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MEMORANDUM

Community Development

To: Mayor Jackola and City Council
From: Kelly Hart, Community Development Director
Subject: DCA-25-01 – Proposed Development Code Amendment to implement portions of the adopted Housing Production Strategy

Date: June 2025

I. INTRODUCTION

In August 2023, the City adopted its first Housing Production Strategy, which included 19 strategies and actions to be implemented over the next eight years to promote housing production in Lebanon. A Department of Land Conservation and Development (DLCD) grant was obtained to help the City conduct a development code amendment process, to implement the first round of strategies and action items. MIG, Inc. was provided as a consultant through DLCD to assist the Community Development Department with the scoping, research, engagement, and development of the necessary code amendments.

The City began working on the code amendment process with MIG in March 2024, starting with a policy and code review, and assembling the Project Advisory Committee (PAC) to help guide the code development. The PAC included members of the Planning, Building, Engineering, and Police Divisions in the City, the Fire District, Lebanon Community School District, Udell Engineering, Western University of Health Sciences, Farmworker Housing Development Corporation, Hayden Homes Developers, and representatives of the Planning Commission and City Council. The PAC met four times throughout the code update process to provide feedback on the code package and guide the code development process.

In addition, three joint meetings with the Planning Commission and the City Council were held throughout the process to verify that the proposed code updates aligned with the policy directives of the adopted Housing Production Strategy. This also provided an opportunity for the public to be updated on the code updates process.

With input from the PAC, Planning Commission, and City Council, the code update package has been finalized and is prepared for adoption.

II. CURRENT REPORT

The code package includes implementing eight strategies and action items from the Housing Production Strategy, code amendments to address State law compliance, and minor updates for code clarity and consistency. The specific Housing Production Strategies implemented

and a description of how they are addressed in the code changes are included below. The whole code language and detailed amendments are included as an exhibit to this report.

- **Action 1.1** – Encourage smaller, single-family detached homes: Create a new small lot single-family land development tool to allow single-family detached houses on smaller lot sizes from 2,500 to 3,500 square feet in the Residential Mixed Density (Z-RM) and Mixed Use (Z-MU) zones.

Code Update: Allow small lot single-unit dwellings by right in the Residential Mixed Density (Z-RM), Residential High Density (Z-RH), Mixed Use (Z-MU), and Neighborhood Mixed Use (Z-NMU) zones.

Minimum Lot Area	2,500 square feet
Minimum Lot Width	30 feet
Maximum Lot Coverage	60%
Front Setback	Interior Lots: 10 ft Corner Lots: 10/10 ft
Side Setback	5 ft
Rear Setback	10 ft
Maximum Height	25 feet, all zones
Parking	2 spaces/dwelling

- **Action 1.2** – Promote cottage cluster housing: Amend the current cottage cluster regulations to increase opportunities for cottage cluster developments. Code changes could include: increasing the number of cottages allowed on one site from the current allowance of four; scaling the number of units permitted based on site area; and/or adopting a maximum average floor area of 1,200 square feet per dwelling to encourage smaller, more affordable units.

Code Update: Allow cottage clusters, subject to an Administrative Review application in the Residential Mixed Density (Z-RM), Residential High Density (Z-RH), Mixed Use (Z-MU), and Neighborhood Mixed Use (Z-NMU) zones.

Minimum Lot Area	7,000 square feet
Minimum Lot Width	50 feet
Maximum Lot Coverage	exempt
Front Setback	Interior Lots: 10 ft Corner Lots: 10/10 ft
Side Setback	5 ft
Rear Setback	10 ft
Maximum Height	25 feet, all zones
Maximum Unit Size	900 square feet (tiny homes authorized), 1,400 square feet for the community room

Parking	Studio or one bedroom: 1 space/dwelling Two or more bedrooms: 2 spaces/dwelling
Open Space	Required to be oriented around a shared courtyard, specific standards are provided.

- **Action 1.3** – Simplify infill design standards: Evaluate options for simplifying or eliminating the Infill Design Standards (Section 16.05.110 in the Lebanon Development Code) or replacing them with a set of explicit, clear, and objective standards.

Code Update: Section 16.05.110 “Infill Standards for Residential Zones” is proposed to be eliminated. All underlying zoning standards will remain in place.

- **Action 1.5**—Allow manufactured home parks as an outright use and remove subjective criteria: To comply with state statute and remove subjective criteria from standards for manufactured home parks, allow Manufactured/Mobile Home Parks as an outright use in residential mixed density (Z-RM), residential high density (Z-RH), and mixed use (Z-MU) zones.

Code Update: Subject to an administrative review application, manufactured dwelling parks would be allowed in all residential and mixed-use zones.

Minimum Lot Area	One acre or larger
Permitted Uses	Single unit residences, tiny homes, manufactured dwellings, park manager’s office, home occupations, and accessory structures
Dwelling Space Size	2,500 or 1,200 square feet for a tiny home, provided overall density does not exceed 12 du/ac. Each space shall be at least 30 feet wide by 40 feet long.
Dwelling Separation	10 ft/14 ft with flammable storage
Front Setback	Interior Lots: 15 ft Corner Lots: 15/15 ft
Side Setback	5 ft
Rear Setback	5 ft
Maximum Unit Size	900 square feet (tiny homes authorized), 1,400 square feet for the community room
Parking	2 spaces/dwelling, plus 1 visitor space for each 10 dwelling spaces

- **Action 1.6** – Allow Tiny Homes on Wheels (THOW) as permanent dwellings under certain conditions: Develop a regulatory framework that would allow THOWs to be permanently occupied as dwellings under certain conditions. The regulatory framework should address siting, utilities, sanitation, exterior appearance, and other issues.

Code Update: THOWs or tiny homes would be allowed in manufactured dwelling parks, cottage clusters, or Accessory Dwelling Units only.

Placement	Hard, all-weather surfaced slab or foundation.
Roof	Pitched with a slope not less than 3 feet in height for each 12 feet in width (14 degrees)
Screening	Skirting must be provided around the chassis or wheels of the support structure.
Utilities	Each tiny home must be connected to water and sewer services.

- **Action 2.4** – Restructure zoning incentives for income-restricted units: Redesign the current density bonus for affordable housing (income-restricted) to increase its effectiveness and target the highest-priority housing needs.

Code Update: Propose to update the density bonus section of the code to provide incentives as mandated in State Law (e.g., height bonus, density), while providing incentives for affordable units on a graduated scale based on the percentage of the development dedicated towards affordable housing.

Open Space Bonus	0-10%	>0.25 from a park	<0.25 from a park
	10-25%	20%	25%
	20-50%	10%	15%
	>50%	0%	0%
	>50%	0%	0%
Lot Coverage Bonus	5-10%	70% max coverage	
	10-25%	80% max coverage	
	>25%	90% max coverage	
Parking	40%	10% reduction	
	75%	15% reduction	
	100%	20% reduction	

- **Single-Unit Detached Dwelling Placement Standards**—The current development code includes design standards for manufactured dwellings outside parks. However, these standards do not currently conform to state law. Therefore, the PAC proposes a set of basic design standards for single-unit detached dwellings on an individual lot in residential zones. This ensures the residential character of a neighborhood is being maintained while fully adhering to state law and allowing all types of manufactured dwellings on a residential lot.
- **Miscellaneous Code Updates** – At staff’s request, a few sections of the development code are also proposed to be modified for clarity purposes, and further compliance with HB 2001.
 - The earned parking reduction for bicycle parking is proposed to be simplified.

- The Zero Lot Line Housing section is proposed to be simplified, mirroring neighboring jurisdictions that have successfully implemented zero lot line housing. In addition, at the direction of the PAC, the zero lot line housing lot area is also proposed to be reduced to 2,500 square feet to be consistent with the small lot single-unit dwelling option.
 - The Motor vehicle access management section for flag lots is simplified to comply with HB 2001.
 - The nonconforming section of the code is proposed to be updated for clarity and further conformance with the latest state guidance.
 - Miscellaneous definitions to provide clarity and address new uses.
- **Modification for State Law Conformance**—Several sections of the code are proposed to be added to address several State statutes passed in recent years that have not been codified in the city’s code. The city has been acting in compliance with the State statutes. However, it is best practice when conducting a code update to codify the state statutes not set to expire into city code for ease of reference. Below is a summary of those state statutes that are to be codified in the code:
 - Affordable Housing on Non-Residential or Public Land - Senate Bill 8 (2021) requires local governments to allow affordable housing without requiring a zone change or conditional use permit if specific criteria and standards are met.
 - Emergency Shelter Conversions and Affordable Housing—HB 3261 (2021) requires cities to allow motels and hotels to convert to emergency shelters. Cities must allow these conversions outright, except that conditions of approval may be included to ensure building code and occupancy limits are met. Cities may also eventually allow hotels/motels converted into emergency shelters to be used for affordable housing.

The development code has included proposed criteria and standards that conform to best practices. Although these codes are proposed to be codified, the City has not been approached by any party to utilize these state statutes since they have been effective.

COMPREHENSIVE PLAN REVIEW – As part of the code update process, the comprehensive plan was evaluated to ensure that existing housing goals and policies do not conflict with potential regulatory recommendations meant to remove barriers to housing production and increase housing choice in Lebanon. The Comprehensive Plan, which was adopted in 2004 and last amended in 2023, includes a robust collection of goals and policies that support housing production. Specifically, Comprehensive Plan Chapter 6, Housing, includes six overarching goals and fifty-two policies, most of which support the HPS recommendations and the objectives of this Code update project. The following policies are directly supportive of the HPS and potential Code updates:

- Policy P-1: Allow manufactured housing, subject to state building code requirements and City placement requirements, in all residential zones, while maintaining historical and architectural conformity with the established historic neighborhoods.

- Policy P-9: Allow density bonuses (e.g., an increase in the number of permitted dwelling units vis-à-vis the minimum site area requirements) for the provision of affordable housing within a development.
- Policy P-11: Periodically review Zoning Ordinance and other land use regulations to assure that barriers do not inhibit the building of the variety of types and densities of housing that is affordable for all segments of Lebanon's residents.
- Policy P-30: Ensure that the Comprehensive Plan Map provides opportunities for a variety of housing types, densities and locations within the Urban Growth Boundary area including both the area inside the City limits and the Urban Growth Area.
- Policy P-31: Ensure that the Zoning Map or Land Use Map, any special zoning overlay maps and the Development Code provide opportunities for a variety of housing types, densities, and locations within the City Limits.
- Policy P-32: Recognize condominium ownership, manufactured housing, and attached single-family homes as legitimate and affordable housing alternatives and permit their development within the City.
- Policy P-37: Allow and encourage a variety of housing types to accommodate the demands of the local housing market.
- Policy P-41: Periodically review ordinances for applicability to the current trends in the housing market to ensure the new concepts in housing are not restricted unduly by regulations.
- Policy P-42: In order to assure choices of housing types and costs, provide the opportunity to develop detached and attached single-family units, duplexes, garden apartments, town houses, multiplex units and boarding houses, lodging, or rooming houses, and manufactured housing.
- Policy P-43: In order to assure choices of housing types and costs, provide the opportunity to develop detached and attached single-family units, duplexes, garden apartments, town houses, multiplex units and boarding houses, lodging, or rooming houses, and manufactured housing.
- Policy P-45: Encourage use of energy efficient building materials and practices in the design, construction, and remodeling of housing.
- Policy P-46: Adopt standards for zone changes and subdivision plat reviews that are clear, nonarbitrary, and objective.
- Policy P-47: Periodically review standards to determine whether they are vague, discretionary, or subjective and take necessary action to make these standards clear and objective.
- Policy P-49: Not impose special conditions on residential development that would discourage provision of needed housing types through unreasonable cost demands or processing delays.
- Policy P-52: Develop manufactured housing placement standards, consistent with State law, that maximizes design and construction standards that are in harmony with existing neighborhood character and/or type or intensity of uses.

The recommended Code updates are intended to improve opportunities for various housing types and remove regulatory barriers to housing production. The current Comprehensive Plan policies do not pose any critical issues or contradictions with the HPS recommendations or anticipated Code updates. As such, no modifications to the comprehensive plan are proposed currently.

The proposed text for the Code Amendment and the findings to support the adoption of the Development Code Amendment are found in Exhibits A & B of the attached Ordinance for consideration.

III. RECOMMENDATION

1. The City Council:

- a. Conduct a public hearing; and
- b. Adopt the proposed Ordinance amending various chapters of the Lebanon Development Code to include various new housing options and amend existing housing types to comply with state law and implement the city's adopted Housing Production Strategy.