-depth community visioning and seeking to understand our citizen's vision of the future before breaking the update into smaller projects. Aside from assuring the plan complies with all regulations, the key to a successful Comprehensive Plan update is meaningful, inclusive, diverse, and frequent public involvement by all members of our community.

The overall project cost is expected to be approximately \$300,000. Though there is no single-source which could fund all of the work, staff would like to apply for a Technical Assistance Grant from the Department of Land Conservation and Development (DLCD), and utilize a variety of other funding sources related to specific topics such as environmental protection, transportation, or historic preservation. The project will require significant staff time associated with public outreach, coordinating meetings, etc.

Completion of the Comprehensive Plan is expected to take a number of years and result in identification of a variety of follow up projects which could include some of the projects, such as streamlining vacation rental approval process, updating the stream and wetland inventory, etc. *Staff recommends initiating the Comprehensive Plan Update as a 2019-2021 City Commission goal and seeking additional funding sources to assist with the costs.*

2. Streamline Short Term and Vacation Rental Approval Process and Standards

Planning Commission Recommendation to Streamline Short Term Rental Approval and Standards:

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 Recommendation: Currently, in residential zoning designations, rentals less than 30 days in length require a Conditional Use permit which goes before the Planning Commission for approval. This process requires approximately 6 months and application fees to review the proposal against criteria identified in the Municipal Code and Comprehensive Plan. Some cities have created criteria which mitigate impacts of short-term rentals on the surrounding neighborhood and allow review of short-term rentals in a shorter and less expensive process.

There has not been significant discussion about changing the short-term rentals regulations or review process at the Planning or City Commission level. The process of amending the regulations should include significant and meaningful public input beyond the Legislative approval process before the Planning and City Commission. The public may consider if amending the process and standards for short-term rentals is warranted with the Comprehensive Plan update. *Though the project may be needed, staff does not recommend considering this item in the 2019-2021 biennium due to limited staff and funding.*

3. Comprehensive Tree Regulation Review

Planning Commission Recommendation to Regulate Tree Removal Prior to Annexation and Reassess

City-Wide Regulations: 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.

Upon further discussion with the Planning Commission, they identified the need for a global review of tree regulations both within the city limits, as well as prior to annexation (while the trees are within Clackamas County's jurisdiction).

Staff Recommendation: Tree removal in the City is not regulated in all cases. Generally, the City currently regulates tree removal for all properties during the development process, in the right-of-way,

when there is a recorded covenant, or on private property when the use is not single-family or duplex. Tree removal is regulated in some cases when the property is within an environmental or historic overlay. The code regulates tree removal by requiring replacement trees be replanted to mitigate for the trees which are proposed to be removed.

Since tree removal is not consistently regulated for all properties, a single property may not be regulated for tree removal one day but may be subject to replanting the next. For example, though tree removal is proposed to be added as an annexation factor during the annexation process, in many cases, tree removal could occur after annexation without City review or mitigation plantings. A more common example applies to residential properties not within overlay districts which may cut down all of the existing trees without any review, though once they submit an application to subdivide the property, all tree removal is subject to approval by the City and mitigation plantings.

The City Commission and Planning Commission have indicated in the past a desire to audit all tree regulations and create comprehensive tree protections, though the process would require significant cost, staff, and time in order to obtain adequate public input and work with Clackamas County as well as interested parties, such as the Natural Resources Committee. In order to change regulations, the development code would need to be amended through a Legislative process with public input and a series of hearings before the Planning and City Commission, which can be costly, staff intensive, and require a significant amount of time. If the City proposes change the Clackamas County regulations, their development code would likely also need to be modified.

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 2021-2023 biennium, after the Comprehensive Plan is updated.

4. Rezone Existing Manufactured Home Parks

Planning Commission Recommendation to Rezone Existing Manufactured Home Parks for Exclusive Use as 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 Recommendation: All existing manufactured home parks within the City are currently within the R-3.5 Dwelling District. The zoning designation currently allows for redevelopment primarily into single and two-family homes, though the proposed code amendments would broaden the allowable uses to include manufactured home parks as well as 3-4 plexes. The request to rezone the existing manufactured home parks for exclusive use as a manufactured home park requires additional public input from the community and manufactured home park owners, research and approval by the Planning Commission and City Commission.

The City is currently in the process of conducting a housing needs analysis and buildable lands inventory which will be used to inform the future Comprehensive Plan update. As a part of this process, housing types, affordability, and availability will be analyzed. If it is determined that the

community would like to rezone existing manufactured home parks exclusively for that use to avoid redevelopment into another housing type, that may occur with the Comprehensive Plan update. Rezoning property should be carefully considered, as it will likely influence the value of private property. *Staff recommends considering rezoning of manufactured home parks for exclusive use as manufactured home parks as a part of the Comprehensive Plan Update.*

Natural Resources Committee Recommendations

Wetland Overlays

NRC Recommendation: In our 2017 report to the City Commission, the Natural Resource Committee (NRC) pointed out that our wetland natural resource overlays haven't been updated since 1999, when the Local Wetland Inventory was made part of the City's Comprehensive Plan. The NRC noted that the Oregon Department of State Lands had made a new wetland delineation in Canemah. City Code Chapter 17.49 provides that such newly discovered wetlands are not regulated by the City if they are wholly outside of the established Natural Resources Overlay District (NROD). The Planning Department has sought grant opportunities to review and to update our NROD overlays but has not yet been successful. The NRC still desires code changes that would permit the establishment of a temporary wetland-area overlay when a new delineation is made or a previous overlay was found to be in error. A permanent overlay could be established later when resources are available to determine its appropriate boundaries.

Staff Recommendation: The Natural Resources Overlay District (NROD) protects streams and wetlands by implementing a vegetated corridor buffer between natural features and development. While the City regulates this vegetative corridor and impacts to it, it does not regulate wetlands or streams themselves, but coordinates with other agencies which do. The City adopted a map with a buffer around the streams and wetlands which varies in width depending on the type of feature, size of drainage basin, and topography. This map allows the NROD regulations to be applied when development occurs within the boundary. When properties within the overlay boundary develop, a review process is typically initiated to delineate the exact location of natural features onsite, determine the required vegetated corridor width, minimize the impact of development within the corridor, and mitigate for any impacts to it.

Due to legal requirements the overlay district map may only be amended through a Type IV land use process including Planning Commission and City Commission review. If a feature is found outside of the overlay district, the City does not always have the authority to regulate the vegetated corridor surrounding the feature until a process to incorporate the feature within the NROD is completed.

Though the City's adopted wetland and stream inventory is from 1999, the NROD overlay has been updated with additional resources and mapping specified in the code, such as LIDAR data from Oregon Department of Geology and Mineral Industries (DOGAMI). Staff reviewed all wetlands reported to the Department of State Lands and identified a single wetland which was outside of the scope of the NROD overlay and is currently working on a process to add the wetland and associated buffer to the NROD boundary.

Staff researched the Natural Resources Committee request to update the stream and wetland inventory and identified an approximate project cost of \$300,000. In addition to utilizing digital

data, this project requires on-site investigation of resources on private properties throughout the City (with owner consent) by biologists or scientists. This significantly adds to the cost and length of time needed to complete the project. Staff investigated potential grant opportunities with Metro, Department of State Lands, Department of Land Conservations and Development, and other sources, but was unable to identify a source or multiple sources which can be combined to finance this project.

During the Comprehensive Plan update natural resources, such as streams and wetlands, will be reviewed. This process may be used to identify if it is a priority for the City to reinventory the overlay district. If a need is identified, the process of reinventorying the features throughout the City could be a product of the Comprehensive Plan which could be prioritized among other follow-up projects. *Staff recommends continuing to move forward adding the wetland identified outside of the NROD to the overlay district, monitor grants for future funding sources, and revisit this request with the 2021-2023 goals and budget cycle.*

Heritage Tree Designation

NRC Recommendation: The NRC still wishes to determine if funds can be identified to off-set the expensive arborist costs a land owner must incur in order to hire an arborist to determine whether a tree qualifies for the designation, not only in terms of the age of the tree, but also whether the tree is disease free and is not a potential safety threat to property, infrastructure, or people. The NRC still requests in the upcoming budget cycle that the City Commission consider funding a part-time arborist position to assist in this effort as well as to deal with other tree issues on City property and public rights-of-way.

To offset the cost of a part-time arborist, consideration should also be given to revise our code so as to not require such a detailed arborist study because the owner of the property owner having a diseased or unsafe heritage tree is permitted to remove the heritage tree under the current code.

Staff Recommendation: Chapter 12.32 of the Oregon City Municipal Code identifies a Heritage Tree designation to recognize, foster appreciation and provide for voluntary protection of certain trees, because of their age, species, natural resource value, ecological or historical association, are of special importance to the city. The code requires a certified arborist, forester, or ecologist to produce a report that the tree is not irreparably damaged, diseased, hazardous or unsafe. In addition, an arborist is required to determine if a tree may be removed due to poor health or a hazard. Though a request was made by the NRC, the Planning Commission decided not to amend the Heritage Tree requirements in the draft code amendments currently before the City Commission. Staff suggests including code amendments to Heritage Trees as a part of the city-wide tree regulation review.

The City does not currently employ a certified arborist. Currently, the Public Works and Community Services departments contract with arborists on an as-needed basis. The average cost of an arborist is approximately \$100-\$300 for a basic report. Staff could dedicate up to \$300 per year of existing funds, for the NRC to dedicate towards a contract arborist. With this funding, additional staff resources would be required to secure arborists, meet them onsite, and manage the products. *Staff Recommendation is to consider a broad update to the tree regulations city wide (including heritage trees) after the Comprehensive Plan is updated. In the meantime, \$300 per year may be allocated to the NRC to hire an arborist to assist with Heritage tree nominations and removal requests.*

Education Campaign to Highlight the Geologic Significance of the Bluff

NRC Recommendation: Professor Burns, Portland State University Professor Emeritus and former Director of the PSU's Department of Geology, has recommended contacting the state geologist responsible for the states geological survey (DOGAMI) and to the Ice Age Flood Institute's Portland section to seek such a designation, and we are requesting from the City Commission the right to do so with the goal of having such a designation considered by the Parks and Recreation Advisory Committee and considered and proposed by the City Commission.

Though the initial request was focused on designating a specific property as "geologically significant", upon further discussion with the NRC, the group clarified the purpose of their request was to provide an educational campaign to highlight the geologic significance of the bluff. There was no desire to alter the regulations related to land use or development. They discussed a variety of tools to achieve this goal such as coordination with tourism, etc.

Staff Recommendation: The process for researching and creating educational literature related to the geologic significance of the area is a project within the scope of the Natural Resource Committee. Staff supports the NRC placing the item on their work plan and once it is completed, providing the documentation to the Economic Development Department to inform the City's tourism strategy.

Staff researched the "Geologically Significant" designation with Dr. Scott Burns of Portland State University, Bill Burns of the Oregon Department of Geology and Mineral Industries (DOGAMI), as well as online and was unable to identify an official "Geologically Significant" designation. However, the City may create our own local designation as an honorary designation or for tourism purposes. The process of doing so would include defining the parameters of the designation and identifying how it may apply throughout the city. This is anticipated to be a time-intensive process which would also require moderate financial support for notifications, advertising, printing, consulting geologists, etc. *Staff recommends the City Commission not place the request in the goals, but that the NRC assemble educational literature about the geologic significance of the bluff and provide the documentation to the Economic Development Department for their use related to tourism.*

Exhibits:

- A. Planning Commission Requests
 - 1. General Planning Commission Request
 - 2. Affordable Housing Related Planning Commission Request
- B. Natural Resources Committee Request