

Oregon Prefabricated and Modular Housing Model Code and Audit Workbook

DLCD Mass Timber Code-UP Project | February 27, 2024

Introduction

Purpose of the Model Code and Audit Workbook

This guidance document includes resources to assist local governments in updating their development codes to facilitate construction of prefabricated and modular housing. The document is formatted as an Audit Workbook, which is intended to help local government staff identify and address regulatory barriers to prefabricated/modular housing in their codes. It also provides Model Code language that can be adopted into local development codes to better facilitate this construction type.

Background on Mass Timber and Prefabricated (Modular) Housing

Mass timber modular housing is an innovative construction approach that combines the use of engineered wood products (mass timber) with the benefits of off-site modular construction. The result is an efficient and sustainable method for constructing housing.

Prefabricated housing can be assembled using a range of mass timber products, such as:

- Floor, wall, and roof panels
- Kitchen, bath, and laundry “pods”
- Panelized building “kits”

Mass timber includes engineered wood products that are manufactured by bonding layers of wood together using adhesives or other bonding methods. The resulting panels or beams offer exceptional strength, durability, and fire resistance.

Prefabricated/modular construction uses pre-engineered, factory-fabricated structures in three-dimensional sections that are transported to a job site, assembled, and finished. A prefabricated home is constructed to the same state, local, or regional building codes as site-built homes.

The terms “prefabricated” and “modular” are sometimes used interchangeably in local development codes. For the purposes of this workbook, the term “prefabricated” is used for consistency with state statute.

- Entire “volumetric” modular structures, framed primarily with mass timber and completed in the factory to the extent possible

Mass timber modular construction allows for quicker assembly compared to traditional site-built construction methods. This can help in the rapid deployment of housing solutions, especially in the aftermath of a wildfire or other disaster where there is an urgent need for housing.

Mass timber as a material and modular construction as a building method have several benefits:

- **Sustainability and Environmental Benefits:** Mass timber is a sustainable and renewable building material, providing climate benefits through its replacement of energy-intensive building materials like steel and concrete and storing carbon with a renewable resource. Manufactured mass timber panels help reduce the pollution and waste that come with site-built construction techniques. Mass timber also differs from traditional lumber in ways that can support improved forestry practices by sourcing smaller-diameter trees from lands that are being managed for conservation goals, supporting forest restoration and wildfire management.¹
- **Time and Cost Efficiency:** Because construction of all prefabricated building methods, including modular building, can occur simultaneously with the site and foundation work, projects can be completed faster than site-built construction. The streamlined



A rendering of prefabricated mass timber homes in a cottage cluster arrangement – rendering by Simone O’Halloran, University of Oregon

¹ “Why Mass Timber?” Oregon Mass Timber Coalition, accessed December 20, 2023, <https://www.masstimbercoalition.org/why-mass-timber>.

construction process, reduced on-site labor requirements, and potential for quicker project delivery contribute to cost-effectiveness.²

- **Design Flexibility:** Modular construction offers design flexibility, allowing for the customization of housing solutions to meet the specific needs and aesthetics of different communities.²

In 2021, the Oregon Department of Land Conservation and Development (DLCD) and several public agencies and research institutions formed the Oregon Mass Timber Coalition (OMTC). OMTC is committed to advancing an economic opportunity unique to our region by expanding Oregon’s traded-sector mass timber cluster through advanced manufactured wood products.

Many of the benefits and some of the same issues associated with mass timber prefabricated housing are also true for **all types of manufactured housing**.

OMTC’s mission to expand the use of mass timber to new markets in prefabricated modular single-unit homes has been funded through the federal American Rescue Plan Act’s signature Build Back Better (BBB) Regional Challenge competition, administered through the U.S. Economic Development Administration (EDA). A component of DLCDC’s work as part of the OMTC is to expand the use of mass timber modular housing types in Oregon cities by removing regulatory barriers to this form of housing in local planning and development codes.

To learn more about the Oregon Mass Timber Coalition visit:

<https://www.masstimbercoalition.org/>.

Overview of Statutory Framework

Oregon Revised Statute (ORS) Chapter 197, Comprehensive Land Use Planning, and Chapter 197A, Land Use Planning: Housing and Urbanization, provide direction for many of the zoning regulations in Oregon. Changes to state law, including House Bill 4064 (2022), have resulted in updates to the definitions³ and regulations related to manufactured homes and dwellings, prefabricated structures, and manufactured dwelling parks, including changes to ORS 197/197A that limit the types of standards that can be applied to those housing types. HB 4064 removed obstacles to the use of prefabricated structures on residentially zoned land and within manufactured dwelling parks. Modular housing commonly falls under the definition of prefabricated structures, as defined in the ORS.

² “What is Modular Construction?” Modular Building Institute, accessed December 20, 2023, <https://www.modular.org/what-is-modular-construction/>.

³ Some definitions in ORS 197A reference those in ORS 446.003.

Manufactured Homes and Prefabricated Structures

State statute requires local governments (inside an urban growth boundary) to allow manufactured homes (see below for a definition) and prefabricated structures on any property where a site-built single-unit dwelling would be permitted. (Historic districts and sites adjacent to a historic landmark are excluded.) Further, with a few exceptions, local governments cannot apply standards to prefabricated structures that are more restrictive than those applied to site-built dwellings.

Here is the applicable statute language:

ORS 197.478 (formerly 197.314)

(1) Notwithstanding any other provision in ORS chapter 197A, within an urban growth boundary, a local government shall allow the siting of manufactured homes and prefabricated structures on all land zoned to allow the development of single-family dwellings.

(2) This section does not apply to any area designated in an acknowledged comprehensive plan or land use regulation as a historic district or residential land immediately adjacent to a historic landmark.

[...]

(4) A local government may not subject manufactured homes or prefabricated structures within an urban growth boundary, or the land upon which the homes or structures are sited, to any applicable standard that would not apply to a detached, site-built single-family dwelling on the same land, except:

- (a) As necessary to comply with a protective measure adopted pursuant to a statewide land use planning goal; or*
- (b) To require that the manufacturer certify that the manufactured home or prefabricated structure has an exterior thermal envelope meeting performance standards which reduce levels equivalent to the performance standards required of single-family dwellings constructed under the Low-Rise Residential Dwelling Code as defined in ORS 455.010.*

The term “**single-family dwelling**” is often used in Oregon statute. However, this guide uses the term “**single-unit dwelling**” to mean the same thing – a single dwelling unit on a single lot intended for occupancy by one household. The term “single-unit dwelling” is a more inclusive term that encompasses various living arrangements and avoids potential biases or exclusions associated with the term “single-family dwelling.”

An example of an exception related to statewide land use planning goals is **Goal 7: Areas Subject to Natural Hazards**. The State Model Flood Hazard Management Ordinance has special standards for manufactured dwellings that do not apply to site-built dwellings. https://www.oregon.gov/lcd/NH/Documents/DLCD_Final_FEMA_Approved_OregonModelFloodHazardOrdinance_10232020.pdf

Prefabricated Structure Definition

The definition of “prefabricated structure,” as used in ORS 197.478, is specific to those prefabricated structures that are designed for use as single-unit dwellings (i.e., the definition does not include sheds or other nonresidential buildings).

ORS 197A.015 (formerly 197.286)

As used in ORS 197.475 to 197.493 and ORS chapter 197A: [...]

(10) “Prefabricated structure” means a prefabricated structure, as defined in ORS 455.010, that is relocatable, more than eight and one-half feet wide and designed for use as a single-family dwelling.

A “prefabricated structure” as defined in ORS 455.010 means “a building or subassembly that has been in whole or in substantial part manufactured or assembled using closed construction at an off-site location to be wholly or partially assembled on-site.” A prefabricated structure does not mean a “manufactured dwelling” (a residential trailer, mobile home, or manufactured home) as defined in ORS 446.003, or a “small home” (400 square feet or less built to a residential code) as defined in ORS 455.616 (referenced as “Section 2, Chapter 401, Oregon Laws 2019” or House Bill 2423 (2019)).

NOTE: A revised definition of “prefabricated structure” will become operative on January 2, 2026, when the “Small Home Specialty Code” is scheduled to sunset. The 2026 definition is provided in ORS Chapter 455 following the current version of ORS 455.010.

Manufactured Housing Definitions

The ORS provides specific definitions for various types of manufactured housing. The definition of “manufactured dwelling” includes: “residential trailers,” “mobile homes,” and “manufactured homes.” Examples of these types of dwellings are provided below and their definitions are included on the next page. The statutory requirement in ORS 197.478 to allow **manufactured homes** on properties where site-built single-unit homes are allowed does not apply to mobile homes or residential trailers.

Manufactured Home



*Built to current HUD standards
(Source: Oregon Manufactured Housing Association)*

Mobile Home

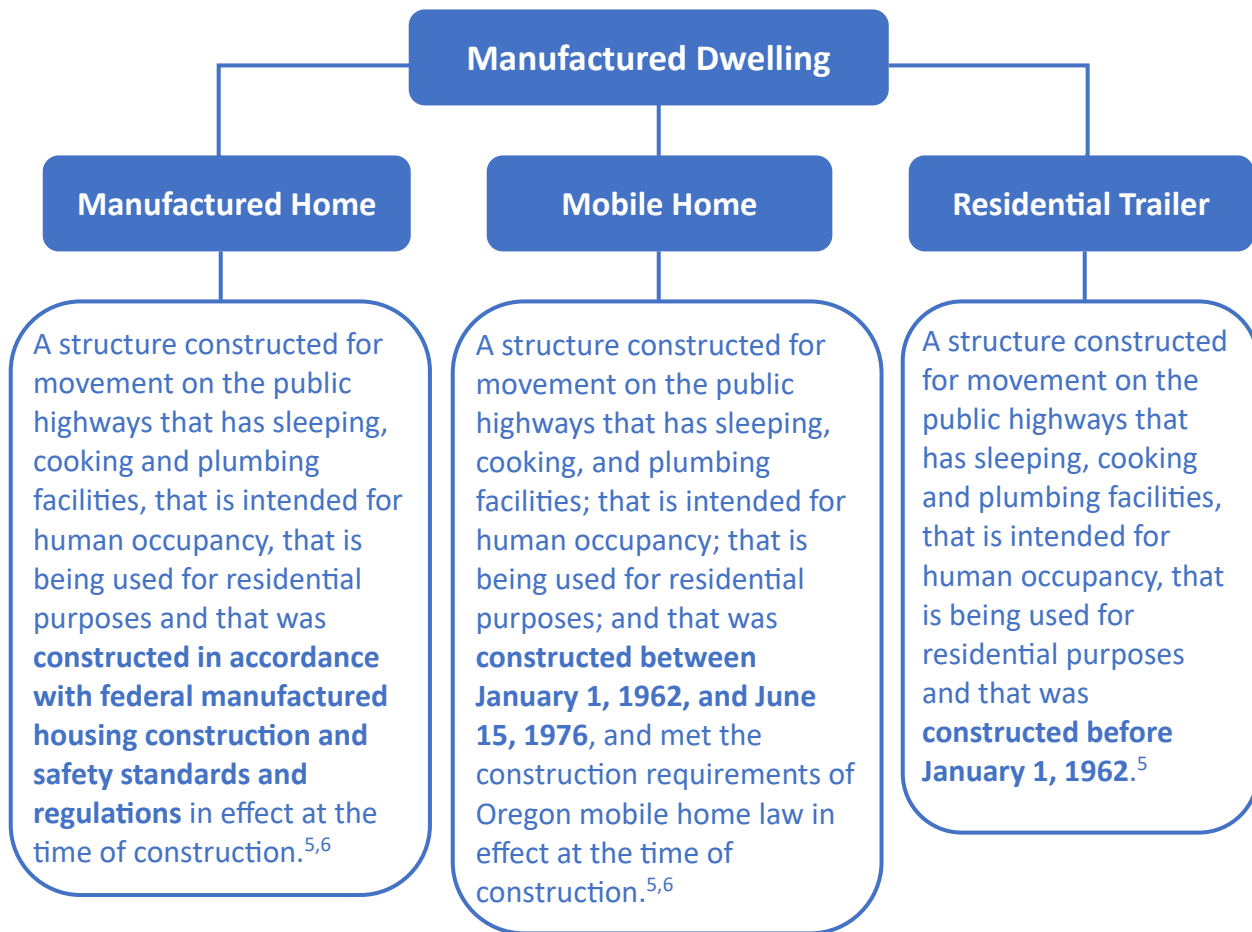


*Built in early 1970s
(Source: RMLS)*

Residential Trailer



*Built before 1962
(Source: Thomas's Pics, CC BY 2.0
<<https://creativecommons.org/licenses/by/2.0>>, via Wikimedia Commons)*



Authorized Design Standards

HB 4064 modified previous provisions of ORS 197.307 (now ORS 197A.200 and 197A.400) to remove the allowance for design standards that jurisdictions could formerly apply to manufactured homes built on individual lots. The following standards are no longer authorized by statute unless they also apply to site-built homes: minimum floor area, foundation standards, minimum roof slope, exterior siding and roof color and materials, and garage or carport requirements.

It is important to note that manufactured dwellings are subject to separate **flood hazard management standards** than site-built homes, due to their different foundation systems and anchoring needs. Prefabricated dwellings would be subject to the same standards as site-built homes, as they must be constructed in conformance with the building code. For guidance on

⁴ ORS 446.003. “Manufactured dwelling” does not include any building or structure constructed to conform to the State of Oregon Structural Specialty Code, the Low-Rise Residential Dwelling Code adopted pursuant to ORS 455.020 or 455.610 or the Small Home Specialty Code adopted under section 2, chapter 401, Oregon Laws 2019.

⁵ In 1976, HUD established the Manufactured Home Construction and Safety Standards (MHCSS), commonly known as the HUD code.

flood hazard standards, refer to the Oregon Model Flood Hazard Ordinance, which was developed in cooperation with FEMA to help communities achieve compliance with the minimum National Flood Insurance Program (NFIP) standards and state standards for floodplain management. The model ordinance is available on this DLCD webpage:

<https://www.oregon.gov/lcd/about/pages/model-code.aspx>.

To learn more about the building code requirements for prefabricated structures and manufactured dwellings in Oregon, visit the Building Code Divisions website:

Prefabricated Structures Program

<https://www.oregon.gov/bcd/permit-services/pages/prefabricated-structures.aspx>

Manufactured Dwelling Code Program

<https://www.oregon.gov/bcd/codes-stand/pages/manufactured-dwellings.aspx>

How to Use the Model Code and Audit Workbook

The Model Code and Audit Workbook is organized around four main code topic areas:

1. Definitions
2. Allowed Uses
3. Development Standards
4. Design Standards

For each code topic, the workbook covers common issues to look for in the code and recommendations for addressing each issue. These could include potential barriers to prefabricated housing or conflicts with state statute. Then, under each topic area, the workbook includes model code language that can be incorporated into local development codes.

Prefabricated Opportunities: ADUs and Cottage Clusters

Within each section, the workbook includes additional subsections on accessory dwelling units (ADUs) and cottage cluster housing. These housing types provide an excellent opportunity to utilize modular construction to provide more affordable housing options. Many jurisdictions in Oregon (those over a certain size) are required by state law to allow ADUs and cottage cluster housing, subject to statutory requirements and administrative rules.⁶ Jurisdictions not subject to these requirements are also encouraged to allow these housing options and to ensure their local codes do not make them too challenging to permit or build. The workbook identifies

⁶ ADU requirements apply to cities with populations greater than 2,500 and counties with populations greater than 15,000 [ORS 197A.425 (formerly 197.312(5) and (6))].

Per House Bill 2001 (2019) and Senate Bill 406 (2023), cottage cluster requirements apply to cities with population of 25,000 or more, cities and counties within a metropolitan service district, and communities in Tillamook County [ORS 197A.420 (formerly 197.758)].

potential code issues that could pose barriers to ADUs and cottage clusters, or to the use of prefabricated dwellings as ADUs or cottages. Model code language and links to existing DLCD resources are also provided.

Definitions

Issues to Look For...

Look for definitions in the code that would have the effect of precluding prefabricated or manufactured housing or limiting its placement. Following is a list of terms that should be reviewed, and solutions to address potential issues. Recommended definitions are provided in the Model Code section below.

Term / Issue	Potential Solution
<p>Single-unit dwelling / single-family dwelling</p> <p>If the code defines single-unit dwellings as being “site built,” this would exclude prefabricated and manufactured homes and potentially conflict with state statute (if prefabricated and manufactured homes are not otherwise permitted).</p> <p>NOTE: This guide uses the term “single-unit dwelling” instead of “single-family dwelling.” While “single-unit” is recommended, it is not advisable to replace the term “single-family,” unless the jurisdiction plans to update the whole development code for consistent use of the term. Otherwise, making changes in one section could create inconsistencies elsewhere.</p>	<p>Remove references to “site built” from the definition or define single-unit dwelling to include prefabricated dwellings and manufactured homes.</p> <p>This can simplify the application of development and design standards in the code, since prefabricated and manufactured homes cannot be subject to more restrictive standards than site-built single-unit dwellings (with limited exceptions).</p>
<p>Prefabricated dwelling or structure</p> <p>These terms should be defined in the code in a way that is consistent with state statute. Also look for the term “modular,” which could be used with a similar meaning as “prefabricated.”</p> <p>NOTE: The definition of “prefabricated structure” in ORS 197A.015 specifies that the structure must be “relocatable, more than eight and one-half feet wide and designed for use as a single-family dwelling.” That is the type of prefabricated structure that must be allowed in manufactured dwelling parks and on properties where site-built single-unit homes are allowed. However, jurisdictions are free to make their</p>	<p>Define prefabricated structure or dwelling in the code to make it explicit that prefabricated homes are permitted in the jurisdiction. The definition should be consistent with, or more permissive than, the ORS 197A.015 definition. See the Model Code section below for definition options.</p> <p>If defining a prefabricated structure as a single-unit dwelling (as ORS 197A.015 does), the term “prefabricated dwelling” might be more easily understood than</p>

Term / Issue	Potential Solution
<p>local definitions more flexible, provided all statutory requirements are met.</p> <p>For example, prefabricated structures permitted on individual lots need not be limited to 8.5 feet minimum in width or limited to single-unit dwellings. Those limitations could preclude prefabricated tiny homes or the use of prefabricated construction for multi-unit housing.</p> <p>Also, prefabricated homes built on individual lots and ADUs need not necessarily be “relocatable,” since they could be placed on foundations which are often considered permanent. NOTE: The ORS does not define “relocatable;” therefore, it is up to local jurisdictions to interpret that term if using it in the code.</p>	<p>“prefabricated structure,” so the distinction from multi-unit or nonresidential prefabricated structures is clear.</p>
<p>Manufactured dwelling, manufactured home, etc.</p> <p>The definitions related to manufactured housing should be consistent with state statute. ORS 446.003 defines “manufactured dwelling” to include: “residential trailer,” “mobile home,” and “manufactured home.”</p> <p>ORS 197.478 requires only “manufactured homes” to be allowed on land zoned to allow single-unit homes.</p>	<p>Update definitions to be consistent with the ORS. See the Model Code section below for recommended definitions.</p>
<p>Manufactured dwelling park / manufactured home park / mobile home park</p> <p>These terms are often used interchangeably in local codes. While the ORS includes separate definitions for “manufactured dwelling park” and “mobile home park,” the terms are roughly synonymous.⁷ For example, ORS 197.480 requires local governments to permit “mobile home or manufactured dwelling parks” in certain areas.</p>	<p>DLCD recommends the term “manufactured dwelling park,” since “manufactured dwelling” is a more general term that includes manufactured homes, mobile homes, and residential trailers.⁸ However, regardless of which term is used, the definition should be</p>

⁷ A distinction between the two ORS definitions is that “mobile home park” includes recreational vehicles, as defined in ORS 174.101, whereas “manufactured dwelling park” does not. “Manufactured home park” is used in OAR 813-065 with the same meaning as “manufactured dwelling park.”

⁸ While the state definition of manufactured dwelling park does not include a reference to recreational vehicles, pursuant to ORS 197.493(1)(b), jurisdictions may not prohibit the placement or occupancy of a recreational vehicle, or impose any limit on the length of occupancy of a recreational vehicle as a residential dwelling, solely on the grounds that the occupancy is in a recreational vehicle, if the recreational vehicle is occupied as a residential dwelling; and lawfully connected to water and electrical supply systems and a sewage disposal system.

Term / Issue	Potential Solution
<p>HB 3219 (2021) revised ORS 446.003 to add “prefabricated structures” to “manufactured dwelling parks,” which may not be reflected in the local code’s definition.</p>	<p>updated to include prefabricated dwellings.</p>
<p>Accessory dwelling unit (ADU)</p> <p>While not all jurisdictions are required to allow ADUs, they can provide an excellent opportunity to provide additional housing. It is recommended to include a definition of ADU.</p>	<p>As long as the ADU definition does not exclude prefabricated housing, it should not pose a barrier to the use of this construction type.</p>
<p>Cottage cluster housing</p> <p>While not all jurisdictions are required to allow cottage clusters, they can provide an excellent opportunity to provide additional housing. It is recommended to include a definition of cottage cluster.</p> <p>NOTE: Cottage clusters have the potential for overlapping definitions with other housing types:</p> <ul style="list-style-type: none"> • <i>Multi-unit (or multi-family):</i> Some codes define multi-unit/multi-family housing as any development that includes more than two dwellings on a lot, which could take the form of multiple detached units (similar to a cottage cluster). • <i>Manufactured dwelling park:</i> Some codes define any placement of four or more manufactured dwellings on a lot as a manufactured dwelling park. This could overlap with a cottage cluster composed of manufactured or prefabricated homes. ORS 446 includes detailed requirements for manufactured dwelling parks; those requirements could be triggered if a development meets the definition. Note, however, that a development of four to six manufactured dwellings is exempt from the “Mobile Home and Manufactured Dwelling Parks” requirements of ORS 446.003 to 446.140. 	<p>Clarify that if a development meets the definition of cottage cluster, it is not considered multi-unit development.</p> <p>To address the potential overlap with the manufactured dwelling park definition, DLCDC recommends adding to the cottage cluster definition to note that if the development also meets the definition of manufactured dwelling park, it may be subject to additional standards in ORS 446.</p>

Model Code: Recommended Definitions

Accessory dwelling unit. An additional dwelling unit that is located on the same lot as, and is accessory to, a single-unit dwelling (referred to as the primary dwelling). The additional unit is smaller than the primary dwelling unit except when the accessory dwelling unit is in an existing basement. The accessory dwelling unit includes all the independent living facilities required for a dwelling unit and is designed for residential occupancy independent of the primary dwelling.

Cottage. An individual, detached dwelling unit that is part of a cottage cluster.

Cottage cluster. *NOTE: Jurisdictions subject to ORS 197A.420 are required to use the following definition, which is consistent with state statute. However, other jurisdictions may wish to use it as well. In addition, it is recommended to add wording to clarify the relationship between cottage clusters and manufactured dwelling parks, as included in bracketed italics.*

A grouping of no fewer than four detached dwelling units per acre, each with a footprint of less than 900 square feet, located on a single lot or parcel that includes a common courtyard.⁹ *[Cottage clusters that also meet the definition of “manufactured dwelling park” or “mobile home park” may be subject to additional requirements, pursuant to ORS 446.003 through 446.140.]*

Manufactured dwelling. A residential trailer, mobile home, or manufactured home.¹⁰

Manufactured dwelling park. Any place where four or more manufactured dwellings or prefabricated dwellings are located within 500 feet of one another on a lot, tract, or parcel of land under the same ownership, the primary purpose of which is to rent or lease space or keep space for rent or lease to any person for a charge or fee paid or to be paid for the rental or lease or use of facilities or to offer space free in connection with securing the trade or patronage of such person. A manufactured dwelling park does not include a lot or lots located within an approved subdivision being rented or leased for occupancy by one manufactured dwelling per lot.¹¹

Manufactured home. A structure constructed for movement on the public highways that has sleeping, cooking, and plumbing facilities; that is intended for human occupancy;

Some codes allow ADUs with other types of housing besides single-unit dwellings. If that’s the case, the ADU definition could be more general or could specify the types of housing eligible to have ADUs. The definition could simply refer to a “primary dwelling” instead of a single-unit dwelling.

⁹ ORS 197A.420(1)(b)

¹⁰ ORS 446.003(19)(a)

¹¹ ORS 446.003(20), as simplified for the purpose of this Model Code.

that is being used for residential purposes; and that was constructed in accordance with federal manufactured housing construction and safety standards and regulations in effect at the time of construction.¹²

Mobile home. A structure constructed for movement on the public highways that has sleeping, cooking, and plumbing facilities; that is intended for human occupancy; that is being used for residential purposes; and that was constructed between January 1, 1962, and June 15, 1976, and met the construction requirements of Oregon mobile home law in effect at the time of construction.¹³

Prefabricated dwelling.

- ORS Definition: A prefabricated structure, as defined in ORS 455.010, that is relocatable, more than eight and one-half feet wide, and designed for use as a single-unit dwelling.¹⁴
- Alternate Definition: *NOTE: The following definition is more permissive than the ORS definition because it does not require that the unit be relocatable, limit the type of residential occupancy to a single-unit dwelling, or specify a minimum size.*

A prefabricated structure, as defined in ORS 455.010, that is designed for residential occupancy in accordance with [jurisdiction]'s building regulations.

Residential trailer. A structure constructed for movement on the public highways that has sleeping, cooking, and plumbing facilities; that is intended for human occupancy; that is being used for residential purposes; and that was constructed before January 1, 1962.¹⁵

Single-unit dwelling, detached. A detached structure on a lot or parcel that is comprised of a single dwelling unit. Detached single-unit dwellings may be constructed off site, e.g., manufactured homes or prefabricated dwellings.

¹² ORS 446.003(21)

¹³ ORS 446.003(25)

¹⁴ ORS 197A.015(10)

¹⁵ ORS 446.003(28)

Allowed Uses

Issues to Look For...

Look for land use regulations that either conflict with state law related to prefabricated dwellings and manufactured homes, or that limit flexibility for the use of prefabricated and/or modular housing. Following are issues to look for in the code and potential solutions.

Where to look:

- ✓ Zone chapters
- ✓ Overlay zones
- ✓ Special use regulations
- ✓ Application approval criteria

Issue	Potential Solution
<p>Requirement for “site-built” single-unit dwellings</p> <p>ORS 197.478 requires that local governments allow prefabricated dwellings and manufactured homes on all land zoned to allow the development of single-unit dwellings (within an urban growth boundary).</p> <p>While not common, some codes’ land use regulations specify that single-unit dwellings must be built on site or include other provisions that would preclude manufactured or prefabricated housing.</p>	<p>Remove any requirements for site-built dwellings (except as allowed within historic districts or adjacent to designated historic landmarks).</p> <p>As noted in the Definitions section, the recommended definition of single-unit dwelling should encompass prefabricated and manufactured homes in addition to site-built homes. This way, the different construction types need not be listed separately in the allowed use regulations.</p> <p>NOTES:</p> <ul style="list-style-type: none"> • If the development code also allows “manufactured dwellings” (which includes residential trailers and mobile homes) to be sited on individual lots, it may make sense to keep manufactured dwellings listed separately from single-unit dwellings. • Similarly, if “manufactured dwellings” are allowed within manufactured dwelling parks in a zone, that should be allowed to continue.
<p>Prefabricated dwellings (structures) not permitted in manufactured dwelling parks</p> <p>Recent legislation requires local governments to permit prefabricated structures within</p>	<p>Update use regulations related to manufactured dwelling parks, so they do not preclude prefabricated structures (or the recommended term, “prefabricated dwelling”).</p>

Issue	Potential Solution
<p>manufactured dwelling parks (or “mobile home parks”).¹⁶</p>	
<p>Minimum dwelling size or conditioned site area</p> <p>While uncommon within use regulations, requirements that establish a minimum dwelling size or minimum “conditioned” site area dedicated to the dwelling could present a barrier to smaller homes, including prefabricated dwellings.</p>	<p>Remove any requirements for minimum dwelling size, dimension, and conditioned site area.</p>
<p><i>ADUs and Cottage Clusters</i></p>	
<p>Uses not permitted</p> <p>DLCD recommends that local governments allow detached ADUs and cottage clusters in residential zones, even if they are not subject to state requirements related to these housing types.</p>	<p>Update allowed use tables or lists to allow ADUs and cottage clusters in residential zones where single-unit dwellings are permitted. Cottage clusters should be allowed in all residential zones where they meet the minimum density requirement.</p>
<p>Onerous review procedure</p> <p>Requiring lengthy or detailed review procedures (e.g., public hearing review) for ADUs or cottage clusters can pose barriers to these housing types by reducing certainty and adding costs.</p>	<p>ADUs should ideally be permitted through a ministerial review (Type I or building permit review) to streamline the process for applicants.</p> <p>Cottage clusters should ideally be subject to the same permit process as single-unit dwellings (as is required for jurisdictions subject to middle housing requirements of ORS 197A.420).</p>

¹⁶ HB 3219 (2021) revised definitions in ORS 446.003 to include prefabricated structures in mobile home or manufactured dwelling parks. ORS 197.485 was also amended by HB 4064 (2022) to state that local governments may not prohibit placement of a prefabricated structure in a mobile home or manufactured dwelling park.

Model Code: Allowed Uses

Table [XX]. Uses Allowed by Zoning District

Residential Uses	[Low- and moderate-density residential zones]	Notes
Single-unit Dwelling	Permitted [1]	<p><i>Provided the definition of single-unit dwelling encompasses prefabricated dwellings and manufactured homes in addition to site-built homes, those different construction types do not need to be listed separately.</i></p> <p><i>If the local code limits manufactured or prefabricated homes within historic districts, or adjacent to designated historic landmarks, that could be noted as a footnote.</i></p>
Accessory Dwelling Unit	Permitted	<p><i>ADUs should ideally be permitted outright. Cities with populations greater than 2,500 and counties with populations greater than 15,000 are required by state law to allow ADUs [ORS 197A.425 (formerly 197.312)].</i></p>
Cottage Cluster	Permitted	<p><i>Cottage clusters should ideally be permitted outright. Per House Bill 2001 (2019) and Senate Bill 406 (2023), cities with population of 25,000 or more, cities and counties within a metropolitan service district are required by state law to allow cottage clusters [ORS 197A.420 (formerly 197.758)].</i></p>

1. [Manufactured and prefabricated dwellings are not permitted within the [_____] Historic District or adjacent to a designated historic landmark.]

Development Standards

Issues to Look For...

Look for development standards (siting, dimensional, parking, landscaping, etc.) that either conflict with state law related to prefabricated dwellings and manufactured homes, or that limit flexibility of the use of prefabricated housing. Following are issues to look for in the code and potential solutions.

Where to look:

- ✓ Zone chapters
- ✓ Overlay zones
- ✓ Special use regulations
- ✓ Land division regulations
- ✓ Chapters for parking, landscaping, etc.

Issue	Potential Solution
<p>Development standards that conflict with state law</p> <p>Per ORS 197.478 (as revised by HB 4064), jurisdictions cannot apply standards to prefabricated dwellings or manufactured homes that are not also applicable to site-built homes (with limited exceptions).</p> <p>While it is uncommon for local development codes to apply special siting or dimensional standards to prefabricated dwellings, many codes do apply separate standards to manufactured homes sited on individual lots.</p>	<p>Remove any siting or dimensional standards that apply only to manufactured homes or prefabricated dwellings on individual lots. The only exception is the following standards authorized by the ORS:</p> <ul style="list-style-type: none"> • Those necessary for compliance with a statewide land use planning goal (e.g., floodplain standards in compliance with statewide planning goal 7); and • Those establishing exterior thermal envelope performance standards.
<p>Development standards that pose barriers</p> <p>A standard that could pose a barrier to prefabricated or manufactured housing is minimum floor area (or minimum living area or dwelling size). Requiring a minimum dwelling size could preclude modest-sized homes or tiny homes, which provide good opportunities for prefabricated housing.</p>	<p>Remove minimum dwelling size standards for all dwellings.</p>

Issue	Potential Solution
<p>ADUs If a local government wishes to allow ADUs as an additional housing option—or to update existing ADU regulations—the following types of development standards should be considered, to ensure any regulations do not make ADUs too challenging to permit or build.</p>	
<p>Minimum lot size: Requirements that ADUs only be allowed on lots of a certain size can be overly restrictive.</p>	<p>Allow an ADU with a single-unit dwelling on any lot size. Provided an ADU can meet all the other development standards (setbacks, lot coverage, etc.), lot size should not be a limiting factor. <i>(This is required for jurisdictions subject to ORS 197A.425.)</i></p>
<p>Density limits: Density standards may limit the maximum number of dwelling units allowed on a property.</p>	<p>Exempt ADUs from maximum density limits. <i>(This is required for jurisdictions subject to ORS 197A.425.)</i></p>
<p>Lot coverage: Overly restrictive lot coverage standards can preclude ADUs from being built on smaller lots.</p>	<p>An option for adding flexibility is to allow greater lot coverage for an ADU. To address storm water concerns, consider limits to impermeable surfaces or require tree planting, rather than simply coverage by structures.</p>
<p>Setbacks: Overly large setback requirements can limit siting options for an ADU on a lot. ADUs are smaller than typical homes and likely have less impact on adjacent properties. Therefore, setbacks could be smaller than for the primary dwelling.</p>	<p>Allow reduced side and rear setbacks for ADUs as compared to setbacks for primary dwellings.</p>
<p>Floor area: Standards that overly restrict the size of an ADU can pose a barrier, including to the use of prefabricated construction, in which components may come in limited sizes.</p>	<p>Allow ADUs to be at least 800 square feet in area or 75 to 85 percent of the primary dwelling’s floor area, whichever is less.</p> <p>While not an issue for prefabricated detached ADUs, internal ADUs that occupy a whole level of the primary structure (e.g., a basement unit) should also be allowed to be as large as the level’s floor area.</p>

Issue	Potential Solution
<p>Off-street parking: Requiring off-street parking can limit the available space for an ADU, add to the overall cost of construction, or make an ADU physically impossible to fit on a lot. Given ADUs’ smaller sizes – and therefore, limited occupancy – dedicated off-street parking may not be necessary.</p>	<p>Do not mandate off-street parking for ADUs. <i>(This is required for jurisdictions subject to ORS 197A.425.)</i></p> <p>Alternatively, the code could allow available on-street parking spaces to count toward required off-street parking.</p>
<p>Owner occupancy: Some jurisdictions require the property owner to live on the premises either in the primary dwelling or the ADU. This limits opportunities to rent out both the primary dwelling and the ADU.</p>	<p>Eliminate owner-occupancy requirements for ADUs. <i>(This is required for jurisdictions subject to ORS 197A.425.)</i></p>
<p>Utility Connections: Development codes that require ADUs to have separate sewer and water connections create barriers to building ADUs. In some cases, a property owner may want to provide separate connections, but in other cases doing so may be prohibitively expensive.</p>	<p>Allow shared utility connections for the primary dwelling and the ADU.</p>
<p>Cottage Clusters In the interest of facilitating cottage clusters as an additional housing option, local governments should consider the following types of development standards to ensure any regulations do not make cottage cluster housing too challenging to permit or build. (NOTE: This is not applicable to jurisdictions subject to the requirements of ORS 197A.420 and associated Administrative Rules [OAR 660-046]. Requirements for those jurisdictions are noted in parentheses.)</p>	
<p>Density limits: Density standards may be overly limiting to efficient configurations of cottage cluster housing.</p>	<p>Remove density limits for cottage clusters. <i>(This is required for jurisdictions subject to ORS 197A.420.)</i></p> <p>Alternatively, allow density exceptions or density bonuses for cottage clusters in lower-density zones.</p>
<p>Minimum lot size: Cottage clusters with small homes and only a few units can fit on relatively small lots. As such, standards that require very large lots for cottage clusters or minimum lot area per cottage can pose barriers to this housing type.</p>	<p>Apply the same lot size standards to cottage clusters as applies to single-unit dwellings in the same zone. <i>(For jurisdictions subject to ORS 197A.420, if the single-unit minimum lot size is below 7,000 square feet, the cottage cluster minimum lot size cannot exceed 7,000 square feet.)</i></p>

Issue	Potential Solution
<p>Lot coverage: Overly restrictive lot coverage standards can likewise preclude cottage clusters from being built on smaller lots.</p>	<p>Exempt cottage clusters from lot coverage requirements (<i>this is required for jurisdictions subject to ORS 197A.420</i>) or allow additional lot coverage for cottage clusters.</p>
<p>Off-street parking: Requirements for large parking areas can limit feasibility for cottage clusters. Given cottages' smaller size, more than one parking space per unit may not be necessary.</p>	<p>Do not mandate off-street parking for cottage clusters. Alternatively, require only one or fewer parking spaces per dwelling unit and allow nearby on-street spaces to count for off-street requirements. (<i>Jurisdictions subject to ORS 197A.420 cannot require more than one space per dwelling unit.</i>)</p>

Model Code: Development Standards

Modular and prefabricated dwellings: Provided the definition of single-unit dwelling encompasses prefabricated and manufactured homes (either explicitly or by not addressing construction type), there is no need to provide separate development standards for prefabricated and manufactured homes (outside of manufactured dwelling parks). The same development standards that apply to site-built dwellings will also apply to prefabricated and manufactured homes.

ADUs: Refer to DLCD's ADU Model Code, available on this webpage:

<https://www.oregon.gov/lcd/about/pages/model-code.aspx>

Cottage Clusters: Refer to the cottage cluster sections of DLCD's Middle Housing Model Code for Large Cities, attached as an appendix to this workbook. The model code was developed for jurisdictions that are required to comply with ORS 197A.420, and is consistent with the Administrative Rules in OAR 660-046. The model code can also be downloaded from this webpage: <https://www.oregon.gov/lcd/housing/pages/choice.aspx>.

Design Standards

Issues to Look For...

Look for design standards (building design, open space, landscaping, parking design, etc.) that either conflict with state law related to prefabricated and manufactured homes, or that limit flexibility for the use of prefabricated housing. Following are issues to look for in the code and potential solutions.

Where to look:

- ✓ Residential design standards
- ✓ Zone chapters
- ✓ Overlay zones
- ✓ Special use regulations
- ✓ Permit approval criteria

Issue	Potential Solution
<p>Design standards that conflict with state law</p> <p>As previously noted, jurisdictions cannot apply standards to prefabricated dwellings or manufactured homes that are not also applicable to site-built homes (with limited exceptions, per ORS 197.478).</p>	<p>Remove any standards that apply only to manufactured homes or prefabricated dwellings (except standards for thermal envelope or statewide planning goal compliance).</p>
<p>Design standards that pose barriers</p> <p>Design standards – especially architectural standards – that are overly stringent can pose barriers to manufactured and prefabricated housing, even if applied equally to single-unit dwellings. This is because prefabricated construction typically has less flexibility for customization than site-built homes. Architectural design standards may emphasize a specific aesthetic that prefabricated construction methods might not easily conform to.</p> <p>The following types of design standards can pose barriers to prefabricated and manufactured housing.</p> <p>(NOTE: ORS 197.307 [now 197A.200 and 197A.400] previously allowed local governments to apply some of these standards to manufactured homes outside of manufactured dwelling parks, even if not applied to site-built homes. This is no longer permitted.)</p>	
<ul style="list-style-type: none"> ● Roof designs: Standards that emphasize complex roof designs, specific roofing materials, or roof pitch may pose challenges for prefabricated or manufactured housing. 	<p>Avoid minimum roof pitch standards. Remove aesthetic standards for complex roof designs or materials.</p>
<ul style="list-style-type: none"> ● Exterior finishes and materials: Requirements for certain exterior finishes or materials that are commonly used in site-built construction may not align with the materials used in prefabricated or manufactured housing construction. 	<p>Remove standards for specific exterior finishes or materials.</p>

Issue	Potential Solution
<ul style="list-style-type: none"> • Window and door design: Requirements for specific window and door styles may pose challenges for prefabricated or manufactured housing construction, which may have standardized window and door elements. Similarly, excessive window coverage or glazing requirements may also be a challenge. 	<p>Avoid window coverage standards that exceed 15%. Remove requirements for specific window or door designs.</p>
<ul style="list-style-type: none"> • Facade variation: Architectural standards that overly emphasize variations in facades, materials, and detailing may not support the simpler or more standardized appearance of some prefabricated or manufactured housing. 	<p>Remove standards for façade variation.</p>
<ul style="list-style-type: none"> • Foundation requirements: Some prefabricated or manufactured housing construction methods may necessitate specific foundation systems. 	<p>Remove requirements for specific foundation design. (NOTE: manufactured dwellings may still be subject to HUD foundation and skirting requirements).</p>

ADUs

The list of potential barriers identified above also applies to the placement of prefabricated and manufactured homes as ADUs. In addition, the following types of design standards can pose barriers specifically to detached ADUs.

<p>Architectural compatibility: Design standards that require architectural compatibility with the primary dwelling limit the design options for prefabricated ADUs. Greater flexibility in design standards can encourage a variety of ADU styles and configurations, including prefabricated designs.</p> <p>In addition, standards that require compatibility with the primary dwelling often involve discretion to interpret, and therefore likely conflict with the state’s requirements for clear and objective standards for housing in ORS 197A.400 (formerly 197.307(4)).</p>	<p>Remove or revise any ADU standards that are not clear and objective. Do not include requirements for ADUs to be “compatible with,” “similar to,” or “like design and material,” or to have components that “match” the primary dwelling.</p>
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Cottage Clusters

Similar to ADUs, the above list of potential barriers for prefabricated and manufactured dwellings also applies to their placement in a cottage cluster. In addition, the following types of design standards can pose barriers specifically to cottage cluster housing.

<p>Standards applicable to multi-unit development: If a development code does not define cottage clusters separately, a development located on a single (undivided) lot could meet the definition of multi-unit (multi-family)</p>	<p>Ensure that cottage clusters are either defined to be separate from multi-unit development or</p>
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Issue	Potential Solution
development. Design standards that are intended for multi-unit development may not be appropriate for cottage cluster development, which typically has a different built form.	are not subject to multi-unit standards.
Porches or other specific features: Some codes require cottages to have porches of a minimum size. This can add to construction costs and may not be consistent with options for prefabricated construction.	Remove requirements for porches or similar specific features.
Open space: If requirements for open space are overly large, this can limit space for placement of cottages, especially on smaller sites. Also, requirements for private open space for each cottage may not be necessary when common open space is provided.	Minimum open space requirements should not exceed 150 square feet per unit. There should be no private open space requirements.
Landscape or site design: Codes often include landscape and site design standards for cottage clusters that are not required for other types of housing. Landscape standards that are overly prescriptive or detailed can pose a barrier to cottage cluster housing and add to the cost of development.	Focus on critical elements of landscape or site design – such as orientation around a common open space, pedestrian connections, and limiting impervious surfaces. Remove landscape standards, such as requirements for fences and buffering, that are not required of other housing types.

Model Code: Design Standards

Modular and prefabricated dwellings: Provided the definition of single-unit dwelling encompasses prefabricated and manufactured homes (either explicitly or by not addressing construction type), there is no need to provide separate design standards for prefabricated and manufactured homes (outside of manufactured dwelling parks). The same design standards that apply to site-built dwellings will also apply to prefabricated and manufactured homes.

ADUs: Refer to DLCD’s ADU Model Code, available on this webpage:

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Cottage Cluster Housing: Challenges for Small and Rural Communities

While cottage cluster housing offers an excellent opportunity to use prefabricated and manufactured housing to provide more affordable housing options, it can be challenging to develop, particularly in smaller and rural communities. Local jurisdictions should consider these challenges in developing regulations for cottage cluster housing and in communicating with local property owners and community members about this housing opportunity.

Infrastructure: The Middle Housing Model Code (see appendix) requires cottage cluster housing developers to demonstrate that “sufficient infrastructure” is provided, or will be provided, upon submittal of an application. “Sufficient infrastructure” is defined to include connections to public water and sewer systems capable of meeting established service levels. This can be a challenge in rural communities, where many homes rely on well water and septic systems. Extending public water and sewer facilities to the site could render a project financially infeasible.

Even if relying on septic systems, denser cottage clusters may not be feasible since septic drainfields may take up quite a bit of space. Still, there may be innovative solutions for cottage cluster design where public sewer is unavailable – such as shared septic systems.

Construction Costs: The smaller size of individual cottage units does not necessarily translate to lower construction costs per unit. It may be more challenging to make a cottage cluster development “pencil out” financially in rural areas where property values are often lower – and therefore, potential rents or home sale prices are also lower. Efficient use of space, innovative construction methods, and economies of scale will need to be carefully considered. This is an area where prefabricated construction methods can yield particular benefits for a project.

Community Concerns: Cottage cluster developments can face resistance from existing communities, particularly if residents are not familiar with this housing type. Concerns about increased density and potential impacts on parking or traffic may contribute to community opposition. When considering new cottage cluster regulations, community engagement and education about the need for and benefits of cottage cluster housing will be essential to community acceptance.

Appendix: Large Cities Middle Housing Model Code

Chapter 1. Combined Standards for All Middle Housing

Chapter 5. Cottage Clusters

The Appendix includes the chapters of DLCD's Large Cities Middle Housing Model Code that are applicable to cottage clusters. The Middle Housing Model Code was developed for jurisdictions that are required to comply with ORS 197A.420 (formerly 197.758 / House Bill 2001 (2019)), and its content is consistent with OAR 660-046 requirements. Jurisdictions not required to comply with ORS 197A.420 are also encouraged to incorporate some or all of the Middle Housing Model Code into their development codes to promote greater housing choices in their communities. The full Middle Housing Model Code can also be downloaded from this webpage: <https://www.oregon.gov/lcd/housing/pages/choice.aspx>.