



Where Life is Sweet

Members of the Planning Commission

STAFF REPORT

For the Meeting of June 11, 2025

Title/Subject

Zoning Map Amendment & Conditional Use Permit The HUB Hermiston, LLC 4N2811AD TL 100 - 963 E Diagonal Blvd

Summary and Background

The planning commission is holding a hearing to consider multiple land use actions on property located at 963 E Diagonal Blvd. The property is described as 4N 28 11AD Tax Lot 100 and is split zoned. The north 8.36 acres is zoned Medium-High Density Residential (R-3) and the south 3.71 acres is zoned Outlying Commercial (C-2). The applicant seeks to amend the zoning designation of the south 3.71 acres from C-2 by adding the Neighborhood Commercial Overlay (NCO). The NCO designation adds multi-family housing and mini-storage to the permitted C-2 uses. Properties with the NCO designation may apply for conditional use permits for multi-family housing and mini-storage. The planning commission will also consider the proposed conditional use permit for the multi-family housing and mini-storage.

In addition to the land use actions being considered by the planning commission for this property, there are two additional land use actions under consideration which are administrative decisions by planning staff. Administrative decisions on this property consist of a site plan review and two middle housing land use adjustments. The site plan review is for the 210 multi-family units on the north 8.36 acres of the site. The middle housing land use adjustments are a new statewide process established under SB 1537 from 2024 allowing developments producing new housing to request up to 10 deviations from existing land use regulations of up to 10%. Requested deviations are "shall approve" per SB 1537 provided the applicant meets the statutory burden of proof. In this case, the developer has requested two deviations. The first is a density increase of 3% allowing 270 units on the site. Without the deviation, the site density is limited to 262 units. The second deviation is a maximum building height deviation of 10%. The maximum building height in the R-3 zone is 35 feet and the applicant requested to increase the maximum building height to 38.5 feet to allow for pitched roofs.

Per §157.232 of the Hermiston Code of Ordinances, where multiple land use permits or zone changes are required, the hearings and applications may be applied for and conducted at one time. Therefore, the hearing before the planning commission will consider the zone change and conditional use permit as one hearing and one decision by the planning commission. The administrative decisions have been prepared by staff and are included in the planning commission packet. Using this criteria the city has provided a single public notice using the most restrictive noticing requirement in the code. One notice was provided to all property owners

within 300 feet of the site and providing 20 days for the submission of comments on the zoning amendment and 14 days for the site plan, middle housing land use adjustments, and conditional use land use actions. The site plan and middle housing land use adjustment require only 100 feet and 14 days of noticing, but the notification radius was expanded due to the combined application process and increased impact from the development.

The area under consideration is majority residential. The land to the north is considered open space and contains the Baker's Pond wetland area, an electric substation, and rural single-family development. Land to the west contains commercial/industrial development (O-So-Kleen) and the Santiago Manufactured Dwelling Park. Land to the south is developed with single-family residential development, a church, and Sandstone Middle School. Land to the east is developed with the Diamond Run development, Sandstone Middle School, and two acres of vacant commercial land. The property location on a major collector street, in close proximity to a middle school and walking distance to two elementary schools, and with a variety of housing within 500 feet is well-suited to accommodate multi-family housing and mini-storage uses.

The proposed zone change adds the Neighborhood Commercial Overlay to the existing Outlying Commercial zoning on the south 3.71 acres of the site. The entire development site was rezoned in 2017, changing the zoning from Light Industrial to a mix of residential and commercial zoning. At the time, the city recognized that industrial zoning was no longer appropriate for the site given the relocation of the state highway from Diagonal north to Elm Avenue and the ongoing residential development in the area. Given the major collector status of Diagonal Blvd, the planning commission felt that there was sufficient potential for continuing the Main Street commercial development eastward and creating a new commercial node at the intersection of NE 10th Street and Diagonal Blvd. Eight years has now passed with no interest shown in commercial development on the Diagonal frontage. Staff agrees with the applicant that adding the NCO overlay is appropriate. There are two additional lots which are not part of this development and located at the intersection of NE 10th Street and Diagonal which retain the exclusive C-2 zoning and may provide satisfactory commercial sites in the future.

Amendments to the zoning map are subject to the approval criteria in §157.226 of the Hermiston Code of Ordinances and are considered a quasi-judicial land use action. Quasi-judicial land use actions have an impact on a specific site and do not have widespread and significant impact beyond the immediate area of proposed amendment. When considering an amendment to the zoning map, the City must consider four criteria, as well as how the proposal complies with the statewide planning goals. The four criteria applicable to the proposal are contained in 157.226(E) of the Hermiston Code of Ordinances and are as follows:

1. The change is in conformance with the Comprehensive Plan and also the goals and policies of the plan;
2. The showing of public need for the rezoning and whether that public need is best served by changing the zoning classification on that property under consideration;
3. The public need is best served by changing the classification of the subject site in question as compared with other available property;
4. The potential impact upon the area resulting from the change has been considered.

§157.208 of the Hermiston Code of Ordinances provides the method and approval criteria necessary for approving or denying a conditional use. The specific findings required by this section are:

1. The proposal is in conformance with the comprehensive plan and zoning code.
2. The property is adequate in size and shape to accommodate the proposed use, together with all other zoning requirements and any additional conditions imposed by the planning commission.
3. Public facilities are of adequate size and quality to serve the proposed use.
4. The proposed use will prove reasonably compatible with surrounding properties.

In granting a conditional use permit, the planning commission may impose, in addition to those standards and requirements expressly specified by the zoning code, any additional conditions they consider necessary to protect the best interests of the surrounding property or the city as a whole. These conditions may include increasing the required lot size or yard dimensions; limiting the height of buildings; controlling the location and number of off-street parking and loading spaces required; limiting the number, size and location of signs; requiring screening and landscaping to protect adjacent property and any other condition deemed necessary by the commission.

The applicant has provided a seven page narrative in support of the rezoning and an additional four page narrative supporting the conditional use permit. The narratives constitute findings of fact in support of the application and address each criteria in 157.226 and 157.208 respectively. For the planning commission's reference, the findings state that a traffic impact analysis is not required and this fact is true under the Transportation Planning Rule for map amendments (OAR 660-012-0010). However, a TIA was still prepared to support the overall site development and is included in the application materials before the planning commission.

The amendment of the zoning on the property to the NCO overlay includes development of multi-family housing as an optional use and in fact 60 units are proposed within the NCO portion of the site. The city's 2021 Housing Needs Analysis finds that the city has a need for 298 multi-family housing units in groups of five or more between 2021 and 2040. This amendment and conditional use permit specifically addresses and satisfies 20% of the city's large scale multi-family need for the next 20 years. The overall development of 270 units satisfies 90% of the city's large-scale multi-family housing need.

With the approval of the two middle housing land use adjustments and rezoning of the southern portion of the property to NCO, all city requirements are satisfied in the overall development of 270 multi-family units. The NCO zoning requires residential units in NCO land to be subject to the R-3 residential development standards. The development standards regarding building height, lot coverage, setbacks, parking, and other applicable provisions are satisfied as follows:

Standard	Requirement	Provided
Lot size 157.027(C)(2)	2,000 square feet per dwelling unit (270 x 2,000 = 540,000 square feet)	525,770 square feet + 3% middle housing adjustment of 15,700 square feet for a total of 540,000 square feet
Setback front 157.027(D)(1)	20 feet	20 feet
Setback side 157.027(D)(2)	5 feet	15 – 21 feet (varies)
Setback rear 157.027(D)(3)	25 feet	Not applicable, both Diagonal and Jennie Avenues constitute front lot lines as both provide vehicular access

Height of building 157.027(E)	35 feet	38.5 feet after middle housing adjustment of 10%
Lot coverage 157.027(F)	45%	20%
Parking	426 spaces	460 spaces

Approval of a conditional use permit for 68 mini-storage units is not subject to as strict a set of development standards as residential uses. The NCO zoning standards require a 20-foot setback from a public street and this requirement is met. Zoning standards for storage require one parking space per 1,000 square feet of warehouse area. There is 14,000 square feet of mini-storage space. The overall site development has adequate parking to accommodate both the 426 required multi-family spaces and 14 mini-storage spaces (440 total) with 460 spaces. There is no lot coverage requirement in the NCO requirement. Additionally, one story mini-storage units will comply with the 50 foot building height requirement in the NCO zone.

The overall impact to the neighborhood and traffic system has been considered. The attached report from Enloe Consulting, LLC documents the traffic impacts resulting from full build-out of the development. The report has been reviewed by engineers at ODOT and Anderson Perry. The report considers the 20-year impact of the housing development as well as the mini-storage with the entire development utilizing two driveways on Diagonal Blvd and one on E Jennie Ave. Under existing conditions, all studied intersections operated within acceptable parameters for both level of service (essentially the wait at each intersection) and for vehicle capacity ratios. The development will generate approximately 109 morning peak hour trips and 140 evening peak hour trips. Crash rates are at acceptable levels. At full build-out in 2026, all intersections will continue to operate within the standard level of service and at acceptable vehicle capacity ratios.

In order to lessen the traffic impacts, the city is planning to complete the extension of E Jennie Ave between NE 10th Street and NE 8th Place. This extension will complete the connection of E Jennie between NE 4th Street and NE 10th Street creating a new circulation alternative which will help drain trips from the development to typical destinations to the north and west. The developer will be required to participate in the planned LID for the construction of E Jennie Ave and the Santiago Manufactured Dwelling Park adjacent to the west is also required to participate in the LID completing 56% of the total improvement necessary to E Jennie Ave. Per the traffic analysis, the completion of E Jennie Ave is not necessary for safe functioning of the development, but is recommended to better improve circulation on the east side of Hermiston. Twenty feet was dedicated to E Jennie Ave as part of the partition plat creating the lot upon which the development sits. The twenty-foot dedication was included on Partition Plat 2021-15.

General improvements are required as part of the development approval and are similar to those required for the adjacent Santiago manufactured dwelling park which has a similar number of units and the Diamond Run subdivision to the east. Specifically, improvements to E Diagonal Blvd consistent with urban major collector status are required along the frontage of the site. The property has approximately 1,130 feet of frontage on E Diagonal Blvd and the entirety of the property frontage shall be improved with curb, gutter, sidewalk, infill paving, and left turn lanes to service the two Diagonal driveways. An agreement to not remonstrate against a future LID for E Jennie Ave is required per 157.164(D). A full list of recommended conditions are attached to this report.

The size and scope of the applications in front of the planning commission combined with the administrative actions reviewed by planning staff require considerable attention to detail and

consideration of potential impacts. Additionally, some of the items are subject to interpretation by staff and the planning commission. Discovering a consensus on regulatory interpretation is an important part of the hearings process. For example, the staff interprets both E Jennie Ave and E Diagonal Blvd as front lot lines based on providing vehicular access.

Conditions of approval for the development are recommended to be adopted as part of the conditional use approval. Staff has prepared conditions of approval for the development which may be considered part of the administrative site plan approval, but in order to streamline the process, they are presented as overall development conditions and recommended for approval by the planning commission.

Additionally, separate findings have been prepared for both the rezoning and conditional use permit. Staff recommends that the planning commission consider the findings as a whole for adoption through one motion, subject to any amendments the planning commission requires.

Tie-In to Council Goals

This development satisfies council goal 1.7 - *Attract market-rate rental housing developments to increase middle housing inventory*

Fiscal Information

Until the property is fully constructed and assessed, it is difficult to produce an accurate statement of fiscal impact. However, similar multi-family developments county-wide have valuations of over \$20,000,000 and produce approximately \$250,000 in annual property tax revenue.

Alternatives and Recommendation

Alternatives

The planning commission has several alternatives with this proposal.

- Recommend to the city council approval or denial of the rezoning from Outlying Commercial to Neighborhood Commercial Overlay
- Approve or deny the conditional use permit for 60 multi-family units in the NCO zoned portion of the site
- Approve or deny the conditional use permit for 68 mini-storage units in the NCO zoned portion of the site

Recommended Action/Motion

Staff recommends approval of the land use package as submitted. The following motions are recommended:

- Motion to make the project file a part of the record
- Motion to adopt findings of fact in support of adding the Neighborhood Commercial Overlay to the south 3.71 acres of the site and in support of a conditional use permit for construction of 60 multi-family units and 68 mini-storage units
- Motion to recommend approval of adding the Neighborhood Commercial Overlay to the south 3.71 acres of the site

- Motion to approve a conditional use permit for 60 multi-family residential units and 68 mini-storage units, contingent upon approval of adding the Neighborhood Commercial Overlay to the south 3.71 acres of the site by the city council.
- Motion to impose conditions of approval

Submitted By:

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