



# **PLANNING COMMISSION**

## **WEDNESDAY, JULY 10, 2024**

### **ADMINISTRATIVE MATTERS**

1. Consideration of the June 12, 2024 PC Meeting Minutes



# PLANNING COMMISSION MEETING MINUTES

June 12, 2024 at 6:00 PM

City Hall Council Chambers & Remote Video Conferencing

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*Draft PC Minutes are to be reviewed and approved at the July 10, 2024 PC Meeting.*

## CALL TO ORDER - ROLL CALL

A regular meeting of the Wilsonville Planning Commission was held at City Hall beginning at 6:00 p.m. on Wednesday, June 12, 2024. Chair Andrew Karr called the meeting to order at 6:00 p.m., followed by roll call. Those present:

Planning Commission: Andrew Karr, Ron Heberlein, Sam Scull, and Yana Semenova. Jennifer Willard arrived after Roll Call. Nicole Hendrix and Matt Constantine were absent.

City Staff: Miranda Bateschell, Daniel Pauly, Sarah Pearlman, and Mandi Simmons.

## PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

## CITIZEN INPUT

This is an opportunity for visitors to address the Planning Commission on items not on the agenda. There was none.

## ADMINISTRATIVE MATTERS

1. Consideration of the May 8, 2024 Planning Commission Minutes

Chair Karr noted he had found a needed correction on Page 3.

Daniel Pauly, Planning Manager, stated the first full sentence on Page 3 should read, "ADU sized units would count as middle housing, but a small home **would not.**"

**Sam Scull moved to amend and approve the May 8, 2024 minutes as stated by Staff. Ron Heberlein seconded the motion, which passed unanimously.**

## WORK SESSION

2. Annual Housing Report (Pearlman)

Miranda Bateschell, Planning Director, presented a brief history leading to the Annual Housing Report. In 2014, the City adopted a residential land study as part of Goal 10: Housing, ensuring compliance with State housing requirements. The study involved periodic reviews to assess and compare

residential housing needs with available land. The City undertook similar efforts through the Housing Our Future Project, with a previous review in 2013.

- The City historically grew faster than regional projections, raising concerns about the 20-year land supply. Recommendations included examining Town Center redevelopment and planning development of Frog Pond West, East, and South, integrating these areas into the Urban Growth Boundary (UGB). A key recommendation was to create an annual housing report to track development and land use efficiency. The first report, released in 2015, included 2014 data and now, nine years of data was available. The report had expanded to cover affordability, comparisons with neighboring areas, and housing accessibility.
- The report's importance was expected to increase due to new State laws regarding the Oregon Housing Needs Analysis and the State's production and target dashboards for cities. Initially, no other cities were known to produce similar reports, but new legislation might encourage others to start.

Sarah Pearlman, Assistant Planner, presented the 2023 Wilsonville Annual Housing Report, displayed via .pdf, noting the state of housing in Wilsonville, highlighting new housing permits, significant development projects, and the number of new housing units, which slightly exceeded the City's population growth. The City's focus on mobility-friendly housing revealed varying levels of accessibility across the city.

- Critical issues included housing affordability and availability. Median home prices and rent levels exceeded what was affordable for median-income households. Wilsonville was listed among the State's severe rent-burdened cities for the first time in 2022 and remained on the list for 2023, with over 28 percent of renters experiencing severe rent burden.
- The report compared Wilsonville's housing trends with similar cities, discussed the City's efforts to address houselessness, and examined the mix of housing types relative to household sizes. Ongoing challenges in housing affordability and the need for diverse housing, including mobility accessibility, in future developments were emphasized. No major structural or policy shifts were anticipated, and additional input from both the Planning Commission and the public was welcomed.

Questions from the Planning Commission were addressed by Staff follows:

- Not many cities in Oregon created comprehensive housing reports, so comparing Wilsonville to other communities in the area was difficult.
- Ms. Bateschell added that the County's report, which compared Wilsonville to the surrounding area, as well as data from the City's Housing Need and Capacity Analysis (HNCA) and Housing Our Future Program would be presented at a joint work session with the City Council in July. The County's report provided data on how Wilsonville compared regionally and with the County and provided actual projection data, rather than just the past year's activity. The City had a higher mix of housing than many neighboring cities and more multi-family residential units than any other city in the metro region, except for Portland, possibly. Overall, Wilsonville had a higher mix of multi-family, middle housing, and single-family homes, though
  - As noted, not all the neighboring cities compiled a report with the same level of detail to fully understand their housing inventory. However, new State mandates for housing needs and capacity analyses, changes in methodology, and the requirement to conduct this analysis every six years would make more data available. Some cities had completed their analyses, and the

same consultants assisting on those projects were also working on the City's project, so all that data was becoming readily available and would be presented.

- Ms. Pearlman confirmed the City's mix of percentages for one-to-four person households had remained consistent since 2019. (Table 7) She agreed to check for data on the city's age ranges of one-to-two person households to see which populations were choosing to live in a larger house or apartment than what they might need. (Table 6)
- The link to the Story Map was in the packet and available on the City's website.
- Mapping how interest rates were affecting housing would be an interesting data point to add to the Housing Report.

### 3. Frog Pond East and South Implementation-Development Code (Pauly)

Dan Pauly, Planning Manager, presented the Staff report via PowerPoint, providing an update on housing cost data for Frog Pond East and South and the approach to have more affordable options, knowing the area would not start getting built until 2026-2027. He acknowledged there being typos in the Staff report, particularly regarding 2024 Costs for Housing Types; however, the numbers displayed on Slide 5 were correct.

- He also provided additional follow up on the 82-page Code amendment package, highlighting elements that were substantially new or that raised new policy concepts not discussed previously, [his words—easy] which included new definitions for live-work units and business-integrated dwelling units (BIDUs), an updated list of allowed commercial uses, refined unit minimums in Table 6B, and added gateway requirements at SW Brisbane and SW Stafford.
  - He noted there were eight allowed commercial uses, not nine as shown in the Code, due to a Scrivener error.

Discussion and feedback from the Planning Commission was as follows with responses by Staff to Commissioner questions as noted:

- Mr. Pauly explained the median sales price of single-family detached homes was developed by ECONorthwest using data from real estate listings, including a mix of new and existing homes. Newly constructed homes in Frog Pond East and South would be on the high end of the scale. The housing would be built for both immediate and long-term affordability.
- Mr. Pauly explained the live-work units and BIDUs were intended to be long-term, residential units for employees or providers. Developers would not convert the residential units to commercial units later. An internal connection between the commercial and residential areas would be required, so the residential areas could not be leased separately.
- The additional work on the allowed commercial uses was appreciated. The list of allowed commercial uses was a broader, more inclusive, and made sense.
  - Mr. Pauly recalled that drive-through restaurants were omitted from the list of allowable commercial uses, other uses excluded from the Town Center, included multi-family, playgrounds, public and private parks, food carts and food cart pods, which could be parked on the street temporarily or be a temporary use in the parking lot.
    - He confirmed businesses would be allowed to have walk-up windows under the Code.
  - Mr. Pauly explained "or similar uses" could be added, but he believed the list of allowable commercial uses was rather inclusive. If the list was inclusive enough for Town Center, it was

likely to be inclusive enough for this development, considering the limited commercial square footage in Frog Pond East and South.

- Small businesses such as dog grooming and laundry mats would be allowed; likely falling under Personal and Professional Services.
- Mr. Pauly clarified that in Table 6B, the sum total of the minimum number of units was provided, but not the sums of the required middle housing, small units, mobility-ready units. The summation of the minimum units did add up to the minimum unit count for the entire project. Both the summations and findings would be provided during the adoption process. He noted for many smaller lots, the minimum would only be required if combined with a larger lot, so including an accurate sum might cause confusion.
  - Mr. Pauly confirmed the updated methodology for the unit minimums would help achieve the minimum 1,325 housing units in the development.
  - Commissioners were in favor of the consolidated and simplified methodology for calculating the minimum number of housing units.
- Commissioners supported adding the gateway marker at SW Brisbane and SW Stafford, suggesting that flexibility be given regarding the marker's dimensions.
  - Mr. Pauly confirmed the potential gateway marker was intended to be permanent, as the art would be substantial enough to not rotate as some smaller sculpture areas did in the city.
    - He confirmed the minimum height requirement for the gateway marker would be 20 ft, but that was subject to change and refinement. The idea was to provide potential clearance while also being substantial enough to be a true focal point.
- Mr. Pauly confirmed the Planning Commission's decision from last January to not recommend block-level variety was still in place, as block-level variety usually happened naturally without separate regulations. While multiple unit types might not occur within the block, another unit type would be located across the street.
- Graphics still needed to be added from Figure C-8 to Figure A-8 as discussed at the prior meeting to be a bit more prescriptive on the square pickets and thickness of the wall. (Page 58 of 82)
- Mr. Pauly confirmed this was the last time the Commission would review the proposed Development Code Amendments before the public hearing next month.

Commissioner Heberlein believed Staff had done a great job of trying to thread a very delicate needle of meeting expectations from both the Planning Commission and City Council, while also balancing developers' interests, desires, and needs, which was seen in the changes with the commercial center and adding flexibility for the work-live space. He thanked Staff for all the work they had done.

Mr. Pauly noted some items were still being refined, particularly with stormwater management and comments and concerns received both internally and externally, to make the Code was clear, objective, predictable, and workable, though he did not see the general approach shifting. Further comments were expected since the proposed Code amendments were posted on Let's Talk and would be sent out for comment prior to the public hearing; therefore, the Code would still have refinements.

Chair Karr called for public comment.

Mimi Dukas, AKS Engineering, representing West Hills, highlighted several areas of refinement still being worked through with Staff behind the scenes. West Hills wanted to ensure the planned densities

within the Master Plan could realistically be achieved while meeting stormwater standards and had done some work to see what stormwater improvements would look like for the Azar property, adding they wanted to have the right approach for stormwater, and that no additional requirements that would affect density.

- West Hills was also working through the challenges with Subdistrict 4 which included the Main Street. A sub district of that size typically required three different product types, but because commercial land was netted out of that area, only two product types might be required.
- The commercial component would be one of the trickiest pieces of real estate, as commercial real estate was very finicky, and wanted rooftops before any real customer base for that retail space was available; so the timing was somewhat the opposite of what was desired. With the live-work concept and the 50 percent retail frontage requirement, it was important to allow residential in the short term be able to convert it to commercial long term to allow some form of revenue short term until the retailers were ready. She did not believe Staff's proposed Code fully addressed this need and West Hills was still working through that component with Staff.
- She acknowledged the requirement for the gateway element in the roundabout area but expressed concern that the 20-ft height standard might be excessive.

Commissioner Semenova asked if Staff or the developers were gathering input about what worked and what did not from people in live-work units or were the floor plans already completed.

- Ms. Doukas replied the live-work unit concept was still tricky and had been tested out in a few different places and deferred to Dan Grimberg for a more complete answer, as West Hills had built many such unit types throughout Portland, which was probably the best test-case market. The live-work units were typically leased and filled store fronts in the short-term in areas like Witch Hazel and Hillsboro. Staff had concerns about these units tending to remain residential, resulting in scenarios like an insurance agent simply using the front office space while living in the house long-term. This development differed, as it involved substantial commercial construction costs for building out the units, creating higher motivation and market incentives to convert the units as quickly as possible to secure commercial rents. In the short-term, the residential use could act as a loss leader, providing some revenue.

Commissioner Willard noted the last time this was discussed, Ms. Dukas had concerns about not being able to meet the rules for middle housing, housing variety, or mobility-friendly units and asked if those details had been worked out with Staff.

- Ms. Doukas replied many discussions with Staff had taken place. Staff introduced some ability to blur across the districts for the mobility and small units if there was direct adjacency. The flexibility West Hills needed was now being provided by the adjacency requirement. Subdistrict 4 was the only area still being worked on.

Dan Grimberg, West Hills Development, expressed gratitude for the City's planning efforts and noted the efforts now needed to make the Code work. He noted variety requirements were unprecedented, but West Hills was trying to make it work. The company planned to build housing product that no one had ever constructed before, such as building ADUs on a widespread basis and mobility-friendly units in large numbers, all of which affected the value.

- He noted the concerns regarding the Stormwater Code, the lack of clear feedback from Staff on whether West Hills' submitted plans met the Code, and the Code's potential impact on development density and variety requirements. West Hills believed the plans met the Code

requirements. The Stormwater Code could significantly impact the density of development on the sites as well as the housing variety. Tables in the Code required a minimum number of certain unit types per subdistrict, which would all be impacted depending on the Stormwater Code interpretation.

- The Planning Commission would be asked to approve the proposed Development Code on July 10 and he was concerned that the Code would be approved but might not be able to be implemented because of the Stormwater Code. He urged the Planning Commission to consider the issue with Staff to ensure it would work.
- Regarding live-work units, he emphasized the difficulty in establishing viable retail/commercial in the area along Main Street on Brisband. Initially, West Hills planned to develop that area of the Azar property first, but there was no market for it; the commercial/retail space was on the main floor of a four-story building and could remain vacant due to market conditions. These vacancies could prevent developers from constructing the significant number of elevator-served, residential units above, which provided the affordable and mobility-friendly housing units in the development.
- West Hills sought more flexibility to allow live-work units initially for small start-up businesses with residential components rather than the strict requirements for committed retail, which were not realistic. Experienced consultants had stated rents expected for that area would be \$15 to \$20 per square foot; however, \$35 per square foot rent was required for a financially feasible project, which was the only way to get retail/commercial or residential units.
- He noted Portland had removed an active street-facing façade requirement from multi-family buildings due to marketability problems resulting in empty storefronts. Small businesses, big retail, and restaurants were struggling. West Hills asked for an understanding of the market's realities and allowing more flexible live-work options to make the project work.

Commissioner Willard sought clarification on West Hills' stormwater concerns and uncertainty about meeting the density. She recalled West Hills' planned density was significantly higher than that required and asked if the concern was about meeting West Hills' planned density or the Code's density requirements.

- Mr. Grimberg clarified only Subdistrict 4 may have exceeded the minimum density. The three-story walk-up apartments along Stafford Rd met all the design requirements and an alternate plan showed townhomes there. However, West Hills would not hit the minimums in the other districts.
  - Some tables changed last month due to concerns that the Stormwater Code would have a larger impact than originally planned, increasing the impact from the 5 to 7 percent range to a 10 percent range which required more density in the higher density urban form areas.
  - Different interpretations of the Stormwater Code could impact development. For example, the distributed pond approach could impact density by 10 to 15 percent, significantly impacting the project's feasibility and housing affordability.
  - West Hills believed a reasonable stormwater approach was needed to treat water without impacting the development area. Basic answers about the viability of the Stormwater Code and the live-work units were needed before the Development Code Amendments were adopted.

Commissioner Heberlein:

- Thanked Ms. Doukas and Mr. Grimberg for participating and providing valuable knowledge and information that helped him see a bigger picture and better perspective.

- Inquired if the concern about stormwater was more about the loss of value of the developable area or the unit requirements.
  - Mr. Grimberg replied it was both. Loss of value was big because the land cost was spread across all the homes and would affect house's selling price, so the fewer units, the more expensive the homes. The variety standards were also a concern. If the number of units were reduced while the minimum per unit type remained the same, it would not add up.
- Noted if the stormwater area was larger than expected, reducing the net developable area, then the number of overall required units would be reduced for all of the unit types. He asked if the math had been factored into addressing the developers' concerns. He understood the loss of value side, but was not clear about the other piece because reducing the net developable area would also reduce the required number of units of the different unit types.
  - Mr. Grimberg replied the ability to construct fewer units would allow West Hills to meet the Code, but that would not make a financially feasible development. West Hills wanted a successful community, but some of the Code components were affecting the financial feasibility, without which the development could not happen. Without flexibility on the live-work and help with the stormwater, he did not know what would happen.
- Confirmed with Staff that no discussion about a flexible time frame regarding the live-work units had occurred. He suggested a time-limited approach to allow flexibility with the live-work units in early years, particularly years one through five, and then allowing the provision to sunset within a defined period of time.
  - Ms. Bateschell noted the practical challenges of such an approach, particularly regarding resident rights. The suggested conversion would force residents to either create a commercial or retail workspace or be evicted. Additionally, the City had no control within that system once construction was completed and the live-work units were privately owned or managed.
    - Even from the initial concept plan, this particular area was planned as a commercial area and had now become mixed use buildings to integrate residential units into the Main Street. It would be designed to have a public realm frontage, but no requirements existed to actually have a work component within a live-work situation, so there was no guarantee the front space would be used for work. However, Staff could find out if other jurisdictions had any creative considerations that addressed the issue.
- Believed if the time frame for conversion was known up front, it would be less challenging than surprising residents that they had to move at the end. He encouraged Staff to explore other mechanisms to allow flexibility early on in the project.

Commissioner Willard expressed concern about the commercial requirement because a lot of commercial real estate was struggling, especially post-COVID.

Many services provided in-person previously were now being conducted virtually, so current knowledge about commercial real estate needed to be factored into the Code.

## **INFORMATIONAL**

4. City Council Action Minutes (May 6, 17 & 20, 2024) (No staff presentation)
5. 2024 PC Work Program (No staff presentation)



Staff noted the August Planning Commission meeting was cancelled and on Monday, July 15, a joint, in-person work session would be held with City Council at 5 pm on housing and Housing Our Future in Council Chambers. Staff also confirmed there would be a quorum for the Planning Commission's regular meeting scheduled for July 10, 2024.

Ms. Bateschell noted at the hour-long work session, Council and the Planning Commission would be briefed about the initial results of the Housing Needs and Capacity Analysis to get the Commission thinking about identifying and prioritizing housing production strategies over the next year, which would impact the City's housing efforts for the following six years until the analysis was conducted again. She confirmed the work session would likely be recorded and available on YouTube like all City Council work sessions. Hybrid options for attending the meeting could be discussed with the City Manager and City Council, if needed.

## **ADJOURN**

Commissioner Heberlein moved to adjourn the regular meeting of the Wilsonville Planning Commission at 7:46 p.m. Commissioner Scull seconded the motion, which passed unanimously.

Respectfully submitted,

By Paula Pinyerd of ABC Transcription Services, LLC. for  
Mandi Simmons, Planning Administrative Assistant