

Memorandum

Date: January 24, 2007
To: Katie Mangle, Planning Director
From: Mary Dorman, AICP
cc:
Re: Final Memo and Recommendations – Highway 224/Oak Street Study Area(s)

This memorandum describes the existing characteristics, issues, opportunities and constraints associated with potential zoning text and/or map changes in the Highway 224/Oak Street study area(s). The memo also summarizes my review of existing policies and ordinance provisions that are applicable to the study area(s) and input from the Planning Commission work session held on December 12, 2006.

Existing Characteristics

A map of the general study area is shown in Figure 1 on the following page. As outlined in the figure, three discrete areas are included within the study area boundary and are referenced as follows:

- ❖ Area A – Myrtle Street
- ❖ Area B – Murphy & Providence
- ❖ Area C – McFarland

Figure 1 - Map of Study Area(s)

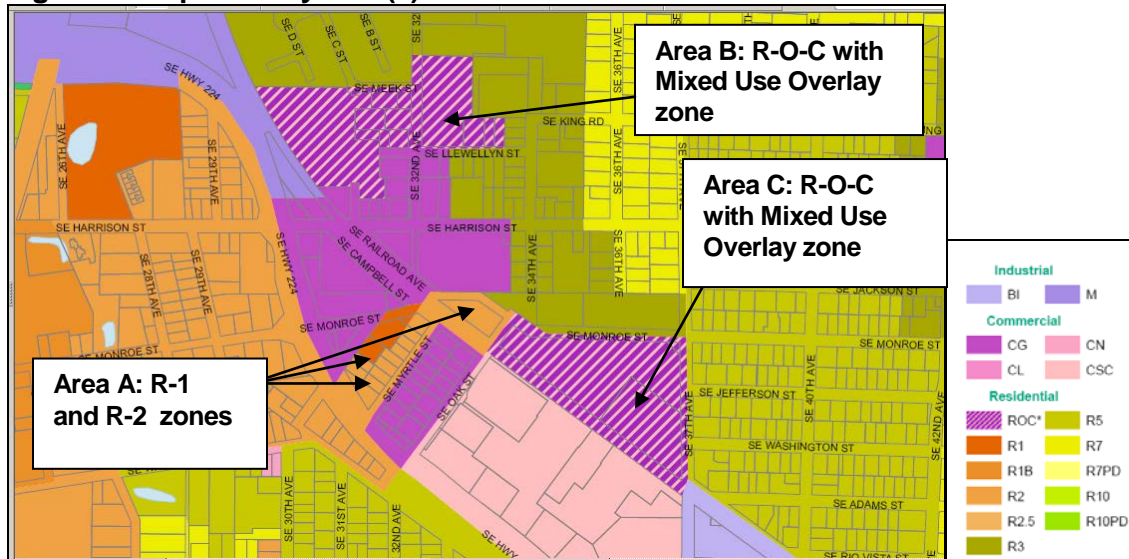




Table 1 highlights key planning characteristics for each of the three study areas, including existing plan designations and zoning, approximate acreage, number of parcels, number of owners and existing development.

Table 1 – Study Area Characteristics

Planning Characteristics	Area A Myrtle Street	Area B Murphy / Providence	Area C McFarland
Comprehensive Plan Designation	High Density Residential (HDR)	Town Center (TC)	Town Center (TC)
Zoning	R2 and R1	ROC with Mixed Use Overlay	ROC with Mixed Use Overlay
Town Center Master Plan	Sub Area 4-2 (Mixed-Use Commercial/Medium)	Sub Area 2 (Multi-Family Residential/High)	Sub Area 4-1 (Mixed-Use Residential/High)
Approximate Acres	2.67 acres	9.21 acres (Murphy – 6.22 acres; Providence – 2.99 acres)	7.3 acres
# Parcels	14	12 (Murphy – 8 parcels; Providence – 4 parcels)	3
# Owners	14	2	2
Existing Development	Single family dwellings	Murphy – vacant Providence – Medical Office Building	Vacant

Planning History

Milwaukie planning staff compiled a brief zoning history for the study areas. As summarized below, the city has initiated several changes to the zoning for Areas B and C.

1968 With the City's first zoning Code, Area B was zoned Manufacturing General (MG) and Area C was zoned Higher Density Residential (A2), with an area of Manufacturing Limited (ML) along the southern boundary line.

1975 The ROC zone was added to the zoning code. Area B was zoned MG and Area C was zoned ML.



- 1985 Zoning of both Areas B and C was changed to Manufacturing (M).
- 1995 Area C was rezoned High Density Residential (R2).
- 1997 Town Center Master Plan adopted (originally the Regional Center Master Plan). Mixed Use Overlay was added to the zoning ordinance. Comprehensive Plan designation for Areas B and C was changed to Town Center and the zoning for both areas was changed to ROC with the Mixed Use Overlay.

The zoning of Area A has not been subject to as many changes. However, in 2005, the City approved a developer-initiated plan map amendment and zone change from High Density Residential (R2) to Commercial (CG) affecting the 2.7-acre block between Myrtle and Oak Streets and adjacent to Area A.

Area A - Existing Policy Framework, Objectives and Zoning Provisions

A brief summary of existing policies and objectives from the Town Center Master Plan, the Milwaukie Comprehensive Plan and Zoning Ordinance that apply to Area A (Myrtle Street) is provided below.

1. The Town Center Master Plan notes that the parcels between Highway 224 and the railroad may be more appropriate for employment uses (page 73).
2. The Town Center Master Plan outlines the potential for about 400 new jobs in the area bounded by Monroe, Oak, Campbell and Highway 224 (page 78).
3. The Comprehensive Plan Map designation for this area is High Density Residential (21.2 to 24.0 units/net acre).
4. The Comprehensive Plan text includes the following location objectives and other policies for High Density Residential (Chapter 4, Objectives 2, 3 & 4).
 - a. The predominant housing types will be multifamily units
 - b. High Density Residential areas shall be located either adjacent to or within close proximity to the downtown or district shopping centers, employment concentrations and/or major transit centers or transfer areas.
 - c. Access to High Density areas should be primarily by major or minor arterials. High Density projects shall not cause traffic to move through adjacent lower density designated areas.
 - d. Within High Density areas, clearance and new construction will be allowed, as will construction on currently vacant lands.
 - e. When feasible, a Design Review function will be incorporated into the City's development review process to interpret and enforce Residential Land Use: Design and Neighborhood Conservation policies.
5. The majority of Area A is zoned R2, with a smaller area of R1 zoning. The zoning provisions of the two zones are quite similar, as summarized in the following table.

**Table 2 - Summary of Key R1 and R2 Zone Standards**

Standard	R1 Zone (Section 19.308)	R2 Zone (Section 19.306)
Permitted Uses	SF detached, attached, multi-family condominiums, apartments, congregate housing, senior and retirement housing	SF detached, attached, multi-family condominiums, apartments, congregate housing
Conditional Uses	Boarding, lodging or rooming house Office, studios, or clinics of a professional nature whose activities generate a minimal amount of traffic Hotel or motel	Senior and retirement housing, boarding, lodging or rooming house Office, studios or clinics of a professional nature whose activities generate a minimal amount of traffic Hotel or motel
Lot Size/Density	Minimum lot size of 5000 SF for the first dwelling; not less than 1400 SF for each dwelling unit over one.	Minimum lot size of 5000 SF for the first dwelling; not less than an average of 2500 SF for each dwelling unit over one.
Maximum Height	3 stories or 45 feet, whichever is less	3 stories or 45 feet, whichever is less
Maximum Lot Coverage	45% of total area of lot	45% of total area of lot
Minimum Density	25 to 32 units/net acre (for proposals subject to Minor Quasi-Judicial Review)	11.6 to 17.4 units/net acre (for proposals subject to Minor Quasi-Judicial Review)

6. As shown on Figure 1, Area A is bounded by commercial zoning (CG) on two sides. Milwaukie Marketplace is located on Highway 224 between Oak and 37th Streets and is zoned as the city's only community shopping center (C-CS).
7. Chapter 4 (Objective #6) of the Milwaukie Comprehensive Plan describes six categories of commercial centers:
 - a. Regional Shopping Centers – none located within Milwaukie. The City supports Clackamas Town Center as the primary regional shopping center serving the Milwaukie area.
 - b. Community Center – a commercial shopping center serving about 90,000 people on 15-30 acres and containing at least 200,000 square feet of leasable space. The center should contain a department store, a drug/variety or discount store, a supermarket, retail shops, and related uses. The City currently has one site located at Highway 224 and Oak Street.
 - c. District Center – a commercial site or area serving about 6-10,000 people on 5-15 acres for regular shopping needs. A district center would likely contain a supermarket, drug and variety store, bank, gas station, etc. Examples include Food Warehouse, SE 82nd Avenue/King Road, Oak Grove Fred Meyer, and the Wichita Town Center.



- d. Local Convenience Center – A commercial facility to provide for frequent, convenient shopping needs. Local convenience centers serve from 2-4,000 people on ¼ to ½ acre individual sites or may be adjacent in a strip. Typical uses may include a quick-stop grocery, laundry, fast-food restaurant, etc.
 - e. Highway Oriented Center – A commercial node or strip development dependent upon street traffic for businesses. Highway oriented centers are normally located along freeways or expressways at interchanges or along major or minor arterials and are generally service-oriented, providing for limited needs of nearby residents or people driving through the area. Examples include McLoughlin Boulevard and Harrison Street at Highway 224.
 - f. Town Center Areas – The downtown Milwaukie area is a unique mixed use and commercial center. It provides area-wide services as well as limited neighborhood services. Commercial uses are primarily office, service and retail providing financial, personal, business, governmental and cultural services.
8. Milwaukie’s existing commercial zones (CG, CCS, CL and CN) do not perfectly match the categories of commercial centers described above in the Comprehensive Plan. In particular, the CG zone is applied to both District Centers and Highway Oriented Centers. Excerpts of key provisions of the CG and CCS zones (applicable to larger sites) are highlighted in Table 3 on the following page.



Table 3 - Summary of Key CG and CCS Zone Standards

Standard	CG Zone (Section 19.313)	CCS Zone (Section 19.315)
Permitted Uses	Professional, administrative, financial, governmental offices Retail trade selling primarily from shelf-goods inventory (food store, drug store, hardware store, etc.) Personal service businesses Auto, boat, trailer or other vehicle sales and service Building materials supply Repair garage, service station	Shall include at least 3 out of the 4 following uses: (1) department store; (2) drug and/or variety store; (3) food supermarket; (4) retail specialty shops. May include eating and drinking establishments; banks; entertainment (theater); personal service businesses Offices and clinics (limited to 15% of total floor space of the center)
Conditional Uses	Contractor's storage yard Drinking establishment High-impact commercial	-
Prohibited Uses	Adult entertainment business	Industrial, warehousing, vehicular sales or service, motels, adult entertainment business, machinery sales or repair; contractor's office, and similar uses determined by the Planning Commission
Minimum Lot Size	None	Minimum 200,000 gross leasable square feet
Maximum Height	3 stories or 45 feet, whichever is less	3 stories or 45 feet, whichever is less
Maximum Lot Coverage	85% of total area of lot	80% (20% landscaping required)
Drive-through Allowed	Yes	Not specified
Housing Allowed	No	Not listed as permitted or prohibited
Design Standards or Design Review	No	Some general standards

Area A Issues, Opportunities & Constraints

1. Area A is an isolated pocket of High Density Residential zoning that is bounded by commercial zoning and development on two sides and by major transportation facilities on the other two sides (Highway 224 and Railroad).



2. The Town Center Master Plan concluded that this area may be more appropriate for employment rather than housing. As noted earlier, Table 17 of the Town Center Master Plan targeted development of up to 400 new jobs in the area bounded by Monroe, Oak, Campbell and Highway 224. However, unlike Areas B & C, no changes to the plan/zoning designations for Area A were adopted as part of the Town Center Master Plan.
3. The market analysis prepared for the Gramor zone change application identified a market need for up to 10 acres of commercially zoned land. Less than 3 acres between Myrtle and Oak Streets were rezoned to CG with approval of the Gramor application.
4. The block is highly parcelized, with multiple owners and dwellings. No direct access is available to Highway 224. Coordinated redevelopment may be difficult unless the parcels are aggregated and developed as a unit.
5. The existing CG zone does not include design standards or require design review. Without changing the text of the CG zone (which is also applied to other sites in Milwaukie), it could be difficult to limit particular uses or impose design review requirements as a condition of amending the plan and zoning designations from High Density Residential to Commercial.
6. Chapter 19.1400 of the Zoning Ordinance (Transportation Planning & Design Standards) includes requirements for public sidewalks, on-site walkways and circulation, bike lanes and building orientation to transit facilities that apply to all new multifamily, commercial, office, and institutional development within 500 feet of an existing or planned transit route. TriMet maps show that transit service is currently provided along SE 32nd, SE Harrison, Highway 224, and along a section of SE Oak and through Milwaukie Marketplace.

Areas B & C – Existing Policy Framework, Objectives and Zoning Provisions

A brief summary of existing policies and objectives from the Town Center Master Plan, the Milwaukie Comprehensive Plan and Zoning Ordinance that are applicable to Area B (Murphy/Providence) and Area C (McFarland) is provided below.

1. The Town Center Master Plan identifies Area B as a priority location for higher density office development with an institutional emphasis (page 53). Support uses to the hospital (e.g., medical office, congregate care) should be encouraged in this area. Additionally, the Town Center Master Plan encourages a Main Street character along 32nd Avenue with a diverse mix of uses and buildings close to the sidewalk (page 54).
2. Table 11 of the Town Center Master Plan identifies the potential for about 650 new jobs in Area B.
3. The Town Center Master Plan identifies Area C as a key opportunity site for high residential densities (up to 50 units per acre) that could be oriented to a LRT station. Opportunities for master planning and joint development should be explored (p. 73).
4. Table 17 of the Town Center Master Plan identifies the potential for about 250 new dwelling units in Area C.



5. The job and housing targets for Areas A, B & C (see Tables 11 & 17) were based in large part on designation of Milwaukie as a “Regional Center” in Metro’s 2040 Growth Concept and plans for southerly extension of light rail to and through Milwaukie. At the city’s request, Milwaukie is now designated a “Town Center” in the 2040 Growth Concept and the Hwy 224 light rail corridor has been deleted from the Regional Transportation Plan. Therefore, the availability of nearby light rail service to support higher density development in these areas is no longer planned and it may be appropriate to revisit the job and housing targets.
6. Areas B & C are both designated “Town Center” on the Milwaukie Comprehensive Plan Map. These two areas are the only parcels outside of the downtown with a Town Center designation.
7. The Comprehensive Plan text includes the following objectives and policies for Town Center areas outside of the downtown (Chapter 4, Objectives 2, 12)
 - a. A mixed use zone will be applied to designated Town Center Areas as an interim tool to implement the Town Center Master Plan (emphasis added).
 - b. Outside of the Downtown and Riverfront Land Use Framework Plan area, the Residential Office Commercial (ROC) Zone is the most appropriate zone for the Town Center Area.
 - c. Residential densities in the portion of the Town Center outside of Downtown are in the range of 25 to 50 units per acre.
 - d. Objective #12 – Town Center, does not specifically reference Areas B & C, but instead focuses on the downtown and riverfront areas.
8. As noted earlier in this memo, Areas B & C have a complex zoning history. Both areas were zoned for manufacturing through mid -1990. Area C was rezoned for High Density Residential (R2) in 1995. In 1997, the zoning of both areas was changed to ROC with the Mixed Use Overlay.
9. The Mixed Use Overlay was initially applied over a much larger area of downtown Milwaukie. However, the Mixed Use Overlay was deleted from the downtown and riverfront areas with adoption of specific downtown zones. These two sites are the only areas in Milwaukie that retain the Mixed Use Overlay.
10. The regulations applicable to Areas B & C are complicated by the overlapping nature of the ROC zone and the Mixed Use Overlay. Staff has found it difficult to interpret and implement the overlapping regulations. Excerpts of key provisions of the base zone and the overlay are highlighted in Table 4 on the following page.



Table 4 – Summary of Key ROC and Mixed Use Overlay Standards

Standard	ROC Zone (Section 19.309)	Mixed Use Overlay Zone (Section 19.318)
Permitted Uses	<p>SF detached, attached, MF condominiums, apartments, congregate housing, senior and retirement housing</p> <p>Office uses; banks</p> <p>Retail trade such as food store, drug store, hardware store selling primarily from a shelf-goods inventory</p> <p>Personal service businesses</p> <p>Commercial recreation (theater)</p> <p>Eating establishment; hotel or motel;</p>	<p>Same range of uses listed in the ROC Zone is permitted the Mixed Use Overlay.</p> <p>The following additional uses are listed in the MU Overlay: (1) brew pub which serves food (2) service station without mini-mart (3) farmers market (4) public park or community meeting area (5) youth center</p> <p>Uses allowed in the Business Industrial (BI) zone are permitted and do not have to comply with design standards.</p>
Conditional Uses	Boarding, lodging or rooming house	-
Use Restrictions	At least 50% of the floor area within a project shall be used for residential purposes	Auto-oriented and drive-in uses (except service stations with approved conditional use)
Lot Size/Density	<p>Minimum lot size of 5000 SF for first dwelling; not less than 1400 SF for each dwelling unit over one.</p> <p>Setbacks and other standards don't address non-residential uses</p>	Opportunity for residential densities between 25-50 units/acre.
Maximum Height	3 stories or 45 feet, whichever is less	Not clear
Maximum Lot Coverage	50% of total area of lot	None – replaced with site design review
Minimum Density	<p>25 to 32 units/net acre (for proposals subject to Minor Quasi-Judicial Review);</p> <p>No minimum FAR specified for non-residential uses</p>	Not clear if minimum density requirements of the ROC zone apply; opportunity for residential densities up to 50 units/acre
Development Review/Design Standards	No	Yes – Planning Commission review of site plan; standards for location of parking, building orientation, ground floor windows, design features



Areas B & C – Issues, Opportunities & Constraints

1. Areas B & C have been identified as key “opportunity” sites for more than 10 years, yet no development has occurred.
2. The existing zoning regulations applied to these two sites are unnecessarily complex. Because the ROC zone and Mixed Use Overlay is only applied to these two areas of Milwaukie, amending the text of the zoning would not affect other properties.
3. The code requirement that at least 50% of the “floor area within a project” shall be used for residential purposes is not clear. Allowing mixed use is good, but mandating mixed use for each “project” may be inhibiting development.
4. Allowing business industrial uses on these sites provides additional flexibility in terms of uses along with the opportunity to avoid Measure 37 claims.
5. Some of the design requirements of the Mixed Use Overlay (60% ground floor windows) were appropriate as an interim tool in the downtown, but may be unduly restrictive for these sites.
6. The location, size, and limited number of owners in these two areas are relatively unique in an urban setting in proximity to downtown Milwaukie. Any amendments to zoning regulations should allow/encourage mixed use and assure high quality/cohesive design.

Alternative Approaches and Next Steps

Area A – Myrtle Street

- ❖ Existing policies and objectives in the Town Center Plan and Comprehensive Plan provide adequate support to rezone Area A from High Density Residential (R1 & R2) to Commercial (CG or CCS).
- ❖ The market study supporting the Gramor zone change application identified a “need” for additional commercial zoning in Milwaukie and implied that the Myrtle Street block would likely be rezoned at a future date. However, the larger area of CG zoning to the northwest of Area A is currently underutilized. The City may want to encourage intensification of commercial uses in that area before expanding the inventory of CG zoning.
- ❖ ODOT and other agencies (Metro, DLCD) did not oppose the previous zone change.
- ❖ If the city initiates a rezoning of Area A, the city will bear the costs associated with the effort (transportation assessment, public outreach, staff analysis and findings, etc.). A city-initiated effort will not necessarily result in redevelopment of the block, particularly if land prices escalate dramatically and/or individual property owners refuse to sell.
- ❖ The city could also support property owner and/or developer efforts to aggregate and rezone the block. As one option, the city could wait to see if the parcels could be aggregated by a developer, and then step forward to initiate a legislative zone change.



- ❖ The City Attorney should be consulted to determine if conditions of approval can be attached to a zone change to limit particular uses (such as drive-through facilities) or impose site design review that is not otherwise required in the CG zone.
- ❖ As another option, the city may want to consider whether a revised ROC zone (suggested for Areas B & C) might also be appropriate for Area A.

Areas B & C – Murphy Plywood & McFarland Sites

- ❖ A broad variety of land uses is allowed on these two sites, but the overlapping requirements of the ROC zone and the Mixed Use Overlay are overly complex.
- ❖ Because the ROC zone and Mixed Use Overlay only applies in these two areas, initiating a legislative change to the text of the zoning ordinance is less complicated because it would affect a limited number of property owners.
- ❖ The Planning Commission appeared interested in greater flexibility and fewer requirements on the mix of uses, combined with greater attention to design elements such as building orientation, location of parking, etc.
- ❖ The city might have an option to apply for TGM funding to complete more detailed urban design planning for this area. In particular, Area C could be a good candidate for “Quick Response” funding with a pending development proposal (credit union). For information on the program, contact Eric Jacobson by e-mail at Eric.Jacobson@state.or.us or by phone at (503) 373-0050, ext. 265.
- ❖ Outreach to the property owners, potential developers, surrounding neighborhoods and other stakeholders will be critical to any effort to change the text of the ROC zone.
- ❖ I recommend that the Mixed Use Overlay be deleted and the base ROC zone revised to better position these sites for development. However, similar to the changes to the Downtown Zones, changes to the zoning text should not be completed in a vacuum. The zoning is more likely to enable and even facilitate the type of development the city wants if it is linked with an urban design framework.

Additional Recommendations for Staff

1. Schedule meetings with the Dept. of Land Conservation & Development and Metro staff to discuss the changes in circumstances for these areas (particularly related to the change from a “regional” to a “town center” and final recommendations on light rail). Revisit the housing and job targets and explore opportunities for changes to the zoning text and/or map to facilitate development.
2. Contact the owner and potential developer of a portion of Area C to see if they might be interested in pursuing a “Quick Response” grant for urban design assistance. This is a voluntary program that is only available if the owner/developer and city are all willing to participate.



3. As part of the pending TSP update, identify potential options for connecting the local street grid in these opportunity areas.
4. As part of the upcoming periodic review, explore options to implement clear & objective design standards and/or discretionary design review outside of the downtown area – with a particular emphasis on commercial zones.