

STAFF REPORT

CITY OF LAKE OSWEGO

PLANNING AND BUILDING SERVICES DEPARTMENT

APPLICANT

City of Lake Oswego

FILE NO.

LU 15-0077: SW Employment Area Plan and
Community Development Code Amendments

LOCATION

Industrial Park, General Commercial and
Neighborhood Commercial zones in vicinity of
Pilkington Road, Lakeview Blvd./65th Avenue,
Boones Ferry Road and Jean Way

STAFF

Sarah Selden, Senior Planner

DATE OF REPORT

January 15, 2016

PLANNING COMMISSION HEARING DATE

January 25, 2016

I. APPLICANT'S REQUEST

This is a request from the City of Lake Oswego to amend the Comprehensive Plan (text) and Community Development Code. Ordinance 2706 (attached, Exhibit A-1) would:

- Amend the Comprehensive Plan by adopting the Southwest Employment Area Plan as a Special District Plan of the citywide Comprehensive Plan and make housekeeping updates to an Economic Vitality policy. (Attachments B and D to Exhibit A-1)
- Amend the Community Development Code by adopting a new Southwest Overlay District, replacing LOC 50.05.008 Industrial Park Overlay District. (Attachment C to Exhibit A-1)
- Streamline the code by deleting LOC 50.11.002 Appendix B - Industrial Land Use Policy Element; and LOC 50.02.002.2.c.iv-vi Standards Applicable to Boones Ferry Road/Jean Road Site, Jean Way Site, and Boones Ferry Road/Opposite Jean Way Site, which are being replaced with the new SWEA Plan and code direction. (Attachment C to Exhibit A-1)

Proposed Community Development Code amendments related to permitted uses in the Southwest Overlay District (SWO) will be reviewed as part of the SWEA Plan, but adopted with citywide updates to use regulations (LU 15-0035 Commercial Code Streamlining), scheduled for public hearing later this year.

II. APPLICABLE REGULATIONS

A. City of Lake Oswego Comprehensive Plan

Land Use Planning Goal:

Development (Community Development Code)

Policy A-1.b
Policy A-1.g
Policy A-1.i
Policy A-3
Policy A-5

Design Standards and Guidelines

Policy C-1
Policy C-3

Land Use Administration

Policy D-1

Community Culture Goal:

Civic Engagement

Policy 1
Policy 9

Inspiring Places and Spaces Goal:

Goal 1: Policy 1.b

Economic Vitality Goal:

Economic Development

Policy A-2
Policy A-3
Policy A-4
Policy A-5
Policy A-7
Policy A-9

Employment Zones

Policy B-1
Policy B-2

Connected Community Goal:

Safety

Policy A-1

Policy A-2

Transportation Choices

Policy B-2

Livability

Policy F-5

B. Metro Urban Growth Management Functional Plan

Title 4: Protection of Employment Areas, Metro Code Section 3.07.440

C. City of Lake Oswego Community Development Code

LOC 50.07.003.3.c.	Published Notice for Legislative Hearing
LOC 50.07.003.16a	Legislative Decisions Defined
LOC 50.07.003.16b	Criteria for Legislative Decision
LOC 50.07.003.16c	Required Notice to DLCD
LOC 50.07.003.16.d.iii	Planning Commission Recommendation Required
LOC 50.07.003.16.e	City Council Review and Decision

III. BACKGROUND AND DISCUSSION

The Southwest Employment Area (SWEA)

The SWEA as defined for this project is mapped on pages 11 and 21 of Attachment B to Exhibit A-1 (“Attachment B”). The 150-acre district is comprised of the Industrial Park (IP) zone (which includes the 23-acre IP Overlay District north of Willow Lane, and the 32-acre railroad ROW north of Boones Ferry Road); the General Commercial (GC) zone in the vicinity of Jean Way and Boones Ferry; and the Neighborhood Commercial (NC) zone on the north side Jean Road at Pilkington. The City Operations facility (approximately seven acres of public land) is also within the Plan area.

The district contains approximately 90 tax lots, over half of which are less than one acre in size, with a few over two acres. The IP zone makes up the largest share of the SWEA, and contains a wide range of light industrial businesses, including food and medical device manufacturing, technology companies, construction and remodeling supplies and service. One of the City’s largest employers, Biotronik/Micro Systems Engineering, Inc., which employs approximately 500 people, is located in the IP zone. The IP Overlay area contains business types found in the IP zone, along with, a new self-storage facility and office, retail and personal service businesses at Pilkington and Boones Ferry Road.

Recent Planning History

In 2008, a group of 23 property owners made a request to the Planning Commission to broaden the permitted uses in a northern portion of the Industrial Park (IP) zone by adding office, limited retail, and some specialized uses such as commercial storage. One of their concerns was that the limited uses permitted in the IP zone were typically applied to less expensive land, and were not supporting the best use of their properties. In response to this request, the Planning Commission initiated a zone change to create the Industrial Park Overlay (IPO) District.

The IPO was adopted by City Council in September 2011, and was seen as an interim fix until the Comprehensive Plan was updated, which would provide additional policy direction on the type of district or design type for the SWEA and be followed by a more detailed plan for the district.

The 2013 Comprehensive Plan designates the Industrial Park and General Commercial zones as an Employment Center and the Neighborhood Commercial zone at Jean and Pilkington as a Neighborhood Village. Employment Centers focus primarily on higher-intensity employment uses, with supporting retail and service uses, commercial office, residential and cultural uses in select locations. Neighborhood Villages allow a mix of lower-intensity commercial uses, to provide services for nearby residents, and may include residential uses.

Plan Objectives

The SWEA Plan was initiated to implement the following policy from the Economic Vitality chapter of the Comprehensive Plan:

Policy 9: “Locate land for light industrial uses within the SW Employment District and provide a special district plan that accommodates a range of uses including light industrial, office and supporting retail.”

More specifically, the goal of this special district plan is to strengthen the SWEA as one of the city’s three Employment Centers by removing barriers to private investment and redevelopment and increasing employment densities. The following plan objectives provided additional guidance:

- Enhance opportunities for redevelopment and job creation within the district.
- Improve multimodal connectivity within and to the district.
- Minimize environmental impacts and protect quality of life.
- Develop a plan that can be implemented quickly to enhance job creation.
- Reduce conflicts between residential and industrial uses.

Planning Process

In July 2014, the City Council appointed a project advisory committee (Committee) for the plan that includes representatives from district businesses and property owners, the Rosewood neighborhood, the Chamber of Commerce, City Council, Planning Commission, and interested community members at-large. The Committee met six times between October 2014 and November 2015 to review and provide input on key project deliverables and to provide policy recommendations. Two public meetings were also held for area stakeholders. A planning

workshop was conducted in February 2015 to develop land use and infrastructure concepts, and a stakeholder meeting was held in June 2015 to present the two alternatives for the district and provide the Committee with feedback to recommend a preferred alternative.

In November 2015, the Committee forwarded their recommended draft SWEA Plan and overlay district code for community review (the Public Discussion Draft). The Planning Commission held a work session with a public comment period on December 14, 2015 to review the Public Discussion Draft. Notice of the public meetings and Public Discussion Draft were mailed to all property owners and businesses within the district, and owners and occupants of property within 300 feet of the planning area boundaries. Notices were also distributed electronically to the project listserv and participant e-mail list.

Overview of SWEA Plan

The SWEA Plan describes the recommended land use and infrastructure alternative for the district, along with implementation actions, potential funding sources, and timing for improvements. The Plan also gives context to these recommendations by summarizing the district Assessment and Land Use and Infrastructure Alternatives that were considered by the advisory committee in developing a recommendation. These background components make up the first portion of the Plan and were shared with the Planning Commission for its April 14 joint work session with the City Council. Following is a summary of the key Plan components.

INFRASTRUCTURE

The primary goal of the infrastructure recommendation is to create a transportation network that is safe, efficient and user friendly for the diverse mix of right-of-way users, including freight trucks, automobiles and pedestrians who live and work in and around the district. At the forefront of these discussions has been the constraints for freight access posed by existing roadways, and the lack of a well-connected sidewalk network to provide a safe walking environment in a light industrial area. The Plan recommends several infrastructure improvements to be considered for addition to the city's Capital Improvement Plan (CIP) during the next round of CIP updated in the spring of 2017. Near-, mid-, or long-term priority level is identified for each project, along with cost estimates and potential funding sources ranging from the CIP (City funds) to a business area Local Improvement District (LID; shared property owners funding), to urban renewal. These implementation strategies should be considered by City Council and updated as needed with adoption of the Plan; any City funding would be allocated during the City's budget adoption process.

Two key features of the Committee's recommended alternative are infrastructure projects intended to improve access through the district. A realignment of the Jean Road and Lakeview Blvd. intersection was identified by the Committee in June as one of their top improvements in the district. Shortly thereafter, the property owner began the process to redevelop this corner, and the Development Review Commission approved their application in December 2015 for two new light industrial and office buildings. As part of this process, the City worked with the property owner to incorporate the realignment into the site plan; the property owner offered the right-of-

way dedication and the Council approved construction funding up to \$250,000. The roadway will be constructed by the City. Engineering staff are in the design phase of construction for the realignment project, which will also include a public stormwater pond in the remnant right-of-way. A neighborhood meeting for this realignment project will be held in March.

The second major infrastructure project recommended by the Committee is an extension of Jean Way south from Jean Road to Lakeview Blvd., which would provide additional north-south access through the district. This road extension concept was identified by the advisory committee, including neighborhood association representatives, and by community members who attended the February 2015 planning workshop.

The idea emerged from discussion about the lack of any public access between Jean Road and Lakeview Blvd. Vehicles and pedestrians heading north must travel along Lakeview, either up to Jean Road, or down to McEwan Road. Cars and pedestrians frequently cut through the Micro Systems Engineering parking lot for a shorter and more direct route between Lakeview and Jean Way. Freight trucks must also travel up and down the length of Lakeview/65th, some cutting through the residential area south of Lakeview where intersections are easier for large trucks to maneuver than the acute and narrow intersections of Jean and Lakeview or 65th and McEwan.

The Jean Way extension concept was intended to funnel traffic north out of the area and away from the residential zone, providing a more direct connection to Boones Ferry Road. The conceptual roadway alignment would extend through four parcels, three of which are under common ownership and are largely undeveloped. This project, if placed in the City's Capital Improvement Plan, would not be implemented until redevelopment of these parcels. The potential right-of-way alignment is conceptual and would be further evaluated if the City Council approves this project as part of the SWEA Plan. The Overlay District code includes standards that limit new development in the proposed right-of-way location. If the road extension is approved in concept, additional discussions with the property owners would identify refinements to the road alignment along with an implementation strategy.

Neighbors who live along and near Lakeview have expressed concern and opposition to a new road being constructed from Jean Road to Lakeview Blvd., concerned that traffic would increase along Lakeview, particularly at a new intersection. The Planning Commission hearing will provide an opportunity for the Commission to hear and respond to these concerns in making a recommendation on the Plan for the Council's consideration.

The recommended alternative also includes street cross sections for all roads in the SWEA that identify eventual right-of-way widths, travel lanes, sidewalks, bike lanes and stormwater facilities. Improving Lakeview Blvd. was identified as a high priority by the Committee, due to the lack of curbs, sidewalks and stormwater conveyance, and its location abutting the residential zone. Due to the inconsistent and often narrow right-of-way, the Committee has recommended a flexible right-of-way width to minimize impacts on abutting property owners; this would include a sidewalk on one side of the street (the north), and omitting separated bike lanes.

The infrastructure alternative also addresses freight movement in the district, focused on facilitating truck maneuvering within the district to prevent cut-through traffic in the residential area south of Lakeview Blvd. In addition to street improvements identified to widen rights-of-way and eliminate difficult turning angles, the Plan identifies a diverter at the intersection of Lakeview Blvd. and Kenny St. to reduce cut-through traffic, and a strategy for truck routing and truck parking away from residential areas.

LAND USE

The land use concept in the SWEA Plan addresses land uses and site development in the district. It will be implemented with two types of Community Development Code amendments: changes to the use regulations, and a new Southwest Overlay District.

Community Development Code Amendments

New Southwest Overlay District (Attachment C, pages 1-11)

The proposed Southwest Overlay (SWO) District provides new site and building design standards intended to promote a high-quality and consistent pattern of development in the SWEA, in a format that provides clear and objective guidance for the design review process. The SWO is proposed to apply to the Industrial Park, Neighborhood Commercial and General Commercial zones. A development review process would continue to apply to new construction in the SWEA. The SWO standards would apply in lieu of the general citywide Building Design standards in LOC 50.06.001.5, with the exception of residential mixed-use development (see Attachment C, p. 3).

The Plan's land use concept identifies a development pattern throughout the district that moves away from an internally focused campus environment, to an outwardly focused site design where buildings have a presence along the street and are designed to provide visual interest. The SWO includes new standards for building siting, including orientation to and location near the street, and minimum building width at the street. The overlay also includes a limited set of building design standards intended to create a visually interesting facade and pedestrian-friendly design.

The overlay also modifies some dimensional standards in the area. To promote compatibility between commercial/industrial development and residential neighborhood character, the SWO standards maintain existing building height maximums, and provide 20 ft. minimum setbacks (front, side and rear) for properties adjacent to low-density residential zones and 10 ft. minimum setbacks adjacent to high-density residential zones. A building height step back is maintained for the Neighborhood Commercial and General Commercial zoned in the SWO, when adjacent to residential zones and applied to the Industrial Park zone. The existing standard is modified in the SWO only, to simplify the standard while ensuring building height is limited (to 25 ft.) at the setback line and increases gradually away from the residential property line.

With regard to mixed-use development in the commercial zones, the SWEA Plan recommends amending the permitted uses in the NC and GC-zoned portion of the SWEA to permit residential mixed-use development when commercial uses are provided on the ground floor and housing is located on the upper story/ies. The SWO code also facilitates mixed-use residential development

by specifying minimum residential densities when housing is provided in the GC and NC zoned areas. The proposed minimum residential density is 20 units/acre, consistent with minimum densities in the R-0 zone and other commercial zones that currently allow housing. These amendments modify the existing code that requires a conditional use permit for medium and high-density (R-0) residential uses in the NC and GC-zoned areas of the SWEA. No residential uses are proposed for the IP zone.

Commentary is included throughout the code to provide additional explanation for the proposed standards (all code commentary will be deleted with adoption of the final ordinance).

Use-Related Amendments (see Attachment B, pages 59-60)

The SWEA Plan includes recommendations for use-related amendments within the district, which would be made as part of the forthcoming citywide updates to use regulations (LU 15-0035 Commercial Code Streamlining). The advisory committee recommendations contained in the Plan are intended to implement the Comprehensive Plan vision and Economic Vitality policy noted earlier in this report, maintaining the current light industrial uses in the Industrial Park (IP) zone while providing some additional flexibility to support the area as a more diverse and job-intensive Employment Center.

In the Industrial Park (IP) zone, the Plan recommends allowing any size or type of professional office use, with the goal of supporting greater employment density in the district. This removes the current limitation of 15% of the gross site area for office uses not associated with a light industrial use. The Plan also recommends allowing small (2,000 sq. ft.), employee-supportive restaurant uses that are co-located in a building with another permitted use, and slightly modifying the standard for retail that is supporting or incidental to goods manufactured or assembled on site.

The Plan also recommends that the Neighborhood Commercial (NC) and General Commercial (GC) zones in the SWEA maintain their current uses (with the GC sites being limited to NC uses¹), and add mixed-use residential as a permitted use in these two zones consistent with the description of Neighborhood Villages and Employment Centers (GC zone) in the Comprehensive Plan. These zones are intended to provide commercial services to nearby residents and employees, and could also provide housing opportunities for district employees.

Additional discussion of the recommendations above is provided on pages 59-60 of Attachment B.

¹ The GC zone will continue to differ from the NC zone based on development standards, such as a 45 ft. height limit in GC and 35 ft. in NC. The GC-zoned sites in the SWEA are currently limited to a slightly expanded set of NC uses, which are proposed for application to the NC zone as part of the Code Streamlining amendments. See more information on p. 59-60 of Attachment B and p. 12-17 of Attachment C.

Retail Square Footage in IP Overlay Area (north of Willow Lane)

One of the use-related standards currently modified by the IP Overlay (IPO) District is the permitted retail square footage. While the IP zone currently permits up to 3,000 sq. ft. of accessory retail for goods manufactured or assembled the site, the IP Overlay permits retail uses up to 10,000 sq. ft. for sales of office equipment, apparel and accessory, building supply (including paint), garden supply, florist, and furniture (including antique and refinished furniture). Retail uses up to 20,000 sq. ft. are permitted for sales of tires, batteries and auto accessories (Les Schwab on the north side of Boones Ferry Road). Overall retail sales in the IPO are limited to 20,000 sq. ft. in a single building, on a single lot or parcel, or on adjacent lots or parcels. Retail uses may also be permitted through a conditional use process in the IP zone or IPO, not to exceed 20,000 sq. ft.

When the Committee forwarded their recommended draft for public review in November 2015, they did not have a consensus recommendation on the amount of retail that should be permitted in the IPO area. While they all supported removing the limitation to specific *types* of retail sales, consistent with the Code Streamlining proposal to make the use-regulations less fine-grained, there was not agreement on the extent to which larger retail uses should be permitted. The Public Discussion Draft included two concepts for consideration:

1. Allow retail *buildings* up to 35,000 sq. ft., but limit *individual retail uses* to a smaller size (not specified by Committee). The intent of the size limitation would be to primarily serve SWEA employees, businesses, and nearby residents.
2. Allow individual retail uses up to 35,000 sq. ft.

In either case, retail uses in the IP zone would be limited to a maximum of 60,000 sq. ft. in a single building, on a single parcel or on adjacent parcels (which includes those across the intervening right-of-way) to comply with Metro Title 4 requirements for Employment Land.

At the Planning Commission's December 14 work session on the Public Discussion Draft, staff requested initial feedback on the retail square footage concepts to help prepare the proposal for public hearing. Commissioners commented that uses should be ancillary or supporting of the employment uses to encourage businesses to grow. Some Commissioners commented that they didn't want light industrial consumed by retail. Commissioners also questioned the number of jobs created by retail, and noted a desire for business that would create sustainable family wage jobs. Additional comparison between this and other Lake Oswego Employment Centers and supporting was also requested and is provided below.

Lake Oswego has two other Comprehensive Plan-designated Employment Centers: the Kruse Way corridor, and the Marylhurst and Mary's Woods campus areas.

Mary's Woods was approved under a 1995 ODPS (Overall Development Plan and Schedule) that expired in December 2015. Their 76-acre site includes areas zoned for residential, institutional and commercial uses, with 14 acres available for Office Commercial (OC) development, intended to "provide retail and office spaces with convenience services for the retirement community and the surrounding neighborhood. The services contemplated include health care, fitness, dining, and

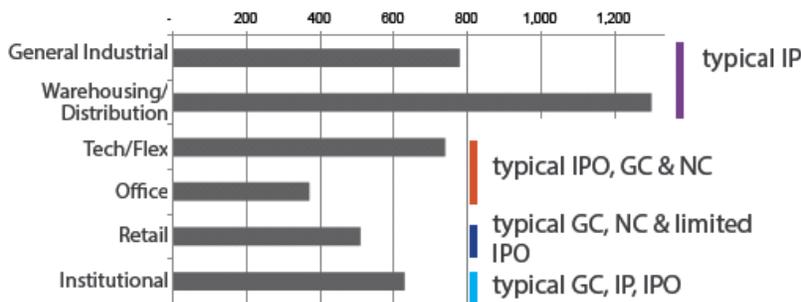
other amenities, which directly support the adjacent campus communities” (approved ODPS). The ODPS approved a maximum of 120,000 sq. ft. of service retail/office square footage in this zone, however the commercial development recently approved is considerably less than the maximum approved under the ODPS. Three commercial buildings totaling approximately 40,250 sq. ft. were approved with the last land use application in December 2015 (LU 15-0059), including approximately 9,000 sq. ft. of retail and personal services uses (traffic study). As a proportion of total building square footage in this zone, retail/personal service will occupy approximately 20 percent of the floor area.

The Kruse Way Employment Center, which is also designated by Metro as Employment Land, includes the Mixed Commerce (MC) zone located in the western portion along Kruse Way, Meadows Road and Bangy Road, and the Campus Research and Development (CR&D) zone, located along the southeastern section of Kruse Way, and the Highway Commercial (HC) zone located at Centerpointe. In the MC zone, the cumulative square footage of retail business(es) or building(s) on a site shall not exceed 60,000 sq. ft. on a single lot or parcel, or (ii) on adjacent lots or parcels. In the CR&D zone, cumulative retail uses shall not exceed 20,000 sq. ft. or 20% of the total building floor area per lot, whichever is less.² The CDC does not place similar size limitations on retail in the HC zone, however this zone was developed under an ODPS for the Centerpointe Development which did place some additional limitations on retail uses.

Comparison of Employment Densities

The following chart comparing typical employment densities for a variety of commercial and industrial uses shows office use as the highest density employment use, with less than 400 sq. ft. per employee.

Typical Gross square feet per employee, Metro (2009)



Note: Higher square footage per employee equates to lower employment densities

² However, where a development was applied for prior to September 12, 2013, the 20,000 sq. ft. limitation does not apply; the maximum numerical limitation on cumulative retail uses shall not exceed the retail square footage amount approved for the site.

Retail Use Categories

LOC 50.03.002-2: Commercial, Mixed Use, Industrial and Special Districts Use Table identifies permitted retail uses in three different size categories (floor area): under 10,000 sq. ft., 10,000-20,000 sq. ft., and over 20,000 sq. ft. The MC zone provides the greatest flexibility in the “over 20,000” category, as noted above (60,000 sq. ft. limit on single parcel or adjacent parcels). The EC and GC zones permit the second largest retail uses, up to 35,000 sq. ft. In the GC zone, a retail use between 35,000 and 45,000 sq. ft. could only be approved under a conditional use permit.

Based on the commission’s feedback at the December 14 work session, the advisory committee’s considerations, and information noted above, the following options are presented for hearing. At the public hearing, the Commission is being asked to recommend one of the options below, or to develop a new option for recommendation to City Council.

Option	Source	Examples
1. Allow retail <i>buildings</i> up to 35,000 sq. ft., but limit <i>individual retail uses</i> to a smaller size (to be specified).	Committee Option	<p>The Lake Grove Shopping Center with multiple tenants (Zupans location) is approximately 40,000 sq. ft.</p> <p>The Shops At Westlake (5 bldgs., mixed commercial uses) comprise approx. 28,000 sq. ft.</p>
2. Allow individual retail uses up to 35,000 sq. ft.	Committee Option	The former Albertsons on State Street is approx. 33,000 sq. ft.
3. Continue to allow retail uses up to 10,000 sq. ft., but no longer limit the type of retail.	Current size limitation; more flexible use type	<p>The building on the east side of Pilkington at Boones Ferry with a mix of retail/office/personal service is approx. 12,000 sq. ft.</p> <p>The Rosewood Shopping Center (Jean/Pilkington) is just under 10,000 sq. ft.</p>

Deletion of Community Development Code Appendix B: Industrial Policy Element (Exhibit C, pages 18-24)

The parcels within the IP zone also fall within the Lake Grove Industrial Park District, as identified in the Industrial Land Use Policy Element of the Community Development Code (Appendix B of the Development Code). These policies came out of a planning effort in the 1970s that aimed to increase and enhance industrial development in Lake Oswego in order to create more employment opportunities, and balance the high cost of public services for low density residential development with higher revenue employment land uses. Some of the projects and policies

identified in this section have been implemented through local improvements (e.g. widening Boones Ferry, completed in the mid-1980s) and development standards, however many of the policies continue to be relevant to the Lake Grove Industrial Park District today and are being implemented through the adoption of the SWEA Plan and Code amendments. This policy element of the Code was originally part of the Comprehensive Plan, but relocated to the Community Development Code in 2002 because it included some regulatory policies that were applicable to specific land use applications. To be consistent with the City's regulatory framework, and to implement the City Council goal of code streamlining, any policy direction that should continue to apply to development in this zone should be translated into specific development standards that would implement the policy, and be located along with other development standards for the zone.

Deletion of Site-Specific Standards Applicable to GC-zoned Sites (Attachment C, pages 12-17)

General Commercial-zoned land is located adjacent to Boones Ferry Road and Jean Way. The GC zoned land in the SWEA is currently subject to site-specific standards for three different sub-areas of this small area, in LOC 50.02.002.2.c.iv, v, and vi. The standards limit permitted uses to a slightly expanded version of Neighborhood Commercial (NC) zone uses, limit the development's floor area, expand landscaping requirements, identify specific access points, and promote an aesthetically pleasing entry to Lake Oswego and visual separation from the city of Tualatin.

These standards were written to direct future development of the sites, which is almost entirely complete today; three-quarters of the sites are not considered redevelopable in the next 20 years. The Southwest Overlay District is proposed to apply to these sites and would direct future site and building design.

Additional commentary is included in Attachment C to provide explanation for the proposed standards.

IV. NOTICE OF APPLICATION

A. Newspaper Notice

On January 14, 2016, public notice of the proposed SWEA Plan and CDC amendments and Planning Commission public hearing was published in the *Lake Oswego Review*.

B. ORS 227.186 (Measure 56) Notice

The Community Development Code amendments proposed with this application do not limit permitted uses. No notice of the proposal was required by ORS 227.186 (Measure 56) to owners of property in the affected zones. Changes to permitted uses that are recommended in the SWEA Plan will be included in a separate land use application (LU 15-0035 Commercial Code Streamlining), at which time notice may be provided to comply with ORS 227.186.

C. DLCD Notice

Pursuant to LOC 50.07.003.16.c and ORS 197.610, staff provided notice of the proposed CDC text amendment to the Oregon Department of Land Conservation and Development (DLCD).

D. Metro Notice

Pursuant to Metro Code 3.07.810 and .820, staff provided notice of the proposed CDC text amendment to Metro not less than 35 days prior to the hearing date.

V. COMPLIANCE WITH APPROVAL CRITERIA

A. City of Lake Oswego Comprehensive Plan

Land Use Planning Chapter Policies (Statewide Planning Goal 2):

Development (Community Development Code)

A-1. Maintain land use regulations and standards to:

b. Promote compatibility between development and existing and desired neighborhood character;

g. Promote architectural and site design quality;

i. Enhance opportunities for mixed use development* in Employment Centers, Town Centers, Commercial Corners, and appropriately zoned areas within Neighborhood Villages.

A-3. Ensure high-quality building and site design through the application of clear and objective design standards for residential development, and design review; utilize the development review process for commercial, industrial, and institutional development to ensure high-quality building and site design and overall appearance.

A-5. Allow mixed-use commercial and residential development within commercial zones.

Response: The proposed Southwest Overlay (SWO) District provides new site and building design standards intended to promote a high-quality and consistent pattern of development in the SWEA, in a format that provides clear and objective guidance for the design review process. A development review process (Minor

Development) would continue to apply to new construction in the SWEA. The SWO standards would apply in lieu of the general citywide Building Design standards in LOC 50.06.001.5, with the exception of residential mixed-use development (see Attachment C, p. 3). To promote compatibility between development and residential neighborhood character, the SWO standards maintain existing building height maximums, provide 20 ft. minimum setbacks (front, side and rear) for properties adjacent to low-density residential zones and 10 ft. minimum setbacks adjacent to high-density residential zones. A building height step back is maintained for the Neighborhood Commercial and General Commercial zoned in the SWO, when adjacent to residential zones and applied to the Industrial Park zone. The existing standard is modified in the SWO only, to simplify the standard while ensuring building height is limited (to 25 ft.) at the setback line and increases gradually away from the residential property line.

With regard to mixed-use development in the commercial zones, the SWEA Plan recommends amending the permitted uses in the NC and GC-zoned portion of the SWEA to permit residential mixed-use development when commercial uses are provided on the ground floor and housing is located on the upper story/ies. The Overlay District code also facilitates mixed-use residential development by specifying minimum residential densities when housing is provided in the GC and NC zoned areas. The proposed minimum residential density is 20 units/acre, consistent with minimum densities in the R-0 zone and other commercial zones that currently allow housing. These amendments modify the existing code that requires a conditional use permit for medium and high-density (R-0) residential uses in the NC and GC-zoned areas of the SWEA. No residential uses are proposed for the IP zone.

These criteria are met.

Design Standards and Guidelines

C-1. Enact and maintain regulations and standards which require:

- a. New development to enhance the existing built environment in terms of size, scale, bulk, color, materials and architectural design;*
- b. Landscaping;*
- c. Buffering and screening between differing land uses;*
- d. Measures to foster a safe and interesting transit and pedestrian environment; and*
- e. Minimize and/or mitigate adverse traffic impacts generated by new development on adjacent neighborhoods.*

C-3. Ensure through development and design standards that both public and private developments enhance the aesthetic quality of the community.

Response: The Southwest Overlay (SWO) District provides standards intended to enhance the built environment, with an emphasis on providing a visually interesting streetscape. This is accomplished through standards requiring buildings to occupy at least 30-50% of the lot frontage within the build to line near the street, rather than being set back on the lot; requirements for street-facing facade articulation; prohibited building materials; minimum fenestration on Primary Streets in the district; and entrances and walkways that connect pedestrians to the public street.

These criteria are met.

Land Use Administration

D-1. Coordinate the development and amendment of City plans and actions related to land use with other affected agencies, including county, state, Metro, federal agencies and special districts.

Response: This proposal includes public notice of the proposed text amendment in compliance with adopted land use regulations. Staff has also provided notice of the proposal to Metro and the DLCD. This criteria is met.

Community Culture Chapter/ Civic Engagement Policies (Statewide Goal 1):

1. Provide citizen involvement opportunities appropriate to the scale of a given planning effort, and ensure those affected by a Plan have opportunities to participate in the planning process.

9. Utilize broadly representative, special citizen advisory bodies to provide input on implementation of the Comprehensive Plan and other related land use planning matters.

Response: Citizen involvement opportunities have included two broadly publicized public meetings, notice and opportunity to comment on the Public Discussion Draft Plan and notice of the Planning Commission hearing. These invitations/notices were sent to all property owners and businesses within the SWEA, and owners and occupants of property within 300 feet of the planning area boundaries.

A SWEA Plan Advisory Committee that represented a range of district, neighborhood and community interests was appointed by City Council to provide recommendations on this project; their meetings were also open to the public.

These criteria are met.

Inspiring Places and Spaces Chapter Policies:

1. *Adopt implementation measures and guidelines that ensure:*

b. *New development in mixed-use, commercial and employment areas:*

i. *Promotes a safe and attractive pedestrian environment;*

ii. *Reflects high-quality aesthetics, considering size, scale and bulk, color, materials, architectural style and detailing, and landscaping; and*

iii. *Includes buffering and screening to protect residential uses and neighborhoods.*

Response: As stated in response to Land Use Policy C1, the Southwest Overlay District code is intended to promote an attractive pedestrian environment, high-quality aesthetics and buffering between residential uses and commercial and light industrial uses. In addition, the street cross sections and infrastructure improvement projects recommended in the SWEA Plan are intended to provide safe and well-connected much of the district today.

This condition is met.

Economic Vitality Chapter Policies (Statewide Planning Goal 9):

Economic Development

A-2. *Fully utilize existing buildings and maximize use of employment land through the following:*

a. *Promote redevelopment of underutilized land;* and*

b. *Optimize the development of vacant employment land.*

Response: The SW Employment Area is a Comprehensive Plan-designated Employment Center and a district identified through the 2013 Comprehensive Plan update process as having potential for redevelopment. The SWEA Plan was initiated with the goal of promoting redevelopment by removing land use and infrastructure barriers, and increasing employment densities in this Employment Center.

The SWEA Plan considered “underutilized” land as properties with a low improvement value compared to the total value of land plus improvements. These properties typically have older and/or minimally improved buildings, or a large amount of undeveloped area used for outdoor storage. These “underutilized” properties were considered likely to redevelop during the 20-year planning horizon, based on currently permitted land uses; it was noted that the land-to-improvement values and likelihood of redevelopment may increase for some properties if changes such as additional permitted uses were made in the district. The Committee recommendation for permitted uses in the Industrial Park zone was intended to support higher employment densities while allowing flexibility for current uses that have lower employment densities, such as warehouse and distribution. As properties redevelop, the expectation is that over time the SWEA will become a more diverse employment district with a mix of office, light manufacturing/processing, and research and development uses. The Plan recommends that one type of use that is permitted in the IP Overlay District, self-storage, no longer be allowed due to the very low number of jobs provided per square foot of development. This would be included in the upcoming proposed commercial use revisions (LU 15-0035 Commercial Code Streamlining). Existing self-storage businesses in the district would be able to continue as non-conforming uses.

This criteria is met.

A-3. Provide flexibility for a diversity of spaces and sites to support the opportunity for business incubation and employment growth.

A-4. Provide flexibility in employment zones to adapt to economic change.*

Response: The plan proposes retaining existing uses while adding more flexibility in to permit office uses. This recommendation aims to support a diverse employment district that provides lower cost land and building space than other commercial and employment areas in Lake Oswego, such as the Kruse Way/Meadows Road Employment Center. This supports the needs of existing businesses that may wish to expand while allowing property owners to respond to the market and opportunities for redevelopment. The Southwest Overlay District is also intended to provide flexibility in building design to support a range of uses.

These criteria are met.

A-5. Pursue a range of employment opportunities with an emphasis on target industry clusters identified in the City’s 2011 Economic Opportunities Analysis and be open to new opportunities as they develop.*

A-7. *Locate employment and commercial uses in designated areas at appropriate scales and intensities, such as in Employment Centers, Town Centers, Neighborhood Villages, and Commercial Corners:*

a. *Employment Centers focus primarily on higher-intensity employment uses, with supporting retail* and service uses, commercial office, residential and cultural uses in select locations.*

c. *Neighborhood Villages accommodate a mix of lower-intensity commercial uses to provide services for nearby residents. They may include residential uses.*

i. *In the Bangy Road/Meadows Road Neighborhood Village, allow higher-intensity commercial uses when adjacent to a freeway or Employment Center.*

ii. *In the Mountain Park Neighborhood Village, allow additional commercial uses where site conditions, such as parcel size and direct access to the major street system, can support businesses that provide specialized services and unique goods.*

Response: The designated SW Employment Center includes the IP and GC zones. The IP zone currently allows a mix of light industrial uses that provide a range of employment densities. The SWEA Plan recommends allowing professional office uses outright, without a size limitation or requirement to be accessory to a light industrial use. This amendment would provide for “higher intensity” employment uses throughout the IP zone including those identified as target industry clusters in the Comprehensive Plan. The current IP Overlay District allows supporting retail with limitations on retail type and square footage, and allows service uses. The SWEA Plan recommends allowing additional flexibility for supporting retail uses in this area north of Willow Lane. As defined by the Comprehensive Plan:

Supporting retail uses are limited to those appropriate in type and size to serve businesses, employees and residents of the employment center in order to preserve the majority of vacant or redevelopable land for the City’s identified target industry clusters. Supporting retail uses do not include regional or lifestyle shopping centers, or concentrations of retail uses greater than 60,000 square feet.*

The Commission will consider a set of options, provided in the Discussion section of this report, for retail square footage in the northern part of the district.

See also the Title 4 compliance findings on page 22 of this report.

The NC Zone in the SWEA is a Neighborhood Village, and provides land for businesses that can both support the nearby businesses and employees, and provide goods and services to nearby residents. Code amendments are proposed to facilitate upper floor residential uses in a mixed-use structure, consistent with the policy that residential uses may be included in a Neighborhood Village.

A-9. Locate land for light industrial uses within the SW Employment District and provide a special district plan that accommodates a range of uses including light industrial, office and supporting retail.

Response: The SWEA Plan was developed to implement this Comprehensive Plan policy, and recommends including the listed uses. This criteria is met, and through adoption of the SWEA Plan, this policy is implemented. The proposed amendments to the Comprehensive Plan include replacing Policy A-9 with a new policy that incorporates by reference the SWEA Plan into the Comprehensive Plan.

This criteria is met.

Employment Zones

B-1. Provide opportunities for redevelopment and development in employment zones while:

- a. Providing required public facilities and services;*
- b. Addressing impacts such as noise, traffic, and visual aesthetics, on adjacent land uses through site and building design;*
- c. Complying with design and aesthetic standards to promote compatibility with Lake Oswego's community character;*
- d. Preserving natural resources and providing required open space;*
- e. Addressing the adequacy of all transportation modes to, from, and within the development site;*
- f. Maintaining a street system which provides efficient connections to transportation corridors and other activity centers including Employment Centers, Town Centers, Neighborhood Villages, and Commercial Corners;*
- g. Maintaining safe and convenient pedestrian, bicycle and transit facilities/amenities that support efficient movements of people to and from the site;*
- h. Promoting the efficient use of land by providing adequate* parking for customers and employees, according to national transportation standards;*

- i. *Minimizing the impacts of traffic generated on adjoining neighborhoods by routing traffic to major collectors;*
- j. *Promoting shared street access, parking facilities, and pedestrian connections with other businesses to provide more developable land area and reduce traffic congestion, parking, and safety problems.*

Response: New development and redevelopment in the SWEA would need to comply with citywide development standards as part of the development review process. The proposed SW Overlay District code would apply to the district in lieu of the citywide Building Design standards for commercial and industrial development, with the goal of providing a high-quality and consistent pattern of development in the district. The SWEA Plan also recommends improvements to the transportation system to provide a safe and well-connected pedestrian and bicycle network for employees and nearby residents, and to provide facilities that are adequate to serve freight truck access within the light industrial and commercial area. This includes the recommendation to extend Jean Way south to Lakeview Blvd upon redevelopment of the intervening parcels. This is recommended to provide additional direct access to Boones Ferry Road and areas to the north of Lakeview Blvd.

The Plan recommends truck routing, signage, and a traffic diverter to restrict freight truck traffic from entering the residential neighborhood and minimize traffic impacts. The Plan also recommends that stormwater management facilities be integrated with right-of-way improvement projects.

These criteria are met.

- B-2. Prevent new strip commercial developments and expansion of existing strip commercial developments; and encourage redevelopment and remodels of existing strip commercial projects to promote pedestrian orientation, active streetscapes, access to businesses and transit.*

Response: The SW Overlay District code would require that structures be placed within ten or twenty feet of the property line, and that on Primary Streets (Boones Ferry, Pilkington, Jean Road, Jean Way extension) no parking be placed between the street and the building. Redevelopment of the existing NC zone strip commercial development would be encouraged by providing more development flexibility. This is accomplished through an increase in the allowable FAR from 0.25:1 to 1:1, and allowing residential mixed-use development as a permitted use where it currently requires a conditional use permit. The SW Overlay District also establishes a 20 ft. minimum building height in all zones, which (when placed next to wide streets such as Pilkington, Jean, and Boones Ferry Roads) helps to activate the streetscape and promotes pedestrian-orientation and scale.

This criteria is met.

Connected Community Chapter Policies (Statewide Planning Goal 12):

Safety

- A-1. *Designate, implement, and maintain routes for walking and biking that support safe movements from residential areas to, through and along schools, parks, transit, employment centers, town centers, neighborhood villages, and commercial corners and neighborhood commons.*
- A-2. *Incorporate safety considerations in the planning, design and re-design of public streets* for the benefit of all intended users.*

Transportation Choices

- B-2. *Provide street and frontage improvements such as dedicated facilities, landscaping, and street lighting and permit amenities such as benches and shelters to encourage walking and biking as viable travel modes, particularly along corridors that serve the primary transit network and employment centers, town centers and neighborhood villages.*

Response: The SWEA Plan identifies needed implementation of right-of-way improvements for a number of streets in the district, with high priority placed on improving Lakeview Blvd., 65th Ave. and McEwan Rd. to construct sidewalks that allow pedestrians to safely walk to and from their homes in areas of freight truck and other employment-related traffic. Street cross sections are included in the plan to identify the location and width of sidewalks, bike lanes, street trees, stormwater swales, and travel lanes. These frontage improvements may be required of private development, or may be implemented as a City project. The SW Overlay District code also supports a pedestrian-friendly streetscape through requirements for building and entrance locations, and walkways connecting entrances to the public sidewalk.

This criteria is met.

Livability

- F-5. *Develop design standards that reinforce neighborhood livability by:*
 - a. *Protecting local streets from being misused by non-local traffic by applying traffic calming and diversion techniques when and where feasible.*

 - d. *Maintaining truck circulation restrictions.*

Response: While not recommended in the form of design standards, the SWEA Plan recommends several measures intended to limit adverse impacts of truck traffic on adjacent residential areas. These include truck routing and signage to restrict truck

traffic south of Lakeview Blvd. and Jean Rd., and improvements to roadways and intersections in the light industrial area designed to improve truck maneuvering and prevent cut-through traffic in the residential area. A traffic diverter is recommended in the list of infrastructure projects to prevent trucks from entering Kenny St. from Lakeview Blvd. The plan also recommends developing good neighbor agreements between the neighborhood associations and adjacent businesses, to address non-land use issues such as truck idling, trespass, and litter.

These criteria are met.

B. Metro Urban Growth Management Functional Plan

The GC and IP zones within the SWEA are identified as Employment Land on Metro's Title 4 map. Employment Land is defined as areas of mixed employment that include various types of manufacturing, distribution and warehousing uses, commercial and retail development, as well as some residential development. Retail uses should primarily serve the needs of the people working or living in the immediate employment area, which is defined in the Metro Title through a square footage limitation of 60,000 sq. ft. of gross leasable area in a single building, or commercial retail uses with a total of more than 60,000 square feet of retail sales area on a single lot or parcel, or on contiguous lots or parcels, including those separated only by transportation right-of-way (defined in LOC 50.10.003.2 as "adjacent").

Determination of the type of retail that would serve the immediate area is left to individual jurisdictions.

Response: The IP zone currently complies with this standard by limiting retail square footage in the IP Overlay District to 10,000 sq. ft. per use for general merchandise and 20,000 sq. ft. for auto parts and accessories, with the intent of allowing retail sales at a limited scale that would not draw a majority of customers from the broader city or region. General retail sales up to 20,000 sq. ft. in the IP zone (including IP overlay) would require a conditional use permit. The IP overlay also limits the cumulative square footage for retail uses to 20,000 sq. ft. in a single building, on a single parcel, or on adjacent parcels, similar to the limitation that exists in the CR&D zone within Kruse Way Employment District.

At the hearing, the Planning Commission will review the options for retail square footage presented on pages 9-11 of this report, and make a recommendation to the City Council.

C. Lake Oswego Community Development Code Procedural Requirements

LOC 50.07.003.3.c.	Published Notice for Legislative Hearing
LOC 50.07.003.16a	Legislative Decisions Defined
LOC 50.07.003.16b	Criteria for Legislative Decision
LOC 50.07.003.16c	Required Notice to DLCD
LOC 50.07.003.16.d.iii	Planning Commission Recommendation Required
LOC 50.07.003.16.e	City Council Review and Decision

Findings:

The Community Development Code 50.07.003.16.a defines “legislative decisions” to include amendments to Comprehensive Plan policies. Public hearings by the Planning Commission for recommendations to the City Council for “legislative decisions” are required to have at least ten days prior published notice, per LOC 50.07.003.16.d.iii and 50.07.003.3.c. Notice is defined as being published in a newspaper of general circulation in the City of Lake Oswego at least ten days in advance of the hearing, and mailed at least ten days in advance to the Commission for Citizen Involvement and to all recognized neighborhood associations. The notice shall include:

- i. The time, date, and place of the public hearing;
- ii. A brief description of the proposed legislative amendment; and
- iii. A phone number for obtaining additional information.

Notice of the public hearing was posted at City Hall, the Adult Community Center, the Library, and the West End Building on April 17, 2015. The hearing notice was published in the Lake Oswego Review newspaper on April 16, 2015. Legislative notice was mailed per LOC requirements on April 7, 2015.

The criteria for a legislative decision are addressed in Sections A and B, above. The City notified DLCD and Metro of the proposed action 35 days before the initial evidentiary hearings.

Conclusion:

Staff concludes that the Community Development Code (CDC) procedural requirements for the proposed legislative decision, including public notice requirements for the public hearing, are met per the applicable CDC criteria.

VI. CONCLUSION / RECOMMENDATION

The proposed amendments are in compliance with City Comprehensive Plan policies, state laws, and statewide planning goals. The amendments respond to public input and incorporate changes requested by the Planning Commission during its public work sessions on the proposal.

Based on the information presented in this report, staff recommends that the Commission recommend adoption of the Advisory Committee-recommended SWEA Plan and Code amendments by City Council. After weighing the options for retail square footage in the area north of Willow Lane, as presented on pages 9-11 of this report, staff recommends that the Commission make a recommendation for adoption with forthcoming citywide use table streamlining amendments (LU 15-0035).

EXHIBITS

A. Draft Ordinances

A-1 Draft Ordinance 2706, 01/15/16

Attachment B: Public Hearing Draft SWEA Plan, 01/15/16

Attachment C: Proposed Draft Code Amendments, 01/15/16

Attachment D: Proposed Comprehensive Plan Economic Vitality Policy Amendment, 01/15/16

B. Findings, Conclusion and Order

[No current exhibits]

C. Minutes

[No current exhibits]

D. Staff Reports

[No current exhibits]

E. Graphics/Plans

[No current exhibits; reserved for hearing use]

F. Written Materials

[No current exhibits]

G. Letters

[No current exhibits; reserved for hearing use]

BACKGROUND MATERIAL AND REFERENCES

Staff reports and public meeting materials that were prepared for these code amendments can be found by visiting the project web page for LU 15-0077.

Use the link below to visit the City's "Project" page. In the "Search" box enter LU 15-0077 then press "Submit":

<http://www.ci.oswego.or.us/projects>

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