

RECOMMENDATION:

Engross Ordinance Bill No. 1-20, amending the Salem Revised Code to update design standards for multifamily housing and related regulations, and conduct second reading.

SUMMARY:

This code amendment revises the Unified Development Code (UDC) to update Salem's design and other related standards for multifamily housing. The purpose of the amendment is to help meet Salem's housing needs by removing barriers to the development of multifamily housing while ensuring that new development is compatible with neighborhoods.

The proposed code amendment would create more flexibility in how multifamily design standards could be met, create a new set of limited standards for multifamily housing projects with five to 12 units, remove three- and four-family projects from the definition of multifamily housing to ease the development of projects, simplify the review process for projects that cannot meet the City's design standards, and reduce parking requirements for multifamily projects. A summary of the proposed changes is included in **Attachment 1**.

The 2014 Housing Needs Analysis ("HNA") found that the Salem-area population is expected to grow by nearly 60,000 over the next 20 years, and there is expected to be a need for smaller and less expensive housing units as well as a broader array of housing choices. The HNA recommended amending the code to lower barriers to multifamily housing development.

City Council conducted a public hearing on January 27, 2020, continuing it to February 10, 2020. After closing the public hearing, City Council voted to send the ordinance bill back to staff to incorporate changes related to minimum parking requirements, balconies, and picnic tables. The changes are shown in **Attachment 2**, identified in **bold double underline** and **~~bold double strikethrough~~**, and have been incorporated into the engrossed ordinance bill (**Attachment 6**).

FACTS AND FINDINGS:

Procedural Findings

1. SRC 300.1110(a)(2) allows the Planning Commission to initiate a legislative land use proceeding by the adoption of a resolution referring the matter to public hearing for review and recommendation to the City Council. Planning Commission initiated the code amendment on October 15, 2019 by Resolution No. 19-03.
2. ORS 197.610 and OAR 660-018-0020 require that notice be provided to the Department of Land Conservation and Development (DLCD) on any proposed amendment to a local land use regulation at least 35 days prior to the first public hearing. Notice to DLCD was mailed on October 10, 2019.
3. Public notice was mailed on October 30, 2019, and the notice was published in the Statesman Journal newspaper as required under SRC 300.1110(e).

4. The Planning Commission held a public hearing on the proposed amendments on Nov. 19, 2019 and voted to recommend that City Council adopt staff's recommendation, with the revisions below. Revisions that have been incorporated into the ordinance are in *italics* below:
 - a. *Remove the proposed provision that prohibits individual garages in multifamily projects with 13 or more units to be counted toward the required minimum number of off-street parking spaces*
 - b. Remove the proposed prohibition of balconies on multifamily building facades that face properties zoned RA or RS
 - c. Remove the proposed requirement to have private open space for a minimum of 20 percent of units in new multifamily projects with 20 or more units
 - d. *Allow a 20 percent reduction in the minimum number of required off-street parking spaces for multifamily developments located within a quarter mile of a transit stop in Cherriot's Core Network or a quarter mile of a transit stop that is served by 15-minute transit service*
 - e. *Revise the proposed reduction in the minimum number of required off-street parking spaces for affordable housing units from being applied to units that are affordable to households earning 60 percent of median family income or less to units that are affordable to households earning 80 percent of median family income or less*
 - f. Revise the proposed reduction in the minimum number of required off-street parking spaces for housing projects with three to 12 units from 1 space per unit to 1 space per studio or 1-bedroom unit and 1.5 spaces per 2- or more bedroom unit
 - g. Remove the proposed prohibition of off-street parking between multifamily buildings and the street for 5 to 12-unit developments

The revisions are described below in the explanation of the proposed code amendment. The Planning Commission's recommendation is included as **Attachment 3**.

5. On January 13, 2020, City Council conducted first reading of Ordinance Bill No. 1-20 and voted to hold a public hearing before City Council on the matter.
6. On January 27, 2020, City Council conducted a public hearing on the ordinance bill and continued it to February 10, 2020. After closing the hearing on February 10, 2020, City Council voted to send the ordinance bill back to staff to incorporate changes related to minimum parking requirements, balconies, and picnic tables. Specifically, City Council voted to:
 - a. Eliminate minimum parking requirements for multifamily projects in the Central Salem Development Program area
 - b. Eliminate minimum parking requirements for multifamily projects within ¼ mile of Cherriot's Core Network
 - c. Eliminate minimum parking requirements for Room and Board facilities
 - d. Remove the proposed restriction on balconies on buildings facing properties zoned Single-Family Residential (RS) and Residential Agriculture (RA)
 - e. Require balconies on building facades facing RS and RA-zoned properties to have fully sight-obscuring railings
 - f. Eliminate the picnic area option from the list of possible active recreational opportunities that can be double counted toward the open space requirement for multifamily housing

Process and Outreach

7. Staff worked on this project with a consultant team led by 3J Consulting and the Oregon Department of Land Conservation and Development (DLCD) through its new Oregon Housing Planning Project. The State project provided Salem and other local governments with technical assistance to promote housing availability and affordability. The City kicked off this project in the winter of 2018.
8. In December 2018, staff held 10 focus groups with City Councilors, Planning Commission members, developers and architects, neighborhood association representatives, and housing and nonprofit organizations for input on initial concepts for updating multifamily housing regulations.
9. Staff held two public workshops for input from the broader community. The first workshop in February 2019 provided the public with the opportunity to learn about the project and give input on initial code concepts. At the second workshop in April 2019, the public learned how the concepts had been refined based on community input, and workshop participants then provided more input.
10. During the summer and fall of 2019, staff drafted the proposed code amendment based on the work of the consultant team, community input, and staff feedback.

Proposed Code Amendment

11. The HNA projected a 207-acre land deficit for multifamily housing in Salem's portion of the UGB over the next 20 years. Approximately 31 acres of land has been redesignated to multifamily since the data in the HNA was analyzed.
12. The HNA recommended code amendments that address the projected deficit of land for multifamily housing. One such recommendation was to revise the design review process to lower barriers to multifamily housing development. This proposed code amendment accomplishes that.
13. The proposed code amendment would create more flexibility in how multifamily design standards could be met, create a new set of limited standards for multifamily housing projects with five to 12 units, remove three- and four-family projects from the definition of multifamily housing, simplify the review process for projects that cannot meet the City's design standards, and reduce parking requirements for multifamily projects. Highlights of the proposed code amendment recommended by staff is described below. A summary of the proposed changes is also included in **Attachment 1**. Code amendment language is included as **Attachment 6**.

Three- and four-family housing

The proposed code amendment would exclude three- and four-family housing development from the definition of "multiple family development" and instead, treat them more like single-family homes. This would make it easier to develop these projects because they would not

need to meet the City's more than 60 multifamily housing design standards.

Three- and four-family housing would generally be allowed as special uses where multifamily housing is currently allowed. (*Three- and four-family housing would continue to be prohibited in zones where multifamily housing is currently prohibited.*) As a special use, three- and four-family housing would have to meet a few standards that help ensure their designs are more compatible with single-family homes. For example, they would be required to have an articulated main entrance.

In addition, three- and four-family housing would generally have to meet the same development standards as single-family homes (e.g., height and setbacks). For example, they would be limited to 35 feet in height like single-family homes in the Multiple Family Residential II (RM-II) zone.

Five to 12-unit multifamily projects

Under the proposed code amendment, multifamily housing projects with five to 12 units would be required to meet a new set of limited design standards as opposed to the more than 60 design standards today. This would make it easier to develop these smaller multifamily projects, including cottage cluster housing. The new design standards would include open space, pedestrian connections to and throughout the site, building orientation to streets, and roof and building entry articulation. These proposed changes would not change where multifamily housing with five to 12 units is allowed.

Setbacks next to the Residential Agriculture (RA) and Single Family Residential (RS) zones would also be reduced for smaller buildings. This would allow more space for multifamily housing without compromising neighborhood compatibility. Parking would also be prohibited between buildings and a street to enhance the pedestrian experience and promote neighborhood compatibility.

13+ unit multifamily projects: Open space

Under the proposed code amendment, the existing requirements to provide open space would be revised to create more flexibility in site design, encourage a mix of different types of open space areas, and potentially allow more space for housing. Today, at least 30 percent of a site is required to be common open space, and each unit is required to have private open space (e.g., patio or balcony). The proposed code amendment would still require multifamily developments with 13 or more units to provide 30 percent open space, but it could be common open space or private open space. At least one common open space area would still be required.

Private open space would only be required for 20 percent of the units in developments with 20 or more units. This requirement would ensure a minimal amount of new multifamily units would have patios or balconies as an amenity, while still creating flexibility in how open space is generally provided and designed in a project.

Active recreational areas such as a sports field would be encouraged by allowing such spaces to be double counted toward the required amount of open space. For example, a 500-square-foot sports field would be counted as 1,000 square feet of common open space. This would

encourage the development of open space that provides active recreational opportunities. As noted above, City Council voted to remove picnic tables from the list of active recreational areas that could be double counted.

The proposed code amendment would allow for a reduction in the amount of total open space required if a site was located within a quarter-mile of a public urban, community, or neighborhood park. This would encourage multifamily projects to be located near public parks and encourage use of those parks.

13+ unit multifamily projects: Setbacks and Compatibility

Under the proposed code amendment, setbacks for multifamily developments that have 13 or more units and are located next to RA or RS-zoned property would remain the same as they are today: At least 14 feet for one-story buildings and 20 feet for buildings with two or more stories. The proposed code amendment, however, would allow the setback to be reduced by five feet if an 8-foot tall fence is provided as a buffer. Today, a 6-foot tall fence is required. This provides flexibility in the design of multifamily housing, while maintaining compatibility with abutting single-family residential neighborhoods.

In addition, City Council voted to require balconies located on building facades that face properties zoned RA or RS to be fully sight obscuring. This further enhances compatibility with existing buildings on abutting residential sites.

13+ unit multifamily projects: Articulation

The proposed code amendment would provide flexibility in how multifamily projects meet the City's current articulation requirements. For example, every two attached units are required today to be offset from the next unit by at least four feet in depth (e.g., building extensions or recesses). The proposed code amendment would maintain an articulation requirement, but it would add the options of providing covered decks or balconies as a way of visually breaking up the appearance of a building's mass.

Parking

The proposed code amendment would calibrate parking requirements according to the type of units provided in developments with 13 or more units. For example, one space would be required for each studio and one-bedroom unit, but 1.5 spaces would be required for each two- or more bedroom unit. This recognizes that dwelling units with more bedrooms are more likely to house residents with more than one car.

The proposed code amendment would also reduce off-street parking requirements for smaller multifamily projects. Specifically, the requirements for housing with three to 12 units would be required to provide one space per unit. Currently, a three-unit project is generally required to provide two spaces per unit, and a four to 12-unit project is required to provide 1.5 spaces per unit. Reducing these requirements would make it easier to develop smaller developments by providing more space for housing units instead of parking stalls. (Developers could build more parking than the minimum requirement.) The current parking requirements have made it very challenging for property owners to develop smaller projects on smaller lots, with many often abandoning their plans.

As mentioned above, the City Council voted to eliminate minimum parking requirements for multifamily projects in the Central Salem Development Program (CSDP) area and Cherriot's Core Network. The CSDP area is generally located between Hood Street NE to the north, Mission Street SE to the south, the Willamette River to the west, and 12th Street to the east (**Attachment 7**). Salem's downtown is more likely to support multifamily units with little to no parking than other locations in the city. It is an urban environment where goods, services, and entertainment are generally within walking distance, and there are multiple options for alternative forms of transportation, including frequent transit service. There are also City-owned parking facilities in the downtown that could provide additional parking spaces to residents that want to lease an off-street parking space.

The Core Network is a network of bus service corridors where frequent service is prioritized. The corridors include, in part, Commercial Street SE, Liberty Street SE, Lancaster Drive NE, Market Street NE, Center Street NE, State Street, Edgewater Street NW, and Salem's Downtown (**Attachment 8**). Reduction or removal of service in the corridors cannot occur without the Cherriots' Board of Directors holding a public hearing and taking action. This Planning Commission recommendation is reflected in the ordinance; it further incents transit-oriented development and workforce housing.

In addition, the proposed code amendment would allow a 10 percent off-street parking reduction for developments within a quarter-mile of a transit stop, and it would allow reductions for multifamily projects that provide additional covered bicycle parking or a shared car/van service on site. This provides an incentive for multifamily housing to be located near transit stops and encourages alternative forms of transportation. A 20 percent reduction in required parking spaces would also be allowed for multifamily developments within a quarter-mile of stops with 15-minute transit service, as recommended by the Planning Commission.

Under the proposed code amendment, parking reductions would also be allowed for affordable housing units, which are those affordable to household with incomes equal to or less than 80 percent of the median family income for the county in which the property is located. This would incent the development of lower-priced housing and workforce housing.

Process

The proposed code amendment would allow applicants of housing developments with three or more units to apply for an adjustment if their project could not meet a specific design standard(s). The adjustment process requires notice to be sent to neighbors and the applicable neighborhood association, and staff considers any public input and determines if the adjustment criteria are met. These decisions can be appealed, and the City Council can call up an adjustment for review if the decision has been appealed.

Currently, applicants who cannot meet one or more design standards must go through a public hearing process to seek approval. This process adds time, money, and uncertainty to the approval process for multifamily housing projects. By allowing for adjustments to design standards, this approval process is streamlined while still allowing the public an opportunity to provide input.

Other requirements

The proposed code amendment maintains landscaping standards for multifamily developments with 13 or more units. For example, existing requirements to plant or preserve trees along exterior building walls, along parking areas, and throughout sites would remain. Smaller multifamily projects would be required to meet the landscaping requirements of the zone in which they were located; that includes landscaping in setbacks and throughout parking areas.

The proposed code amendment also retains the existing crime prevention standards to provide lighting in development sites, particularly in parking areas, pedestrian paths, and exterior entrances.

Other changes

The proposed code amendment includes corresponding changes to other parts of the UDC. In addition, it amends SRC chapter 806 to clarify the maximum number of off-street parking spaces allowed for uses that are not required to provide a minimum number of spaces, and to allow gravel driveways for access to City utilities, such as stormwater facilities.

Staff is also recommending that Ordinance Bill No. 1-20 be engrossed to fix two scrivener's errors in section 400.030 on page 23 and section 700.081 on page 349 of Attachment 5. (They are identified in **bold double underline** and **~~bold double strikethrough~~**.) The first proposed amendment clarifies that an example of a multiple family use is five or more dwelling units on one lot. The second proposed amendment clarifies that each building in a three- or four-family development - as opposed to only one building - must have a primary entrance that either faces a street, front lot line, or common open space.

Additional Considerations

14. House Bill 2001

This year, the State Legislature passed HB 2001, which requires large cities like Salem to essentially allow up to four units - including a cottage cluster - in zones that permit single-family housing. The City has not determined how it will implement the bill, but it has until June 30, 2022 to do so. This code amendment does not fully implement the bill, and it does not change where multifamily housing can be built.

This code amendment does, however, allow three- and four-family projects without meeting multifamily housing design standards. This is consistent with HB 2001 allowing cities to regulate the siting and design of such housing if the regulations do not discourage their development through "unreasonable costs or delay." Simplifying the design regulations for three- and four-family projects helps ensure that the development of such housing types is not discouraged.

15. Multifamily Land

This code amendment does not rezone or redesignate any land on the Comprehensive Plan Map nor change where multifamily housing can be built.

Substantive Findings

16. SRC 110.085 establishes the approval criteria for a code amendment to be approved:
- a) *The amendment is in the best interest of the public health, safety, and welfare of the City; and*
 - b) *The amendment conforms with the Salem Area Comprehensive Plan, applicable Statewide Planning Goals, and applicable administrative rules adopted by the Department of Land Conservation and Development.*

Exhibit A of Ordinance Bill No. 1-20 contains findings that the proposed code amendment meets the approval criteria (**Attachment 5**).

BACKGROUND:

This code amendment implements recommendations in the Salem Housing Needs Analysis (HNA). The HNA found that Salem's portion of the urban growth boundary has a projected 207-acre deficit of land designated for multifamily housing (2,897 units) based on a 20-year population forecast. In 2016, the City Council directed staff to implement the HNA Work Plan to address the projected deficit. This code amendment is one of the projects identified in that work plan.

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Attachments:

1. Summary of Proposed Code Amendment
2. Revisions to Engrossed Ordinance Bill No. 1-20
3. Planning Commission Recommendation
4. Engrossed Ordinance Bill No. 1-20
5. Engrossed Ordinance Bill No. 1-20 - Exhibit A
6. Engrossed Ordinance Bill No. 1-20 - Exhibit B
7. Central Salem Development Program map
8. Core Network map