



July 27, 2020

Steve Koper
City of Tualatin Planning Division
18880 SW Martinazzi Avenue
Tualatin, OR 97062-7092

RE: Supplementary Technical Memo for Basalt Creek RML Plan Text Amendment (PTA-20-0003)

Dear Steve:

Lennar Northwest, Inc. and Venture Properties, Inc. are co-applicants for the Basalt Creek Medium Low-Density Residential (RML) Plan Text Amendment (PTA-20-0003) land use application. In advance of the City Council hearing scheduled for August 10, 2020, this letter provides clarification on how this application serves the public interest, how it complies with the findings in the 2019 Housing Needs Analysis, the challenges of existing regulations, and how the purpose statement for the Medium Low Density Residential (RML) zone will need to be modified for the Basalt Creek development.

Serves the Public Interest

The Applicants' proposed Text Amendment is in the public interest because it provides an opportunity for the City to test flexible lot size standards in a limited application. The Tualatin 2040 Project planning process highlighted the small-lot subdivisions and lot size averaging across planned unit developments as a strategy for maintaining an adequate supply of developable land in Tualatin.

For Tualatin, the public interest is generally documented in the Comprehensive Plan, which is currently undergoing revisions based on results of the Tualatin 2040 Project planning process. Through City Council Resolution 5479-19, Tualatin has accepted the analyses and policy recommendations of the Tualatin 2040 Project, including *City of Tualatin 2040: Policy Priorities* (December 2019). This policy document directs City Staff to update the Comprehensive Plan to reflect the data and priorities from the Tualatin 2040 Project. The Executive Summary describes:

The documents that guide current and future development in Tualatin, the Comprehensive Plan and Development Code, have not been updated in decades. ...Tualatin 2040 took a 20-year look ahead to review housing and economic data to inform a non-neutral policy analysis... [and] will end in City Council acceptance of policies and strategies that address the City's needs.

In 2020 staff development of a work plan will be undertaken to identify the actions, resources, timing, and responsibility of updating the Comprehensive Plan and Development Code.

Given that the the Tualatin 2040 Project will soon direct a major update to the Comprehensive Plan, the Applicants encourage the Council to place greater consideration for the policies of Tualatin 2040 than the Comprehensive Plan, especially if there are areas of contradiction.

In regard to housing policies, the table below outlines the highest set of priorities.

High Priorities by Topic

1: COMMUNITY AND LIVABILITY POLICY PRIORITIES (HIGH PRIORITY BASED ON STAKEHOLDER FEEDBACK¹)

Housing and Livability

Housing affordability was a major topic of discussion and a concern for all stakeholders and some noted the need for the City to have a plan for housing.

Greater diversity of Housing Types in Tualatin was broadly supported; many felt a wider variety of options (other than single-family homes) would provide more affordable options. Alternative housing types discussed with stakeholders were **townhomes/rowhouses, mixed-use development, duplexes, triplexes, and accessory dwelling units (ADU)**. Most stakeholders were in favor of the full range of housing types. One stakeholder noted that small lot and zero lot line subdivisions could provide higher density that doesn't feel cramped.

Basalt Creek was mentioned by a number of stakeholders. Others noted that the proposed zoning allows for a good diversity of housing (low density residential, medium low density residential and some high density residential, but that lots should be 3,000 or 4,000 square foot lots.

City of Tualatin 2040: Policy Priorities, December 2019 Final

Those final policies are based on recommendations from the technical team and public feedback. The background recommendations are shown in the tables below that provide background explanation for the policy development:

Summary of Actions

The table below summarizes the strategies, actions, and recommendations made by the CAC. The priority shown in the table is based on discussions with the CAC about the actions they view to be in need of prompt attention. Low-priority actions represent actions that the CAC thinks are important but that may be executed later in the Tualatin 2040 process. At some level, all of the actions in this strategy are a high priority for the CAC.

Strategies, Actions, and Recommendations	Priority
Strategy 1: Ensure an adequate supply of land that is available and serviceable.	
Action 1.1. Evaluate opportunities to increase development densities within Tualatin's existing zones by modifying the Development Code. <ul style="list-style-type: none"> ▪ Recommendation 1.1a: Evaluate increasing densities in the Residential High and Residential High Density / High Rise residential designations by allowing buildings that are five to eight stories tall. ▪ Recommendation 1.1b: Conduct an audit of the City's Development Code to identify barriers to residential development (e.g., lot size, setbacks, and lot coverage ratio) and identify alternatives for lowering or eliminating the barriers. ▪ Recommendation 1.1c: Evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements, especially for housing developed for groups who have fewer cars. ▪ Recommendation 1.1d: Adopt a Planned Unit Development (PUD) ordinance to allow flexibility in both development standards and housing types. 	High

City of Tualatin 2040: Policy Priorities, December 2019 Final, APPENDIX C: HOUSING STRATEGY, EcoNW 12/4/19 (emphasis added)



Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes, and those which increase the land available for housing.

...

Strategy Name	Description	Scale of Impact
Allow Small Residential Lots	<p>Small residential lots are generally less than 5,000 sq. ft. and sometimes closer to 2,000 sq. ft. This policy allows individual small lots within a subdivision. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small-lots limit sprawl, contribute to a more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p> <p>Cities across Oregon allow small residential lots, including many cities in the Metro area.</p>	<p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 2,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes. This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p>

City of Tualatin 2040: Policy Priorities, December 2019 Final, APPENDIX B: HOUSING STRATEGY, EcoNW 12/4/19 (emphasis added)

The City’s technical team advised the City to modify land use regulations to allow small-lot subdivisions and lot size averaging to increase efficiency of development, expand home ownership opportunities, and provide a variety of lot sizes to improve affordability. The Citizen Advisory Committee (CAC) moved this concept forward as a recommendation to adopt a Planned Unit Development ordinance to allow flexibility in development standards and housing types.

Housing Needs Analysis

Concurrent with acknowledgement of the *City of Tualatin 2040: Policy Priorities* in 2019, the City Council accepted an updated Housing Needs Analysis (HNA) and Buildable Land Inventory (BLI), addressing Statewide Planning Goal 10: Housing. Those documents demonstrated a need for all housing types to be provided in the 20-year period ending in 2040. As part of this needed housing, at least 40 percent was forecast to be provided as single-family detached housing and only 15 percent of new housing (152 dwelling units) was forecast to be provided as single-family attached housing. While the City must look at permitting middle-housing opportunities within lower-density districts, as recommended by the HNA and required by House Bill 2001, the inclusion of single-family detached housing that meets the density requirements of the underlying zoning district will also improve the availability of housing – helping meet the City’s planned need for 1,014 additional new dwelling units within the coming 20 years.

Housing Trends

Within the Basalt Creek Planning Area (BCPA), Medium Low-Density Residential accounts for 72 acres, or 3 percent of the city’s total land inventory, of which 69 acres are considered unconstrained and buildable. As documented in the HNA, there was a surplus of 27 acres of gross buildable land needed to accommodate the future population forecast within the RML Zone.

The HNA indicates a number of demographics and housing trends for the city. Single-family detached housing accounts for 53 percent of dwelling units in the city, a smaller number by percentage than Washington County (61 percent) and the region as a whole (63 percent). Reflecting this mix of housing,

homeownership in Tualatin was only 55 percent, versus 61 percent in Washington County and 60 percent in the Portland Region. Of those homeowners in the city, 88 percent live in single-family detached housing.

Nationally, homeownership trends are increasing after the rise of homeownership rates of young adults. According to the HNA, the homeownership rate increased from 62.9 percent to 63.7 percent over the course of 2016-2017. According to the U.S. Census Bureau, this rate has further increased to 65.3 percent in the first quarter of 2020. Current market trends are likely to raise this rate. During this time, the characteristics of housing have also changed to include construction of homes on smaller lots with small yards. Demand for these types of housing are likely to rise similarly in Tualatin. Providing the opportunity for more single-family detached housing will provide an increased opportunity for home ownership in Tualatin – meeting projected needs and the increased demands for home ownership.

Of the dwellings needed over the next 20 years, 43 percent of the forecast households in the city will be in the Basalt Creek Planning Area (BCPA). At the forecast density for the RML district, 10.5 dwelling units per gross acre, this equates to roughly 42 acres needed. The applicants are proposing that the text amendment affect ± 57.79 acres. At the densities currently required, and assuming 30 percent of the gross area being required for street rights-of-way and other facilities such as stormwater, this could potentially provide the opportunity for between 323 and 404 dwelling units. This does not include the other areas of RML-zoned lands within the BCPA (another 14 acres of land) or other types of residential zoning (88 buildable acres) within the BCPA. By approving the application for a text amendment, the property owners and developers can move to provide this needed housing at the densities prescribed by the HNA and Tualatin Development Code (TDC). These changes will help improve rates of homeownership within Tualatin while also making the best use of the available lands.

Diversity of Housing

Encourage development of a wider variety of housing types. Tualatin should allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density zone and allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones (which already allow for the other housing types mentioned). These changes should be made in a way that makes the City's zoning code compliant with House Bill 2001. (HNA Executive summary, p. XII)

About 37% of Tualatin's households are cost burdened, with 56% of renters and 22% of owners paying more than 30% of their income on housing. (HNA Executive summary, p. XI)

The HNA calls for the addition of more types of housing. This application does not propose to remove any permitted types of housing—Multi-family and middle housing are a valuable contribution to a city's housing inventory. The misplacement of this housing, however, does not benefit renters—it places them further from centers of employment, commerce, and adequate transportation. Increasing their costs of living in addition to those associated with housing. The action items from Tualatin 2040 include finding land to rezone to higher densities close to urban services and transit.

Ensure there are connections between planning for housing and other community planning. Throughout the project, stakeholders emphasized the need to coordinate housing planning with economic development planning, transportation planning, and other community planning. Updates to the Tualatin Transportation System Plan should be coordinated with planning for housing growth. A key approach to accommodating new residential development is redevelopment that results in mixed-use districts, providing opportunities for more housing affordable to people working at businesses in Tualatin and living closer to work (thus reducing transportation issues). In addition, stakeholders would like to see the incorporation of services needed to meet daily needs of residents of neighborhoods without driving. (HNA Executive summary, p. XIII)

This area is not suitable for high density housing types such as apartment-style multi-family because of the distances between shopping, dining, employment, transit, and other services. This location is on the outskirts of Tualatin's Urban Growth Boundary (UGB), ensuring that residents of this neighborhood will be more inclined towards driving due to a lack of nearby goods and services.

If the future differs from the past, it is likely to move in the direction, on average, of smaller units and more diverse housing types. Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-family housing. This includes providing opportunities for development of smaller single-family detached homes, townhomes, and multifamily housing. (HNA, p. 74)

The residential market has moved toward houses on smaller lots with less yard and less street frontage. These developments allow for less land cost for each dwelling unit, allowing for "more home for the money." Buyers place less value on yards that require time for maintenance. Examples of these small lot developments can be found in Wilsonville, Hillsboro, and Tigard. Providing opportunities for development of smaller single-family detached homes will encourage the construction of attainable housing. This application allows for the smaller single-family detached housing called for in the HNA.

Challenges of Existing Code

The applicants considered providing single-family detached housing through the Small Lot Subdivision provisions of TDC 36.410. Unfortunately, we found that within the RML zone, meeting the density requirements would be difficult, would result in a monochromatic development, and be subject to a highly discretionary process.

The existing development code provides a path for a "Small Lot Subdivision" subject to a Conditional Use Permit. The uncertainty, additional review, and extended timeline of a Conditional Use Permit are all barriers to housing as described in the Tualatin 2040 document. More importantly, the Small Lot provisions do not allow for Lot Size Averaging as proposed in the Lennar/Venture Text Amendment. The Small Lot provisions require a minimum lot size of 4,500 square feet which does not permit a project to achieve maximum density. If all lots are sized at exactly 4,500 square feet, the maximum density possible is 9.68 dwelling units per acre, less than the 10 dwelling units per acre allowed by the zone.

The minimum lot width is 50 feet, the minimum lot depth is 90 feet, and the minimum lot size is 4,500 square feet. With these standards, every lot will be exactly the same with no diversity. Averaging lot sizes and allowing smaller minimum lot sizes provides an opportunity to meet the density requirements of the district and provide a variety of lot widths and housing styles to break up repetitive development. The proposed code changes will allow the same number of homes to be provided while retaining the character of surrounding neighborhoods and providing more diverse housing options.

Medium Low-Density Residential District

The district is designed to serve as a transitional zone between Low-Density Residential, which only permits detached single-family residences outright, and Medium High-Density Residential, which only permits multi-family dwellings outright. Despite being a transitional zone, the RML district does not currently permit detached single-family residential dwellings without a conditional use permit. The RML district should permit those types of dwellings where they can be provided in a density satisfactory to the City's HNA.

TDC 5.040. - Planning District Objectives.

- (2) *Medium-Low Density Residential Planning District (RML).* To provide areas of the City suitable for commonwall dwellings such as condominiums, townhouses, duplexes, triplexes, and other multi-family dwellings. Condominiums and small lot subdivisions may be allowed by conditional use permit. Owner occupancy of dwelling units shall be encouraged. Parks for manufactured dwellings shall be allowed in those portions of the district designated on the Plan Map. Except for retirement housing and nursing and convalescent homes which shall not exceed 15 dwelling units per net acre and manufactured dwelling parks with single-wide manufactured dwellings which shall not exceed 12 dwelling units per net acre, the maximum density of any residential use shall not exceed ten dwelling units per net acre. The raising of agricultural animals and the construction of agricultural structures may be allowed by conditional use permit in those portions of the District designated on the Plan Map.

The Text Amendment proposed by the Applicants requires an additional modification to the existing purpose statement above. The Applicants propose an additional modification as shown below:

- (2) *Medium-Low Density Residential Planning District (RML).* To provide areas of the City suitable for commonwall dwellings such as condominiums, townhouses, duplexes, triplexes, and other multi-family dwellings. Condominiums and small lot subdivisions may be allowed by conditional use permit. **Detached housing is permitted for projects over 15 acres in size within the Basalt Creek Planning Area.** Owner occupancy of dwelling units shall be encouraged. Parks for manufactured dwellings shall be allowed in those portions of the district designated on the Plan Map. Except for retirement housing and nursing and convalescent homes which shall not exceed 15 dwelling units per net acre and manufactured dwelling parks with single-wide manufactured dwellings which shall not exceed 12 dwelling units per net acre, the maximum density of any residential use shall not exceed ten dwelling units per net acre. The raising of agricultural animals and the construction of agricultural structures may be allowed by conditional use permit in those portions of the District designated on the Plan Map.

This additional sentence is needed to acknowledge the proposed amendment to the development code; it is not a substantive change to the proposal.

Conclusion

This text amendment and associated future projects will encourage the provision of needed housing and affordable housing options to the local community. As noted by the City's adopted studies, detached single-family residences are needed and play a large role in helping accommodate expected demand over the next 20 years. These types of housing are currently permitted through existing processes, but with significant dimensional limitations with a highly discretionary review process. This application provides for this type of housing while not diminishing the opportunities for this zone to continue providing other types of housing when and where they are most appropriate.

We look forward to discussing this matter with the City Council on August 10, 2020.

Sincerely,

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