



Staff Report

File #: 18-354

Version: 1

Date: 8/13/2018

Item #: 7.2c.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Norman Wright, Community Development Director

SUBJECT:

State Street Corridor Plan Project

Ward(s): 1 and 2

Councilor(s): Kaser and Andersen

Neighborhood(s): NEN and SESNA

ISSUE:

Shall City Council engross Ordinance Bill No. 4-18 and conduct second reading of the ordinance bill for enactment, amending the Unified Development Code (UDC), Salem Area Comprehensive Plan (Comprehensive Plan), Comprehensive Plan Map, NEN-SESNA Neighborhood Plan Map, and zoning map to adopt new zoning and a new street design for the State Street corridor?

RECOMMENDATION:

Engross Ordinance Bill No. 4-18 and conduct second reading of the ordinance bill for enactment, amending the Unified Development Code (UDC), Salem Area Comprehensive Plan (Comprehensive Plan), Comprehensive Plan Map, NEN-SESNA Neighborhood Plan Map, and zoning map to adopt new zoning and a new street design for the State Street corridor.

SUMMARY AND BACKGROUND:

Several amendments are proposed to adopt new zoning and a new street design for the State Street corridor. The amendments aim to revitalize State Street between 12th and 25th streets into a vibrant, walkable, mixed-use corridor through new zones and a new street design. The amendments would create two new mixed-use zones - Mixed Use-I (MU-I) and Mixed Use-II (MU-II) - that allow a broad mix of uses and establish standards to encourage pedestrian-friendly development. The zones would be applied to properties in the State Street corridor, replacing the existing patchwork of zones.

The amendments would also establish a new street design for State Street to create a safer, more welcoming environment for pedestrians and bicyclists. The street design includes wider sidewalks from 12th to 25th Street, pedestrian crossings, and a reconfiguration of the western portion of State

Street into two travel lanes, a center-turn lane, buffered bike lanes, and on-street parking.

On July 16, 2018, the City Council held a public hearing on the proposed amendments and then voted to advance Ordinance Bill No. 4-18 to second reading for enactment with a few revisions. On July 23, 2018, the City Council voted to amend its previous decision by changing maximum building heights in the proposed mixed-use zones.

The proposed changes are from nearly three years of work on the State Street Corridor Plan (State Street Plan). The full plan as well as a booklet that summarizes the plan can be found online: <http://www.cityofsalem.net/citydocuments/state-street-corridor-plan.pdf>. The State Street Plan was developed through extensive public engagement efforts, which included a stakeholder advisory committee, public meetings, stakeholder interviews, videos, emails, mailings, social media posts, and a survey. The plan implements recommendations in the NEN-SESNA Neighborhood Plan adopted in 2015 and accomplishes a previous City Council goal to revitalize State Street.

The proposed amendments are included in Engrossed Ordinance Bill No. 4-18 (Attachment 1), and the exhibits to the engrossed ordinance bill are included as Attachment 2. The proposed engrossment amends the ordinance bill to reflect the changes made by Council on July 16 and July 23 and to add additional findings supporting the decision.

The specific amendments to the engrossed ordinance bill are identified in double underline and may be found at:

Table 533-5, page 8,
Figure 533-1, page 9,
Table 534-5, page 28,
Table 806-1, page 53, and
Section 17 - Findings, page 71.

FACTS AND FINDINGS:

Procedural Findings

1. City Council adopted the [NEN-SESNA Neighborhood Plan](https://www.cityofsalem.net/CityDocuments/nen-sesna-neighborhood-plan.pdf) <https://www.cityofsalem.net/CityDocuments/nen-sesna-neighborhood-plan.pdf> as components and support documents to the Salem Area Comprehensive Plan in 2015, and that plan recommended that State Street between 12th and 25th Street be revitalized into a vibrant, pedestrian-friendly, mixed-use corridor.
2. A City Council goal for economic development in FY13-14 included a strategy to “Develop a plan for redevelopment of State Street: from 12th Street to the State Penitentiary...”
3. City Council authorized staff to apply for and accept a Transportation and Growth Management (TGM) grant from Oregon Department of Transportation (ODOT) and the Oregon Department of Land Conservation and Development (DLCD) to prepare the State Street Plan, and the City was notified that the plan had been selected for a grant award on August 20, 2014.

4. The City worked with the community for nearly three years to prepare the State Street Plan. Community stakeholders, including residents, property owners, business owners, community groups, NEN, SESNA, public agency officials, and developers were afforded the maximum opportunity for involvement in the development of the State Street Plan and its recommendations for land use and street design improvements.
5. The State Street Plan recommended creating two mixed-use zones, MU-I and MU-II, and a new street design for the State Street corridor.
6. Implementation of the recommendations in the State Street Plan require that the zoning code be amended, and the Salem Area Comprehensive Plan Map, NEN-SESNA Neighborhood Plan Map, the Salem Transportation System Plan (a component of the Comprehensive Plan), and zoning for properties in the State Street Corridor to be changed.
7. The changes are considered a “Major Comprehensive Plan Amendment” and “Major Plan Map Amendment” that must be initiated by City Council under SRC 64.020(e) (1) and SRC 64.025(b)(1), amendments to the UDC that may be initiated by City Council by resolution under SRC 300.1110(a), and legislative zone changes that may be initiated by City Council under SRC 265.010(c).
8. On March 2, 2018, the City Council initiated the amendments with Resolution No. 2018-15 and referred the matter to the Planning Commission for public hearing and recommendation to City Council.
9. The Planning Commission held a public hearing on the proposed amendments on April 3, 2018 and voted to continue the hearing to May 1, 2018 after hearing testimony from the public. On May 1, 2018, the Planning Commission voted to recommend that City Council adopt staff’s recommendation, with the following revisions:
 - a. Adopt the [Improved Four Lane <https://www.cityofsalem.net/citydocuments/state-street-corridor-plan-improved-four-lane-street-design-2017-10-09.pdf>](https://www.cityofsalem.net/citydocuments/state-street-corridor-plan-improved-four-lane-street-design-2017-10-09.pdf) street design, which generally retains four vehicle travel lanes on State Street
 - b. Reduce the off-street parking requirement for retail uses from one parking space per 250 square feet to one parking space per 400 square feet in the Mixed Use-1 and Mixed Use-2 zones
 - c. Remove the requirement in the Mixed Use-1 zone that residential uses on the ground floor be set back from the right-of-way.
10. On June 25, 2018, the City Council conducted first reading of Ordinance Bill No. 4-18 and voted to hold a public hearing before City Council on the matter.
11. On July 16, 2018, the City Council held a public hearing on the proposed amendments and voted to advance Ordinance Bill No. 4-18 to second reading for enactment with the following revisions:
 - a. Reduce the maximum building height in the MU-I zone to 50 feet for properties

- abutting National Register Residential Historic Districts
- b. Reduce the parking requirement for retail uses in the MU-I and MU-II zones to 1 space per 400 square feet
- c. Direct staff to look into purchasing property near 21st Street SE to create a park

12. On July 23, 2018, the City Council voted to amend its July 16 decision to do the following:
- a. In the MU-I and MU-II zones, reduce the maximum building height next to National Register Residential Historic Districts to 45 feet
 - b. In the MU-I zone, increase the maximum building height from 55 feet to 65 feet except when next to National Register Residential Historic Districts

Planning Process

Beginning in 2015, the City, assisted by a consultant team, worked with the community to identify, evaluate, and select land use and transportation alternatives for the State Street corridor. Between 2015 and 2018, extensive public outreach was conducted, including three public meetings and four meetings of a stakeholder advisory committee (SAC), which included public participation. The SAC included Mayor Chuck Bennett, City Councilors Tom Andersen and Cara Kaser, Planning Commission members, representatives and residents of NEN and SESNA, representatives from Willamette University and the Salem-Keizer School District, business owners and operators, nonprofit organizations, and property owners.

Additional public outreach and engagement methods included a [project website](https://www.cityofsalem.net/Pages/state-street-corridor-plan-to-revitalize-the-street.aspx) [<https://www.cityofsalem.net/Pages/state-street-corridor-plan-to-revitalize-the-street.aspx>](https://www.cityofsalem.net/Pages/state-street-corridor-plan-to-revitalize-the-street.aspx), interviews with 20 stakeholders; presentations at meetings of NEN, SESNA, and other community organizations; meetings with property owners; a survey that was posted online and mailed to all residents, business owners, and property owners in NEN and SESNA; and door-to-door canvassing and conversations with business owners and property owners. City staff also mailed public meeting invitations to all residents, business owners, and property owners in the State Street corridor study area; emailed project updates to a list of more than 700 people; announced project updates through the City's Community Connection newsletter, Facebook, Twitter, and E-Blast newsletter; conducted interviews on the radio; and helped develop videos for the City's news show.

In 2017, the State Street Plan was completed, and it recommended that the City:

- 1. Create two new zones and apply them to State Street to encourage pedestrian-friendly, mixed-use development, and
- 2. Establish a new street design that creates a safer, more welcoming environment for people walking and bicycling in the State Street corridor.

The proposed amendments to the UDC, Comprehensive Plan, Salem Area Comprehensive Plan Map, NEN-SESNA Neighborhood Plan Map, and Zoning Map will implement those recommendations. The proposed amendments are described below.

Proposed Amendments

The following amendments are proposed:

1. Amend the UDC to establish the “Mixed Use-I Zone” and “Mixed Use-II Zone,” and amend SRC Chapter 110 (Administration), SRC 220 (Site Plan Review), SRC 702 (Multiple Family Design Review Guidelines and Standards), SRC 703 (Wireless Communications Facilities), SRC 806 (Off-Street Parking, Loading, and Driveways), and SRC 900 (Sign Code);
2. Change the Comprehensive Plan Map and NEN-SESNA Neighborhood Plan Generalized Land Use Map designations of properties in the State Street corridor from “Commercial,” “Multi-family Residential,” and “Community Service Government” to “Mixed Use”;
3. Change the zoning of properties in the State Street corridor from Retail Commercial (CR), Commercial Office (CO), Multiple Family Residential-I (RM-I), Multiple Family Residential-II (RM-II), Single Family Residential (RS), and Public Service (PS) to Mixed Use-I and Mixed Use-II; and
4. Amend the Salem Transportation System Plan (TSP) to adopt a new street design for State Street between 12th Street and 25th Street.

The proposed amendments are described in further detail below.

1. Code Amendment:

Create the Mixed Use-I Zone (SRC Chapter 533) and Mixed Use-II Zone (SRC Chapter 534)

The proposed amendments create two new zones, the MU-I and MU-II zones, to promote pedestrian-friendly mixed-use development. Both zones allow a broad mix of uses and establish simple design standards, which are further described below. The main difference between the two zones is that the MU-I zone accommodates and encourages active commercial uses on the ground floor of buildings on State Street, while the MU-II zone supports commercial or residential uses on ground floors. Specifically, development standards in the MU-I zone require the ground floor of buildings be able to accommodate retail uses even if they are first developed for another use.

While the proposed MU-I and MU-II zones were created as part of the State Street Plan, they can be applied to other areas of the city where pedestrian-friendly, mixed-use districts are desired. For example, property owners can apply to change the zoning of their property to either of the proposed mixed-use zones. Currently, this opportunity does not exist in Salem because there are no such mixed-use zones.

a. Uses

Both the proposed MU-I and MU-II zones allow a wide variety of uses, including residential, commercial, recreational, educational, civic, medical, and other complementary uses. Allowing this broad mix of uses provides flexibility in how property owners can develop and use their land. This supports the reuse and

redevelopment of property that is currently vacant or underutilized in the State Street corridor. The proposed zones remove other barriers to redevelopment by allowing, for example, multifamily development outright. Currently in the Retail Commercial (CR) zone, multiple family uses are only allowed through a conditional use permit, which includes a public hearing.

The proposed zones prohibit uses that would detract from a walkable, mixed-use corridor. For example, heavy manufacturing, self-service storage, motor vehicle sales or service, and standalone surface parking lots are not allowed. Any such uses that exist today, however, are allowed to remain operating in the proposed zones as continued uses. For example, motor vehicle service stations that exist on State Street today can continue operating, but new service stations cannot be established. Buildings that contain these continued uses can be rebuilt, enlarged, or altered as long as certain development standards are met.

b. Standards

The two proposed zones include development standards that promote a pedestrian-friendly, urban development while minimizing potential negative impacts on adjacent residential neighborhoods. For example, the proposed MU-I and MU-II zones generally require buildings to be built up to the sidewalk to ensure that they engage the public realm and contribute to a pedestrian-friendly environment. The proposed MU-I zone allows buildings to be 65 feet tall, and the proposed MU-II zone allows buildings to be 55 feet tall, which accommodates a four-story building. There is an exception in both proposed zones that reduces the maximum height to 45 feet for buildings on lots abutting a National Register Residential Historic District. Both proposed zones also establish setbacks from residential zones that increase as the height of a building increases. In other words, the taller a building is in the proposed MU-I or MU-II zone, the further away it has to be from the abutting residential neighborhood.

There are several design-related standards in the proposed MU-I and MU-II zones that encourage pedestrian-friendly development. For example, awnings for weather protection, windows on the ground floor, and building entrances on primary streets like State Street are required. Parking is also required to be located behind or beside buildings. In addition, dwelling units on the ground floor are required to be separated from the sidewalk either vertically (e.g., steps) or horizontally (e.g., minimum 5-foot setback) to increase the habitability of the units and enhance the comfort of pedestrians along the front of the building. The Planning Commission recommended removing that requirement in the MU-1 zone to make it easier to convert the ground floors of buildings to commercial uses in the future. The City Council did not follow that recommendation in its approval of the proposed amendments.

If a development cannot meet a standard, an applicant can apply for an adjustment or variance to deviate from the standard. The applicant would have to prove that the proposed development could meet the approval criteria for the adjustment or variance. The adjustment process provides the public with an opportunity to comment on applications as does the variance process, which also includes a public hearing. The

option to apply for an adjustment to design-related standards in the proposed MU-I and MU-II zones provides flexibility through an administrative process that generally does not exist in other zones or overlay zones with design-related standards. Typically, when an applicant cannot meet a design standard in an overlay zone, they must go through an approval process, including a public hearing.

Improving or altering existing buildings that do not meet development standards will be easier under the proposed MU-I and MU-II zones than under current zoning. Currently, if a new zone is applied to a property and an existing building does not meet the new development standards in that zone, that building becomes nonconforming development. Any addition or alternative to a nonconforming development must meet all applicable development standards. In the proposed zones, existing buildings that do not meet the new development standards become continued development.

The proposed zones create flexibility in when and how additions or alterations to continued development are required to meet development standards. For example, small additions are exempt from most development standards, while larger additions that impact a building's façade facing State Street must meet more standards. Continued development that is completely redeveloped must meet all standards. An applicant looking to alter or add to a continued development can apply for an adjustment or variance to deviate from a standard.

c. Other changes

The proposed code amendment includes corresponding changes to various other parts of the UDC to reference and incorporate the two proposed mixed-use zones. For example, the proposal amends SRC 703 (Wireless Communications Facilities and SRC 900 (Sign Code) to establish development standards for the proposed MU-I and MU-II zones that generally follow standards for existing similar zones.

SRC 806 (Off-Street Parking, Loading, and Driveways) is proposed to be amended to reduce the minimum number of off-street parking spaces required for multifamily development in the MU-I and MU-II zones to one space per dwelling unit. The proposed zones are intended to encourage mixed-use development and urban mixed-use areas where people can walk, bike, or take transit as an alternative to driving. This is also in line with the off-street parking requirement for multifamily development in the Central Salem Development Program Area, the downtown area, generally, where urban, mixed-use development currently exists. Reducing the off-street parking requirement for multifamily development in the MU-I and MU-II zones also results in properties having more development potential because less land is required for cars.

The Planning Commission recommended further reductions to off-street parking requirements, particularly for retail uses. Currently, the requirement is to provide one off-street parking space per 250 square feet of retail use. The Planning Commission recommended reducing that standard in the MU-I and MU-II zones to one space per 400 square feet. The purpose of this recommendation was to incentivize the development of retail uses in the State Street corridor. The City Council agreed and voted to reduce the parking requirement for retail uses to one space per 400 square feet in its approval of the

proposed amendments.

2. Comprehensive Plan Map change, NEN-SESNA Neighborhood Plan Map change, and zone change:

Change the Comprehensive Plan Map and Neighborhood Plan Map designation of properties in the State Street corridor from Commercial, Multi-family Residential, and Community Service Government to Mixed Use

Change the zoning of properties in the State Street corridor from Retail Commercial (CR), Commercial Office (CO), Multiple Family Residential I (RM-I), Multiple Family Residential II (RM-II), Public Service (PS), and Single Family Residential (RS) to MU-I and MU-II

The proposed changes replace the existing patchwork of Comprehensive Plan Map designations and zones in the State Street corridor with one consistent designation and two associated mixed-use zones. The proposed MU-I zone is applied to the properties generally between 12th and 17th Streets, and the MU-II zone is applied to the properties generally between 17th and 25th Streets. The proposed MU-I zone is applied on the western half of State Street because it encourages development that can accommodate ground-floor retail uses. This aligns with the findings of an economic analysis. The analysis found that there is more momentum for redevelopment in this western half due to its proximity to catalyst areas such as Willamette University, the State Capitol, and downtown.

Applying the two proposed zones to the State Street corridor overall would streamline the existing zoning by allowing a broad mix of uses throughout the corridor and establishing consistent design standards that promote pedestrian-friendly development. This would encourage the development and redevelopment of vacant and underutilized property on State Street that currently detracts from the overall vitality and attractiveness of the corridor. It would be easier for owners of multiple adjacent properties to build larger developments without either navigating different sets of regulations or changing the zoning of their properties.

3. Transportation System Plan

Change the TSP to include a new street design for the State Street corridor

The proposed changes to the Transportation System Plan (TSP) establish a new street design for State Street between 12th and 25th Streets to provide enhanced bicycle and pedestrian facilities and support the vision of a vibrant, walkable, mixed-use corridor. State Street is designated a major arterial in the TSP. Major arterials are 96-foot-wide with two travel lanes in each direction, a center median, bike lanes, sidewalks, and a planter street. State Street lacks many of these bicycle and pedestrian amenities. Instead, the street generally provides two lanes in each direction, narrow sidewalks, and on-street parking in limited areas. The public has voiced concern that State Street creates an uninviting, unsafe environment for pedestrians and bicyclists. By developing a context-sensitive design for State Street, facilities and amenities for bicyclists and pedestrians can be provided without having to significantly widen the road and acquire large swaths of property.

The proposed street design, the Hybrid alternative in the State Street Plan, generally conducts a road diet on State Street between 14th and 17th Streets and makes pedestrian improvements east of 17th Street. In the western road diet portion, the new design reconfigures the street into three lanes (one travel lane in each direction plus a center-turn lane), adds buffered bicycle lanes, widens sidewalks, retains on-street parking, and adds a pedestrian crossing with a median at 15th Street. The bicycle lanes would connect to the existing bike lanes that run north-south on 17th Street as well as the family-friendly bikeways on Chemeketa Street NE and Mill Street SE via 14th Street and 24th Street. The proposed street design also includes a proposed bicycle/pedestrian bridge on 24th Street SE across Mill Creek to improve connectivity to existing bike lanes on State Street that begin at 24th Street.

From 17th to 24th Street, the proposed street design retains the existing four travel lanes, widens sidewalks to 12 to 15-feet wide, and adds pedestrian crossings with rapid flashing beacons at 19th and 21st streets. The City plans to add a pedestrian median on State Street at 25th Street, and that is not changed by the proposed street design. The one-way traffic restriction between 12th and 13th streets is also retained in the proposed street design.

The proposed TSP changes also includes a commitment that the City will evaluate the lane reconfiguration west of 17th Street a year and a half after it is constructed. The evaluation will consider measures - travel time/queuing, neighborhood cut-through traffic, safety, and property improvements - to determine what changes should be made to the street design. The goal of the evaluation is to extend the road diet to 24th Street if the findings of the evaluation support such a change. Implementation of the proposed Hybrid street design will not preclude a future conversion to a full road diet.

The proposed Hybrid street design also results in properties along State Street gaining development potential because the amount of abutting land set aside for future road widening - special setbacks - is reduced. For example, between 17th and 24th Streets, the TSP calls for State Street to be 96 feet wide, but the proposed street design calls for the street to be 69 feet wide. The difference in widths is 27 feet, which means properties on both sides of State Street between 17th and 24th Street would each gain back the ability to develop more of the front portion of their property under the proposed street design.

The Planning Commission voted to recommend a different street design for State Street that would generally retain four vehicle lanes on State Street. That street design alternative, called the Improved Four Lane alternative, was studied as part of the State Street Plan project. The traffic analysis is on the project website in the [Tier 2 evaluation of street design alternatives](https://www.cityofsalem.net/CityDocuments/state-street-revitalization-tier2-street-design-) [_<https://www.cityofsalem.net/CityDocuments/state-street-revitalization-tier2-street-design-](https://www.cityofsalem.net/CityDocuments/state-street-revitalization-tier2-street-design-) [_](https://www.cityofsalem.net/CityDocuments/state-street-revitalization-tier2-street-design-). The traffic analysis found that the Improved Four Lane alternative generally performed the worst of the three street design alternatives in achieving project goals. Staff did not recommend the Improved Four Lane alternative. The City Council also did not, voting instead to adopt the proposed Hybrid street design.

The proposed Hybrid design helps accomplish the broader goals of the State Street Plan project - to revitalize State Street into a vibrant, walkable, mixed-use corridor. The proposed street design aligns with the finding of the [economic analysis](https://www.cityofsalem.net/CityDocuments/state-street-corridor-plan-economic-analysis-) [_<https://www.cityofsalem.net/CityDocuments/state-street-corridor-plan-economic-analysis-](https://www.cityofsalem.net/CityDocuments/state-street-corridor-plan-economic-analysis-)

performed as part of the State Street Plan project. The analysis found that there is more development and redevelopment potential on the western side of State Street, which is closer to catalyst areas such as Willamette University, government facilities, and downtown Salem. The analysis stated that investments in “pedestrian amenities, traffic-calming, streetscape improvements and other public amenities should help to spur redevelopment interest.” In evaluating the proposed Hybrid alternative, the traffic study also concluded that “the reconstruction and new design of half the entire corridor would have good ability to encourage redevelopment.”

Substantive Findings

The proposal includes amendments to the UDC, Comprehensive Plan, Salem Area Comprehensive Plan Map, NEN-SESNA Neighborhood Plan Map, and Zoning Map.

1. SRC 110.085 establishes the following approval criteria for an amendment to the UDC (SRC chapters 110 through 900) 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.
2. SRC 64.025 establishes the following approval criteria for a major Comprehensive Plan map 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 to the applicable statewide planning goals and applicable administrative rules adopted by the Department of Land Conservation and Development.
3. SRC 265.010 establishes the following approval criteria for a legislative zone change to be approved:
 - a. The zone change is in the best interest of the public health, safety, and welfare of the City;
 - b. The zone change complies with the Salem Area Comprehensive Plan, applicable statewide planning goals, and applicable administrative rules adopted by the Department of Land Conservation and Development;
 - c. If the zone change requires a comprehensive plan change from an industrial designation to a non-industrial designation, or a comprehensive plan change from a commercial or employment designation to any other designation, a demonstration that the proposed zone change is consistent with the most recent economic opportunities analysis and the parts of the comprehensive plan which address the provision of land for economic development and employment growth; or be accompanied by an amendment to the comprehensive plan to address the proposed zone change; or include both the demonstration and an amendment to the comprehensive plan; and
 - d. The zone change does not significantly affect a transportation facility, or, if the zone change would significantly affect a transportation facility, the significant effects can be adequately addressed through the measures associated with, or conditions imposed on, the zone change.

4. SRC 64.020 establishes the following approval criteria for a major Comprehensive Plan 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 to the applicable statewide planning goals and applicable administrative rules adopted by the Department of Land Conservation and Development.

Exhibit E of Ordinance Bill No. 4-18 contains findings that indicate that the proposed amendments satisfy the above approval criteria (Attachment 2).

Eunice Kim, AICP
Planner III

Attachments:

- 1. Engrossed Ordinance Bill No. 4-18
- 2. Exhibits to Engrossed Ordinance Bill No. 4-18