

TO: Planning Commission

Hearing Date: March 8, 2022

FROM:



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**Proposal:** The City of Sherwood is proposing to adopt new Housing Choices (tri-plex, quad-plex, and cottage cluster housing types) to implement House Bill 2001 legislation. These new housing types will be allowed in all residentially zoned lots/parcels.

**A. Applicant:** This is a city-initiated text amendment.

**B. Location:** The proposed amendments are to the text of the SZCDC and apply to all Residential Zoning Districts.

- Very Low Density Residential (VLDR)
- VLDR Planned Unit Development Density Standards
- Low Density Residential (LDR)
- Medium Density Residential (MDRL)
- Medium Density Residential High (MDRH)
- High Density Residential (HDR)

**C. Review Type:** The proposed text amendment requires a Type V review, which involves public hearings before the Planning Commission and City Council. The Planning Commission is scheduled to consider the matter on March 8, 2022. At the close of this hearing, the Planning Commission will forward a recommendation to the City Council, who will consider the proposal and make the final recommendation whether to approve, modify, or deny the proposed language. The City Council public hearings are tentatively scheduled for April 19, 2022 and May 3, 2022. Any appeal of the City Council's final decision relating to this matter will be considered by the Oregon Land Use Board of Appeals (LUBA).

**D. Public Notice and Hearing:** Notice of the March 8, 2022, Planning Commission hearing and tentative April 19, 2022, City Council hearing on the proposed amendment were published in *The Times* on February 17<sup>th</sup> and March 3<sup>rd</sup>, 2021. Notice was also posted in five public locations around town and on the website on February 16, 2022. Notice to the Oregon Department of Land Conservation and Development (DLCD) was submitted on February 2, 2022 and notice to agencies was sent via email on February 17, 2022. A courtesy email notice was also sent to the *House Bill 2001-Residential Design Standards Update* Email Subscription Listing on February 21, 2022.

- E. **Review Criteria:** The required findings for Plan Amendments are identified in Section 16.80.030 of the Sherwood Zoning and Community Development Code (SZCDC).
- F. **Background:** The 2019 House Bill (HB) 2001 requires cities within the Metro Boundary to allow for “middle-housing” within traditional single-family zones areas by June 30, 2022. The SZCDC allows for the typical single family detached dwelling, and some of the middle-housing types (duplexes and townhomes) in addition to the multi-family dwellings (apartments). HB 2001 allows for additional housing types within all residential zones, including plexes (duplex – quadplex), townhomes, and cottage clusters.

The proposed Housing Choices Plan Amendments would allow more middle-housing types (triplex, quadplex, and cottage clusters) in Sherwood’s residential zones. The addition of these middle housing types adds more diversity of housing choices meeting the housing needs of many younger people, older people, and people who work hard but can’t afford a large detached house of their own.

Last year, City Council approved Residential Design Standards (LU 2021-016 PA). The Residential Design Standards ensure that housing design maintains the context, scale, and compatibility with the Sherwood community. The standards focused on the following: entry location and orientation; garage and off-street parking areas; window coverage; minimum landscaping required in all residential zones; and other specific detail designs. The new Housing Choices will also be required to meet the new Residential Design Standards.

## II. PUBLIC COMMENTS

As of this writing, no public comments have been received.

## III. AGENCY COMMENTS

Notice to DLCD was sent on February 2, 2022, and an e-notice to Metro and agency partners was sent on February 17, 2022.

As of this writing, no comments have been received.

## IV. REQUIRED FINDINGS FOR PLAN TEXT AMENDMENT

The applicable Plan Text Amendment review criteria are SZCDC §16.80.030.A and §16.80.030.C

### **SZCDC 16.80.030 - Review Criteria**

**A. Text Amendment: An amendment to the text of the Comprehensive Plan or the Zoning and Community Development Code must be based upon a need for such an amendment as identified by the Council or the Commission. Such an amendment must be consistent with the intent of the adopted Sherwood Comprehensive Plan, and with all other provisions of the Plan, the Transportation System Plan, and this Code, and with any applicable State or City statutes and regulations, including this Section.**

## **Community Need**

The proposal seeks to amend chapters of the Sherwood Zoning and Community Development Code (SZCDC) to implement HB 2001 which was passed by the Oregon Legislature in 2019. HB 2001 aims to expand housing types in residential zones to include (duplexes, tri and quad plexes, townhomes, and cottage clusters). Oregon Land Conservation and Development Commission (LCDC) also adopted a set of Oregon Administrative Rules that outlined the minimum standards large-sized cities must apply to middle housing to comply with HB 2001. Sherwood is considered a large-size city because it is part of the Metro region. Large Cities must comply with House Bill 2001 and adopt standards to implement June 30, 2022

The specific text amendments do not include changes to the goals and policies within the Sherwood 2040 Comprehensive Plan; it would only amend the language of the Sherwood Zoning Community Development Code.

The 2040 Comprehensive Plan Vision for Attractive and Attainable Housing states the following:

*In 2040, Sherwood has a range of housing choices for a diversity of ages and income levels, providing community members the ability to live in Sherwood throughout all stages of life.*

*Sherwood's population growth and shifting demographics affect future housing growth and shape the changes in the City's housing market. While Sherwood's population has been growing relatively fast in recent years, the population has been aging while the community continues to attract younger people and more households with children. In addition, Sherwood's population is becoming more diverse. If all these trends continue, there will likely be changes in the types of housing demanded in Sherwood in the future.*

*The aging of the population is likely to result in increased demand for smaller single-family housing, multifamily housing, and senior living. The growth of younger and diversified households is likely to result in increased demand for a wider variety of housing that are affordable and appropriate for families with children, such as small single-family housing, townhouses, duplexes, and multifamily housing. Changes in commuting patterns could affect future growth in Sherwood.*

*Currently, Sherwood's housing stock is predominantly single-family detached. Housing prices are higher in Sherwood than the regional averages, though the City's increasing homeownership costs are consistent with the upward national trend. Almost three quarters of Sherwood's residents own their homes. Sherwood households have relatively high income, which affects the type of housing that is affordable, particularly for young people and new families. Future housing affordability will depend on the relationship between income and housing price, and whether housing prices will continue to outpace income growth.*

**FINDING:** The proposed amendments will provide for a diversity of housing that can meet the needs of the Sherwood community and implement state legislation (HB 2001), by the statutory deadline of June 30, 2022.

### **Consistency with the Comprehensive Plan**

The recently adopted 2040 Comprehensive Plan, Attractive and Attainable Housing, has specific objectives and policies that are applicable to the proposed standards as discussed below:

***Goal 3 Provide the opportunity for a variety of housing types in locations and at price points that meet the needs of current and future residents.***

*POLICY 3.1 Provide opportunities for the development of a range of housing types that are attainable to current and future households at all income levels, as described in the Sherwood Housing Needs Analysis, to maintain Sherwood's high quality of life.*

*POLICY 3.2 Identify opportunities to support the city's housing mix, to ensure the housing supply includes a variety of housing types and unit sizes that support a range of housing prices.*

*POLICY 3.3 Support a variety of housing types such as, but not limited to, townhomes, cottages, courtyard housing, accessory dwelling units, single story units, and extended family and multi-generational housing.*

*POLICY 3.4 Support housing affordable to Sherwood's residents and workers at businesses in Sherwood, including housing options for first-time homebuyers, new families, the elderly, and persons with disabilities.*

*POLICY 3.5 Support homeownership opportunities for all housing types by encouraging condominiums, cooperative housing, and other types of ownership methods.*

*POLICY 3.6 Collaborate with organizations to provide opportunities for development of lower cost housing and housing development incentives in areas with access to jobs, transportation, open spaces, schools, and supportive services and amenities.*

The proposed Housing Choices amendments are consistent with the 2040 Comprehensive Plan by providing a diversity of housing types (plexes and cottage clusters). The amendments also support housing affordability through the creation of smaller units through the Condominium process.

**FINDING:** All housing types will be subject to residential design standards, except for multi-family housing, which is reviewed through the city's site planning process. Based on the above discussion, the proposed text amendments are consistent with the Sherwood 2040 Comprehensive Plan by allowing additional housing types in residential zones.

### **Consistency with the City's Transportation System Plan**

The proposed Housing Choices text amendments are not inconsistent with the City's Transportation System Plan. The proposal would not present any impacts to the existing City transportation system, the Transportation System Plan, or how the City analyzes future

transportation impacts. At the time of land use application submittal and review, transportation impacts are analyzed and addressed.

**FINDING:** The proposed text amendments are not inconsistent with the City's Transportation System Plan.

### **Consistency with other City Planning Documents**

The proposed text amendments impact only the Sherwood Zoning and Development Code and do not impact any other City Planning documents. Therefore, the proposed text amendments are consistent with other City Planning documents.

**FINDING:** As noted above, the proposed text amendments is consistent with other City Planning documents since amendments are only to the Sherwood Zoning and Development Code.

### **Consistency with Oregon Statewide Planning Goals**

#### **Goal 1: Citizen Involvement**

It is the purpose of this Goal to develop a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the planning process.

**Response:** There has been several public engagement activities that allowed citizen involvement as listed below:

- Online Visual Preference Survey –The visual preference survey was conducted to gather thoughts and opinions on residential design features (window coverage, building façade and articulation, parking, and landscaping) and housing choices. The survey received 219 responses.
- Virtual Public Open House/Workshop – An online Open House shared the status of the project and requested input from the community on the general direction of the amendments. There were over 477 views of the virtual open house and 43 visitors responded to the questions raised. Generally, there was a high level of support for the proposed approach to the development code amendments.
- In-Person Public Open House – Two in-person Open Houses last July that showcased draft code language specific to Residential Design Standards and Housing Choices. Over 20 community members attended the open houses and provided input on residential design standards and the proposed housing choices.

In addition to the above public engagement efforts, the Planning Commission, acting as the Advisory Committee for this project, have been working diligently on the implementation of the Residential Design Standards and Housing Choices. Since December 8, 2020, there has been 17 Planning Commission work sessions on Residential Design Standards and the proposed Housing Choices with opportunity for public involvement. Furthermore, Sherwood City Council held three work session briefings on Residential Design Standards and the proposed Housing Choices also with the opportunity for public involvement.

The City of Sherwood's legislative amendment and hearing process provides numerous opportunities for citizens to be involved in all phases of the planning process. The amendments have been developed with the opportunity for public involvement and have been noticed in accordance with Sherwood Zoning and Community Development Code Chapter 16.72, Procedures for Processing Development Permits.

**FINDING:** The Visual Preference Survey, Open Houses, Planning Commission and City Council's work sessions on the proposed amendments and the City's development code legislative process ensure the opportunity for public engagement.

### **Goal 2: Land Use Planning**

It is the purpose of this Goal to establish a land use planning process and policy framework as a basis for all decisions and actions related to the use of land and to assure an adequate factual base for such decisions and actions.

**Response:** The development of the proposed amendments has followed the City's established land use planning process and included public meetings, public outreach through information on the city's website, and opportunities for public comment. As stated above, the proposed Housing Choices amendments are to implement Middle Housing Choices per HB 2001. The state legislation requires the local jurisdiction to allow middle housing types, plexes and cottage clusters.

**FINDING:** The proposed text amendments are consistent with Goal 2 and provides for middle housing types as required by state legislation.

### **Goal 3: Agricultural Lands**

The purpose of this Goal is to identify farmland, designate it as such on the comprehensive plan map, and zone it exclusive farm use (EFU).

**FINDING:** This statewide land use goal is not applicable to the City of Sherwood.

### **Goal 4: Forest Lands**

This Goal requires counties to identify forest land, designate it as such on the comprehensive plan map, and zone it consistently with state rules.

**FINDING:** This statewide land use goal is not applicable to the City of Sherwood.

### **Goal 5: Natural Resources, Scenic and Historic Areas, and Open Spaces**

It is the purpose of this Goal to protect natural resources and conserve scenic and historic areas and open spaces.

**Response:** The City of Sherwood downtown has been designated as historic area. Preservation of the historic downtown is through the creation of the Old Town (OT) Overlay District. The OT overlay zone recognizes the unique and significant characteristics of Old Town, and is intended to provide development flexibility with respect to uses, site size, setbacks, heights, and site design

elements, in order to preserve and enhance the area's commercial viability and historic character. Furthermore, the OT District is divided into two distinct areas, the "Smockville" and the "Old Cannery Area," which have specific criteria or standards related to architectural design, height, and off-street parking. Since OT Overlay District has specific criteria or standards related to architectural design, the proposed Residential Design Standards would not apply to the OT Overlay District. Any residential housing types proposed in the OT Overlay District would be required to meet the design standards of the OT Overlay District. The proposed Housing Choices would be allowed within the Old Town Overlay District.

**FINDING:** Based on the analysis above, the proposed text amendments are not applicable to the protection and conservation of natural resources, historic areas and open spaces. Any residential housing types proposed in the OT Overlay District will be required to meet the design standards of the OT Overlay District.

### **Goal 6: Air, Water and Land Resources Quality**

This Goal instructs local governments to consider the protection of air, water, and land resources from pollution and pollutants when developing comprehensive plans.

**FINDING:** The proposed text amendments are not applicable to goals and policies in the City's Comprehensive Plan pertaining to the protection of air, water, and land resources from pollution and pollutants.

### **Goal 7: Natural Hazards:**

This Goal requires local comprehensive plans to address Oregon's natural hazards.

**FINDING:** The proposed text amendments are not applicable to identified natural hazards within the Sherwood community.

### **Goal 8: Recreational Needs**

It is the purpose of this Goal to satisfy the recreational needs of the citizens of the state and visitors and, where appropriate, to provide for the siting of necessary recreational facilities.

**FINDING:** The proposed text amendments are not applicable to recreational needs within the Sherwood community. The City has an adopted Parks and Recreation Master Plan.

### **Goal 9: Economic Development**

The purpose of Goal 9 planning is to make sure cities and counties have enough land available to realize economic growth and development opportunities.

**FINDING:** The proposed text amendments would allow more housing choices through the additional types of housing proposed (triplex, quadplex, and cottage clusters). The proposed text amendments create the opportunity for additional types of housing that support a better balance of jobs to housing within the City. Typically, economic growth and development opportunities are through commercial and industrial lands within the Sherwood community. The proposed text amendments are not in direct conflict with Goal 9.

## **Goal 10: Housing**

The purpose of this Goal is to make sure that a community has adequate housing supply for the twenty-year planning period through a range of densities to choose from and serves people at a variety of income levels.

**Response:** The City has an approved 2019-2039 Housing Needs Analysis (HNA), Ordinance 2020-010, that meets the requirements of State Land Use Goal 10, Housing and its Administrative Rule 660-007. The proposed amendments allow for a variety of housing choices (plexes and cottage housing) that can support the City's needed housing supply. The proposed amendments provide development standards for the additional types of housing permitted within residential zones that are clear and objective. The proposed amendments will not reduce the amount of land for residential housing or change the City's General Plan/Zoning Map affecting residential housing supply.

The City's adopted HNA *"demonstrates how the existing city zones provides for the needed housing types outline in ORS 197.303. The forecasted growth rate in the HNA 2019-2039 is 1.1% based on Metro's forecast. The HNA includes a Buildable Lands Inventory (BLI) for housing within Urban Growth Boundary. The BLI demonstrates that current land use designation provides an adequate short- and long-term land supply for housing development for meeting existing needs and 65% projected growth over the next 20-years. However, Sherwood has a deficit of land for 608 dwelling units."* The proposed text amendments will allow for a variety of housing choices that can support the City's needed housing supply. The proposed amendments will not change lot dimensional standards, residential densities, or change residential land use designations on the City's General Plan/Zoning Map. The City notes that further consideration is needed on the impacts of middle housing ordinances on land capacity in the next HNA, as required by House Bill 2003.

The HB 2001 legislation requires local governments to consider ways to increase the affordability of middle housing, including considerations related to System Development Charges, property tax exemptions, and construction taxes. Consideration of affordability and feasibility policies and strategies that affect middle housing development will be deferred as part of the housing production strategy planning requirement of House Bill 2003.

**FINDING:** The proposed amendments would not decrease the supply of needed housing within Sherwood. Furthermore, the proposed amendments will allow for a variety of housing choices making it feasible for more housing construction through clear and objective standards. Therefore, the proposed amendments meet the intent of Goal 10, Housing.

## **Goal 11: Public Facilities and Services**

It is the purpose of this Goal to plan and develop a timely, orderly, and efficient arrangement of public facilities and services to serve as a framework for urban and rural development.

**Response:** Staff has identified that the proposed middle housing development is or can be adequately served throughout the city. Only a small portion of the Old Town area has capacity concerns but can be accommodated through upsizing of existing infrastructure. New residential development consisting of Triplexes, Quadplexes, Townhouses, or Cottage Cluster

development must demonstrate that "Sufficient Infrastructure" is available per OAR 660-046-0020 prior to issuance of a residential building permit.

**FINDING:** Based on the discussion above, the proposed amendments are consistent with the City's Comprehensive Plan and, therefore, this goal.

**Goal 12: Transportation**

This Goal requires cities, counties, and the state to create a transportation system plan that takes into account all relevant modes of transportation: mass transit, air, water, rail, highway, bicycle and pedestrian.

**FINDING:** The City has an adopted Transportation System Plan (TSP) and the proposed amendments are not applicable.

**Goal 13: Energy**

This Goal requires local governments to consider the effects of its comprehensive planning decision on energy consumption.

**FINDING:** The proposed amendments are consistent with the City's Comprehensive Plan and, therefore, this goal.

**Goal 14: Urbanization**

The purpose of this goal is to ensure land inside a UGB, is considered urbanizable. A city must plan to include a twenty year supply of land for housing, employment, industry, open space and recreational needs. A UGB should also provide plans for transition from urban to rural land uses to avoid conflicts and encourage efficient use of the land to provide more livable, walkable, and densely built communities.

**FINDING:** The proposed amendments would affect all new residential development areas in Sherwood, land considered urbanizable. The proposed amendments are consistent with the City's Comprehensive Plan and, therefore, this goal.

**The following State Land Use Goals are not applicable to this proposal:**

**Goal 15: Willamette River Greenway,**

**Goal 16: Estuarine Resources,**

**Goal 17: Coastal Shorelands,**

**Goal 18: Beaches and Dunes; and**

**Goal 19: Ocean Resources**

***Metro's Regional Framework Plan***

The Functional Framework Plan Six Outcomes are statements adopted by the Metro Council that synthesize the 2040 Growth Concept and regional policies.

1. People live, work, and play in vibrant communities where their everyday needs are easily accessible.
2. Current and future residents benefit from the region's sustained economic competitiveness and prosperity.
3. People have safe and reliable transportation choices that enhance their quality of life.
4. The region is a leader in minimizing contributions to global warming.
5. Current and future generations enjoy clean air, clean water, and healthy ecosystems.
6. The benefits and burdens of growth and change are distributed equitably.

**Response:** The proposed amendments are consistent with the City's Comprehensive Plan; therefore, the amendment is consistent with the 2040 Growth Concept and regional policies.

### **SZCDC Review Criteria 16.80.030.C – Transportation Planning Rule Consistency**

**FINDING:** This amendment does not impact the state Transportation Planning Rule. The proposed amendment, as stated above, does not affect the City's Transportation Systems Plan.

## **V. RECOMMENDATION**

As proposed, the draft amendments to the Sherwood Zoning and Community Development Code (SZCDC), supports and meets the intent of City's Comprehensive Plan, and all applicable state and regional criteria.

### **PLANNING COMMISSION ALTERNATIVES**

1. Approve the findings in this staff report and recommend approval to City Council.
2. Modify the findings and approve the staff report as modified in compliance with all applicable criteria and recommend approval to City Council.
3. Modify the findings and deny the proposed amendments based on the Commission's findings, and recommend denial of the proposal to City Council; or
4. Continue the Public Hearing to a date certain if more information is needed.

### **STAFF RECOMMENDATION**

Based on the above findings and applicable code criteria, staff recommends that the Planning Commission forward a recommendation of approval of the proposed text amendments to the Sherwood Zoning and Community Development Code, Case File LU 2022-002 PA, to the Sherwood City Council.

## **VI. EXHIBITS**

- A. Proposed Code Amendments to the Sherwood Zoning and Community Development Code (Track Changes and Commentary)
- B. Proposed Code Amendments to the Sherwood Zoning and Community Development Code (Clean Version)