

Council Business Meeting

March 16, 2021

Agenda Item	Initiation of an Ordinance Amendment Relating to Housing in the Commercial (C-1) and Employment (E-1) Zones	
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SUMMARY

The City Council is being asked to direct staff and the Planning Commission to evaluate the draft code language prepared by representatives of KDA Homes and propose amendments to the Ashland land use ordinance which would provide the flexibility to temporarily use the ground floor of commercial buildings for housing. The draft code language prepared by KDA Homes is attached.

Representatives of KDA Homes presented their ideas to the Planning Commission at the [December 22, 2020](#) Planning Commission study session. The Commission indicated that further discussion was merited should the City Council direct the Planning Commission to review the item further.

POLICIES, PLANS & GOALS SUPPORTED

Council Goals and Priorities 2019; Value Services Tier 2 Moderate Priority – Housing Needs

PREVIOUS COUNCIL ACTION

The City Council has not previously reviewed this item.

BACKGROUND AND ADDITIONAL INFORMATION

Recently, the Planning Commission and staff were approached by representatives of a local development firm, KDA Homes. The KDA representatives suggested that there is a surplus of commercial space that could be used to provide housing units. The concerns raised included the decreased demand for commercial space due to ecommerce and the pandemic while housing demand continues to increase, particularly after the Alameda fire. The KDA representatives suggested amending the land use code to allow the temporary use of ground floor commercial space to be used for housing units and requiring the buildings to be constructed to commercial building code standards so the space could be converted in the future should demand for commercial space return.

Currently, at least 65 percent of the ground floor of buildings in the commercial (C-1) and employment (E-1) zones is required to be commercial and light industrial uses. The remaining 35 percent of the ground floor can be used for residential dwellings as well 100 percent of the upper stories in multi-story buildings. The exceptions are: 1) in the Transit Triangle (TT) overlay, a minimum of 35 percent of the ground floor is required to be used for commercial and light industrial uses and 2) in the commercial area of the North Mountain Neighborhood District, the ground floor can be used entirely for housing but must be built to commercial building code standards so that the space can be converted to commercial uses in the future.

In 1992, the land use code was amended to eliminate residential buildings as an allowed use in the C-1 and E-1 zones (Ord. 2688). The current standard of requiring 65 percent of the ground floor in commercial or light industrial uses was put in place, as well as residential densities for each of the zones. Prior to 1992, residential buildings comprised entirely of housing units could be built in the C-1 and E-1 zones with the approval of a conditional use permit. The 1992 code update was in part due to concern about construction of residential buildings near the downtown and loss of future commercial space.

The Oregon Statewide Planning System requires all cities and counties in Oregon to address the statewide planning goals including Goal 9 Economic Development. Goal 9 requires cities and counties to provide an

adequate land supply for economic development and employment growth. Under Goal 9, all local governments are required to have an inventory of areas suitable for economic growth that can be provided with public services.

The Planning Commission discussed the issue at a study session ([December 22, 2020](#)). The Commission indicated that further discussion was merited should the City Council direct the Planning Commission to review the item further.

If the City Council believes the review of the draft code amendments by KDA should be undertaken, the Council can initiate an application for a legislative amendment.

The Ashland Municipal Code (AMC) allows the City Council to initiate a Type III legislative action by motion (see code excerpts below).

18.5.1.100 City Council or Planning Commission May Initiate Procedures

The City Council or Planning Commission may initiate any Ministerial, Type I, Type II, or Type III planning action by motion duly adopted by the respective body designating the appropriate City department to complete and file the application.

18.5.1.070 Type III (Legislative Decision)

Type III actions are reviewed by the Planning Commission, which makes a recommendation to City Council. The Council makes final decisions on legislative proposals through enactment of an ordinance.

A. Initiation of Requests. The City Council, Planning Commission, or any property owner or resident of the city may initiate an application for a legislative decision under this ordinance. Legislative requests are not subject to the 120-day review period under subsection 18.5.1.090.B (ORS 227.178).

FISCAL IMPACTS

Allowing 100 percent of building square footage in the commercial (C-1) and employment (E-1) zones to be used for residential uses or housing units will likely result in additional new construction given the high demand for housing in the local market. Many of the C-1 and E-1 zones are located in desirable locations near the downtown core and other areas where shopping and services are nearby. Additionally, proposals for new construction and redevelopment result in the collection of standard development fees, calculated according to the approved fee structure at the time of permit issuance.

STAFF RECOMMENDATION

Staff recommends that the City Council direct planning staff to work with the Planning Commission to evaluate the draft code language prepared by representatives of KDA Homes and propose amendments to the land use ordinance which would provide the flexibility to temporarily use the ground floor of commercial buildings for housing.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

I move that the City Council ask staff and the Planning Commission to evaluate the draft code language prepared by representatives of KDA Homes and propose amendments to the land use ordinance which would provide the flexibility to temporarily use the ground floor of commercial buildings for housing.

REFERENCES & ATTACHMENTS

Attachment 1: Draft code language from Mark Knox, KDA Homes
[December 22, 2020 Planning Commission Study Session packet](#) (includes submittals from KDA Homes)
Planning Commission Minutes [December 22, 2020](#)
[Standards for Dwellings in Non-Residential Zones](#)

18.2.6.030 Unified Standards for Non-Residential Zones

Table 18.2.6.030. Standards for Non-Residential Zones

Standard	C-1	C-1-D	E-1	M-1
Residential Density ^{1&2} (dwelling units per acre)	30 du/ac	60 du/ac	15 du/ac	NA
¹ Where allowed per section 18.2.3.130; within E-1 zone, per R-Overlay (see Chapter 18.3.13 Residential Overlay)				
² Ground floor residential units are permitted in the C-1 and E-1(R) zones for intermittent rental housing purposes only. Such units are considered intermittent and exempt from the density maximums and ground floor mixed-use development percentages. Such ground floor spaces shall be built to commercial building code for eventual conversion and parking requirements shall be based on commercial standards as required in Chapter 18.4.3.				
Lot Area, Width, Depth, Lot Coverage	There is no minimum lot area, width or depth, or maximum lot coverage; or minimum front, side or rear yard, except as required to comply with the special district and overlay zone provisions of part 18.3 or the site development and design standards of part 18.4.			
Setback Yards (feet)	There is no minimum front, side, or rear yard required, except where buildings on the subject site abut a residential zone, in which case a side of not less than 10 ft and a rear yard of not less than 10 ft per story is required. The solar setback standards of chapter 18.4.8 do not apply to structures in the C-1-D zone. See also section 18.2.4.030 Arterial Street Setback.		There is no minimum front, side, or rear yard, except 20 ft. where adjoining a residential zone.	
Building Height ^{3&4} – Maximum (feet)	40 ft, except - Buildings greater than 40 ft and less than 55 ft are permitted in C-1-D zone with approval of a Conditional Use Permit. - Where located more than 100 feet from a residential zone, buildings greater than 40 ft and less than 55 ft are permitted in C-1 zone with approval of a Conditional Use Permit.		40 ft	
³ See definition of “height of building” in section 18.6.1.030 ⁴ Parapets may be erected up to five feet above the maximum building height; see also, 18.4.4.030.G.4 for mechanical equipment screening requirements, and 18.5.2.020 for Site Design Review for mechanical equipment review process.				
Landscape Area – Minimum (% of developed lot area)	15%	None, except parking areas and service stations shall meet the standards of chapters 18.4.3 Parking, Access, and Circulation, and 18.4.4 Landscaping, Lighting, and Screening.	15%	10%

Special Use Standards

18.2.3.130 Dwelling in Nonresidential Zone

Where dwellings are allowed in nonresidential zones, they are subject to all of the following requirements:

- A. Dwellings in the E-1 zone are limited to the R-Overlay zone. See chapter 18.3.13 Residential Overlay.
- B. Dwellings in the E-1 and C-1 zones shall meet all of the following standards, except that dwellings developed under the Transit Triangle (TT) Overlay option are not subject to this subsection. See section 18.3.14.040 for the allowed uses in the TT overlay.
 1. Mixed-Use Developments. If there is one building on a site, ground floor residential uses shall occupy not more than 35 percent of the gross floor area of the ground floor. Where more than one building is located on a site, not more than 50 percent of the total lot area shall be designated for residential uses. At least 65 percent of the gross floor area of the ground floor shall be designated for permitted uses and uses permitted with special use standards, not including residential uses.
 2. Residential densities shall not exceed 15 dwelling units per acre in the E-1 zone, 30 dwelling units per acre in the C-1 zone, and 60 dwelling units per acre in the C-1-D zone. For the purpose of density calculations, units of less than 500 square feet of gross habitable floor area shall count as 0.75 of a unit.
 3. Residential uses shall be subject to the same setback, landscaping, and design standards as for permitted uses in the underlying zone.
 4. Off-street parking is not required for residential uses in the C-1-D zone.
 - 5. Ground floor residential units are permitted in the C-1 and E-1(R) zones for intermittent rental housing purposes only. Such units are considered intermittent and exempt from the ground floor mixed-use development percentages (18.2.3.130 B.1) and density maximums (18.2.3.130 B.2). Such ground floor spaces shall be built to commercial building code for eventual conversion and parking requirements shall be based on commercial standards as required in Chapter 18.4.3.**