

EXHIBIT 6 – STAFF REPORT

DATE: March 17, 2022
TO: Planning Commissioners
FROM: Heather Richards, Planning Director
SUBJECT: Public Hearing, G 6-21, Adopting Chapter 17.11, “Residential Design and Development Standards” to the McMinnville Municipal Code and adopting housekeeping McMinnville Municipal Code amendments and housekeeping McMinnville Comprehensive Plan amendments to support the new proposed Residential Design and Development Standards.

STRATEGIC PRIORITY & GOAL:

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|  <p>GROWTH & DEVELOPMENT CHARACTER Guide growth & development strategically, responsively & responsibly to enhance our unique character.</p> |  <p>HOUSING OPPORTUNITIES (ACROSS THE INCOME SPECTRUM) Create diverse housing opportunities that support great neighborhoods.</p> |
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OBJECTIVE/S: Strategically plan for short and long-term growth and development that will create enduring value for the community

Report in Brief:

This is a public hearing to consider Docket G 6-21, proposed amendments to the McMinnville Municipal Code and Comprehensive Plan, supporting a new residential design and development standards that staff has been working on with consultants and the planning commission for the past four years. The proposed code amendments will satisfy the requirements of HB 2001 (2019 legislative session), and community interest in housing design and development standards that allow for a greater variety of housing types to serve the housing needs of McMinnville, built in such a way that it reflects the aesthetic values and sense of place of McMinnville.

Background:

Background on Legislative and State Processes

In 2019, the Oregon Legislature passed House Bill 2001 (HB 2001), a bill that will result in changes to the types of housing that are allowed to be constructed in residential areas in cities across the state of Oregon (Please see Attachment 1). HB 2001 requires cities of certain sizes to allow “middle housing” in areas and properties that allow for the development of detached single-family dwellings. Middle housing is defined in HB 2001 as including duplexes, triplexes, quadplexes (fourplexes), cottage clusters, and townhouses. More specifically, HB 2001 requires that large cities, or those with a population over 25,000 (which includes McMinnville), shall allow the development of the following:

- “All middle housing types in areas zoned for residential use that allow for the development of detached single-family dwellings” and
- “A duplex on each lot or parcel zoned for residential use that allows for the development of detached single-family dwellings.”

Cities that fall within the large city category are required to adopt land use regulations and Comprehensive Plan amendments to address HB 2001 by June 30, 2022. Understanding that infrastructure capacity may result in difficulties with allowing an expanded range of housing types in areas of cities that historically only allowed for single-family dwellings, HB 2001 was drafted to include a process to allow cities to identify infrastructure deficiency issues and request extensions to address those issues. Extension requests to address infrastructure deficiency issues were required to be submitted to the Department of Land Conservation and Development (DLCD) by June 30, 2021. The City evaluated its infrastructure for deficiencies, but determined that any infrastructure deficiencies were not significant enough under the parameters set out in OAR 660-046-0300 *et seq* to request an extension from DLCD.

As part of the state-wide implementation of HB 2001, the Department of Land Conservation and Development (DLCD) led a rulemaking process that resulted in clarifications to the HB 2001 language and more specifically prescribes the requirements that cities must follow relative to the allowance of the middle housing types. The rulemaking process was recently finalized, and the final version of the rules was adopted by the Land Conservation and Development Commission (LCDC) on December 9, 2020. These rules were adopted as Oregon Administrative Rules (OAR) Chapter 660, Division 46. The adopted rules, as well as a copy of HB 2001, are attached to this staff report. (Please see Attachment 2).

The rulemaking process resulted in the creation of minimum standards that medium and large cities must follow to allow middle housing types. The rules also created a “model code”, which would apply directly in cities that do not implement their own development code and Comprehensive Plan amendments prior to the deadlines established in HB 2001.

Background on Local Work in Support of HB 2001

In preparation for the implementation of HB 2001, the McMinnville Planning Department began work on the creation of development and design standards for the housing types that are described in HB 2001 and commonly referred to as middle housing types. This work was included on the Planning Department and Planning Commission work plans beginning in 2018 through the current fiscal year, and was generally referred to as the Residential Development and Design Standards project.

The McMinnville Planning Department began the Residential Development and Design Standards project with a focus on the implementation of McMinnville’s Great Neighborhood Principles (GNP). As stated in McMinnville Comprehensive Plan Policy 187.10, the GNP are intended to “...guide the land use patterns, design, and development of the places that McMinnville citizens live, work, and play. The Great Neighborhood Principles will ensure that all developed places include characteristics and elements that create a livable, egalitarian, healthy, social, inclusive, safe, and vibrant neighborhood with enduring value...”. The GNPs include two principles that are specific to housing, which are as follows:

11. Housing for Diverse Incomes and Generations. Great Neighborhoods provide housing opportunities for people and families with a wide range of incomes, and for people and families in all stages of life.
12. Housing Variety. Great Neighborhoods have a variety of building forms and architectural variety to avoid monoculture design.

The GNP section of the McMinnville Comprehensive Plan also includes Proposal 46.00, which states that “The City shall develop development codes that allow for a variety of housing types and forms, and

shall develop site and design requirements for those housing types and form.” The development of the Residential Development and Design Standards will assist the City in implementing Proposal 46.00.

From May 2019 to December 2019, the Planning Department worked with a consultant to develop an initial first draft of potential Residential Development and Design Standards, which again were intended to provide development and design standards for middle housing types. The scope of this work was also to begin work on the creation of standards that would allow for the middle housing types that were eventually to be required in HB 2001, but to do so in a manner that would be consistent and compatible with McMinnville’s existing neighborhoods and development characteristics.

The Planning Commission reviewed and provided comments on the draft Residential Development and Design Standards over the course of five work session meetings from January 2020 to July 2020. The Planning Commission reviewed the draft document in great detail, and provided comments and direction to Planning Department staff on amendments and edits to make to the draft standards within the document.

In 2020, the Planning Department also applied for and was successfully awarded two Technical Assistance Grants from DLCD to provide funding for work related to the implementation of HB 2001. One of the grants was awarded for work on the local code amendments necessary to bring the City’s development code into compliance. The second grant was awarded for an analysis of infrastructure capacity throughout the City to identify whether there were any infrastructure deficiencies that would result in a request for an extension on the implementation of HB 2001 to address those infrastructure deficiencies. The City contracted with Jacobs Engineering Group in February 2021 to undertake a review of the City’s infrastructure to determine whether the deficiencies met the parameters and thresholds established in OAR 660-046-0300 *et seq.* to request an extension from DLCD. The review concluded that the City did not meet those requirements to justify a request for an extension from DLCD. Staff presented this information to City Council on June 8, 2021.

The City’s work on code amendments to come into compliance with HB 2001 was put on hold for a short amount of time to allow time for the rulemaking process to be completed, primarily to ensure that the eventual code amendment work would not be in direct conflict with the final, adopted Oregon Administrative Rules (OARs). Once the OARs were adopted, the Planning Commission held a work session in January 2021 to review the adopted rules. Next, the Planning Department worked with the same consultant that developed the initial draft Residential Development and Design Standards to analyze that document against the adopted missing middle OARs, and provide recommendations for any updates that would be necessary to bring the draft Residential Development and Design Standards into compliance with the adopted OARs.

Overview of HB 2001 Rules (OARs)

- Duplexes and middle housing must be allowed in “areas zoned for residential use that allow for the development of detached single-family dwellings”. “Zoned for Residential Use” is defined in the OARs as “a zoning district in which residential dwellings are the primary use and which implements a residential comprehensive plan map designation.”
 - In McMinnville, this includes the R-1, R-2, R-3, and R-4 zones
- Established that density maximums cannot be applied to middle housing types.
- Minimum thresholds were established for “siting standards” that can be applied to middle housing types. These siting standards include things like minimum lot size, setbacks, height, lot coverage, and Floor Area Ratios (note that McMinnville does not currently have minimum lot coverage or Floor Area Ratios). In general, the siting standards are required to be the same as those that are applied to single family dwellings in the same zone.
- Established maximum numbers of off-street parking spaces that cities may require for middle housing types

- In general, the maximum number of off-street parking spaces that may be required is one space per dwelling unit.
- Triplexes and quadplexes include off-street parking space maximums that are based on the size of the lot in question, not based on the total number of dwelling units.
 - For triplexes, one (1) total off-street parking space may required for lots less than 3,000 square feet, two (2) total off-street parking spaces may required for lots between 3,000 and 4,999 square feet, and three (3) total off-street parking spaces may required for lots 5,000 square feet or larger.
 - For quadplexes, one (1) total off-street parking space may required for lots less than 3,000 square feet, two (2) total off-street parking spaces may required for lots between 3,000 and 4,999 square feet, three (3) total off-street parking spaces may required for lots between 5,000 and 6,999 square feet, and four (4) total off-street parking spaces may be required for lots 7,000 square feet or larger.
- Middle housing must be allowed to follow the same off-street parking surfacing, dimensional, access, and circulation standards that apply to detached single-family dwellings in the same zone.
- OARs require that large cities apply the same approval and review process to middle housing as is applied to detached single-family dwellings in the same zone. In McMinnville, detached single-family dwellings are reviewed and approved through a standard building permit review process, where basic zoning and other development standards are reviewed.

The consultant’s analysis of the draft document and their recommendations for potential updates were shared with and reviewed in detail by the Planning Commission during a work session discussion in April 2021. In addition, the Planning Department held three open house webinars to share information on the adopted missing middle OARs and the draft development standards that the City was in the process of developing. Those open house webinars were held April 27, 2021 through April 29, 2021. Feedback and direction on the consultant’s recommendations were provided by the Planning Commission, and incorporated into an updated draft of the Residential Development and Design Standards document. Work sessions were then conducted with the City Council and Planning Commission in August, 2021 to review the final recommendations. And a joint work session with the City Council and Planning Commission was conducted on February 22, 2022 to review the final recommended code amendments.

Discussion:

Staff is recommending to maintain the existing residential zones, amending the allowed housing types in each zone to be compliant with HB 2001 and adopting a new chapter, 17.11 to Title 17, “Zoning Ordinance”, of the McMinnville Municipal Code, entitled “Residential Design and Development Standards.

Staff is also adding Tiny Homes, Accessory Dwelling Units, Single Room Occupancy and Multi-Family Dwellings to this package of amendments to allow for more variety of housing types and consistency of design and development standards.

And finally, staff is recommending removing all references to “family” in the McMinnville Municipal Code and the McMinnville Comprehensive Plan as it pertains to identifying housing types.

- 17.11 Residential Design and Development Standards (New Proposed Chapter)
- 17.12 R-1 Low-Density 9000 SF Lot Residential Zone
- 17.15 R-2 Low-Density 7000 SF Lot Residential Zone
- 17.18 R-3 Medium Density 6000 SF Lot Residential Zone
- 17.21 R-4 Medium High-Density 5000 SF Lot Residential Zone
- 17.22 R-5 High-Density Multiple Dwelling Residential Zone

Overview of Residential Development and Design Standards

The Residential Development and Design Standards have been drafted to include standards for all housing types allowed in McMinnville. The housing types included in the Residential Development and Design Standards include:

- Tiny Houses
- Cottage Clusters
- Plexes (including duplex, triplex, and quadplex)
- Single Dwellings
- Townhouses
- Accessory Dwelling Units (ADU)
- Single Room Occupancy
- Apartments

In an effort to address the Great Neighborhood Principles, particularly those of Pedestrian Friendly, Accessibility, Human Scale Design, and Housing Variety, the residential development and design standards were developed with a holistic approach that focuses on a combination of site design, building form, and architectural features. These components were also considered to allow for the development of these potentially new housing types in a manner that is compatible with existing neighborhoods and housing in McMinnville. To achieve this, basic development standards are proposed for each housing type, including basic site standards such as lot size, lot width, lot depth, building setbacks, and building height. In addition to these basic development standards, more detailed design standards are proposed to be applied to all of the housing types, which are referred to as Universal Design Standards. The intent is that the application of both the Universal Design Standards and the basic site development standards will combine to result in building forms that are compatible with the existing development pattern and character of McMinnville, while still allowing the new housing types that are required by HB 2001.

The development standards are divided into two applications – subdivision and infill, and planned development. The subdivision and infill standards are compliant with the underlying zone and will provide the most consistency of development design in a neighborhood. The planned development standards are specific to each housing type individually to be used in a master-planned community. The planned development standards allow for more flexibility and diversity in terms of lot sizes, setbacks, etc. for each housing type.

Universal Design Standards Overview

The Universal Design Standards include standards related to the following:

- Façade
- Street Frontage
- Front Yard
- Alleys
- Garages
- Common Open Space
- Private Open Space
- Compatibility
- Planned Development Standards, including:
 - Partial Alleys
 - Usable Side Yard Setbacks

As discussed above, the Universal Design Standards are proposed to be applied to all of the housing types. Some of the Universal Design Standards are proposed to only apply to certain housing types, such as Private Open Space, which would apply only to Apartments. A table summarizing which Universal Design Standards would be applicable to each housing type is provided below:

| | Tiny House | Cottage Cluster | Plex | Single Dwelling | Town-house | ADU | Apartment |
|-------------------------------------|------------|-----------------|------|-----------------|------------|-----|-----------|
| Façade | X | X | X | X | X | X | X |
| Street Frontage | X | X | X | X | X | X | X |
| Front Yard | X | X | X | X | X | X | X |
| Alleys | X | X | X | X | X | X | X |
| Parking | X | X | X | X | X | | X |
| Common OS | | | | | | | X |
| Private OS | | | | | | | X |
| Compatibility | X | X | X | X | X | X | X |
| Partial alley (optional) | X | | X | | X | X | X |
| Usable Site Yard Setback (optional) | X | | X | X | | X | X |
| Common Green (optional) | X | X | X | X | X | X | X |

Attachments:

- Attachment 1: House Bill 2001
- Attachment 2: Middle Housing Rules – OAR Chapter 660 Division 46 – Adopted December 9, 2020
- Attachment 3: Proposed Chapter 17.11 of the McMinnville Municipal Code
- Attachment 4: Proposed Housekeeping Amendments to the McMinnville Municipal Code
- Attachment 5: Proposed Housekeeping Amendments to the McMinnville Comprehensive Plan
- Attachment 6: Decision Document (G 6-21)

Recommendation:

Staff recommends the Planning Commission recommend the proposed McMinnville Municipal Code and McMinnville Comprehensive Plan amendments to the McMinnville City Council for adoption.

“I MOVE THAT THE PLANNING COMMISSION RECOMMEND DOCKET G 6-21, MCMINNVILLE RESIDENTIAL DESIGN AND DEVELOPMENT STANDARDS, TO THE MCMINNVILLE CITY COUNCIL.