



Oregon

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February 15, 2024

Rian Amiton,
Senior Planner, Planning Division
City of Corvallis Community Development Department



RE: DLCD Comments on the City of Corvallis Climate-Friendly Area Study

Dear Mr. Amiton,

Thank you for submitting your climate-friendly area (CFA) study in compliance with Oregon Administrative Rule (OAR) 660-012-0315(4) and (5). The department published the study on our website for public comment on December 20, 2023. One comment was received, which we are providing to you (see attachment). This comment letter from DLCD and any associated comments from the public should be considered in the next step in the CFA process, which is to determine which climate-friendly area or areas the city will designate and to adopt zoning and development standards, as needed, to implement the CFA requirements.

OAR 660-012-0315(4) lists the required elements of a CFA study, which include the following:

- a) Maps showing the location and size of all potential climate-friendly areas.
- b) Preliminary calculations of zoned residential building capacity.
- c) A community engagement plan for the designation of climate-friendly areas.
- d) Analysis of how each potential climate-friendly area complies, or may be brought into compliance, with the requirements of OAR 660-012-0310(2).
- e) A preliminary evaluation of existing development standards within potential climate-friendly areas and changes to the standards necessary to comply with CFA requirements.
- f) Plans for achieving fair and equitable housing outcomes in climate-friendly areas, including analysis of whether zone changes for CFAs might displace residents who are members of state and federal protected classes.

Your submitted materials meet the requirements in OAR 660-012-0315(4). We appreciate the work you have done thus far and your timely submittal!

The following comments are intended to inform your community's next step, which is to designate sufficient climate-friendly areas with a zoned residential capacity to accommodate at least 30 percent of the community's total housing needs. As part of that process, we are happy to provide support for the city's multimodal transportation gap summary.

Here is some of the preliminary data we have gleaned from your study and other sources:

2022 Population Estimate (PSU):	59,434	Total Housing Need:	27,246 dwelling units through 2036
Methodology:	Prescriptive (0320(8))	30% of Housing =	8,174 dwelling units
Primary CFA Requirements:	25 DU/acre 85 foot allowed bldg. height		

“Generally Compliant” Candidate CFAs:

Site A: Downtown (Primary Area) – 134 gross acres, 51 net acres; zoned CMU-3; estimated capacity: 3,169 dwelling units (DUs) (low) – 4,519 DUs (high)

Downtown Riverfront secondary area has a lower height limit within 100 feet of 1st St. due to Willamette River Greenway

Current development status – downtown mixed use development with public facilities, parks, shops, services, restaurants, and dwellings. 316 current estimated DUs

Site B: South Corvallis – 24 gross acres, 14 net acres; zoned CMU – 2 East; estimated capacity: 731 DUs (low) – 1,096 DUs (high)

Current development status – vacant land and commercial development with 2 current estimated DUs.

Site C: Walnut/Kings (Timberhill Shopping Center) – 25 gross acres, 13 net acres; zoned CMU-2; estimated capacity: 653 dwelling units (DUs) (low) – 1,089 DUs (high)

Current development status – Developed “big box” shopping center with large parking lots, grocery, restaurants, and other stores. No current estimated DUs

~~Site D: Circle/Kings (Kings and Circle Shopping Center) – 8 gross acres, 5 net acres; zoned CMU-2 - Ruled out, based on dimensional criteria. Estimated capacity: 238 dwelling units (DUs) (low) – 358 DUs (high)~~

Site E: 9th Street Corridor – 201 gross acres, 102 net acres; zoned CMU-2; estimated capacity: 5,310 dwelling units (DUs) (low) – 8,519 DUs (high)

Current development status – Linear strip commercial development with “big box” and other businesses and services that generally abut residential areas to the west. No current estimated DUs.

~~Site F: Buchanan/Kings – 16 gross acres, 13 net acres; zoned CMU-2 – Ruled out based on dimensional criteria. Estimated capacity: 690 dwelling units (DUs) (low) – 1,035 DUs (high)~~

Site G: West Corvallis (Sunset Shopping Center) – 46 gross acres, 21 net acres; zoned CMU-2; estimated capacity: 1,114 dwelling units (DUs) (low) – 1,791 DUs (high)

Current development status – “Big box” development pattern with large parking lots, grocery, restaurants, and other stores. Some vacant areas. One current estimated DU.

Estimated Capacity of these CFAs: 12,418 – 19,138 dwelling units

Potential Secondary CFA Candidates – not currently zoned for mixed use

Site H: North of OSU Campus (partial rezone), 61 gross acres, 41 net acres; estimated capacity: 2,217 dwelling units (DUs) (low) – 3,550 DUs (high)

Current development status – Commercial on Monroe, single and multifamily residential. 737 current estimated DUs.

Site I: South Corvallis (partial rezone), 81 gross acres, 33 net acres; estimated capacity: 1,882 dwelling units (DUs) (low) – 2,825 DUs (high)

Current development status – Commercial development, some vacant area, storage unit complex. 14 current estimated DUs.

Site J: Central Business Fringe (complete rezone), 21 gross acres, 14 net acres; estimated capacity: 748 dwelling units (DUs) (low) – 1,235 DUs (high)

Current development status – a mix of older single unit homes residences converted to businesses, and apartment complexes. 117 current estimated DUs.

Estimated Capacity of these three areas: 4,848 – 7,611 dwelling units

Total Capacity estimate of all areas (minus D and F): 17,266 – 26,749 dwelling units

We are glad to hear that the climate-friendly area requirements are largely consistent with your recently completed Mixed-Use Zoning project. We are hopeful that your streamlined development regulations will facilitate development in mixed-use zones throughout the city, including areas the city chooses to designate as CFAs. It will certainly help to have many candidate CFA areas and five percent of the city’s lands zoned for mixed-uses!

We appreciate the City’s use of an alternative methodology (per OAR 660-012-0320(10)), which provides a more conservative estimate of housing capacity in your potential CFAs, including low and high estimates of residential capacity in CFAs. As we understand it, your high estimate assumes that public buildings and buildings under historic designation or within historic districts will not be redeveloped. Although that may not be the case in every circumstance, we support including these pragmatic assumptions in your study. Additionally, the high estimate applies a 10% site area reduction for areas that abut residential zones to account for the city’s 20-foot setback requirements.

Your low capacity estimate also assumes public and historic buildings will not redevelop, but also includes more conservative estimates on the proportion of land that will be needed for lot

coverage, setbacks, parking, and other site needs with development and redevelopment (30% in more intensive zones, 40% in less intensive zones). This approach is responsive to concerns expressed by Bob Cortright, in his December 11, 2023, comment letter on the Corvallis CFA studies (attached to this letter). Mr. Cortright's letter expresses skepticism that development and redevelopment in CFAs meeting only the minimum requirements using the prescriptive standards in OAR 660-012-0320(8) will reach the goal of housing 30% of Corvallis households. Your analysis, "Ground Truthing the Capacity Estimates," also provides some "real world" context from recent development in Corvallis. We are heartened to learn that two recent mixed-use developments in the downtown area have well-exceeded the minimum densities called for in the city's primary CFA (68 and 108 units/net acre vs. the 25 units/net acre minimum in the rules).

The urgency of climate change prompts us to do what we can to reduce climate pollution. Facilitating mixed-use development has been shown to significantly reduce the length and number of vehicle trips needed for residents, workers, and visitors to meet their daily needs. Additionally, well-planned mixed-use neighborhoods allow for healthier lifestyles, less expensive infrastructure costs over time, and promote local businesses, services, and community vibrancy. These are all qualities that are found in abundance in Corvallis's downtown, and we are excited to help to expand these opportunities to other areas of your community. Given the extent of mixed-use zoning in Corvallis, we see great potential for the development of "15-minute neighborhoods" in many parts of the city.

We note that a few of your potential CFA areas appear to be active commercial centers that are largely "built-out," such as the potential CFAs at Walnut/Kings and West Corvallis. Consequently, we were disappointed that you did not apply for funding for a market study to determine the market feasibility of near-term redevelopment in your candidate CFA areas. Within the 2023-2025 biennium we are funding market studies in a number of other communities that should help them to "right-size" their CFA development regulations to support neighborhood compatibility and to optimize market feasibility.

We would like you to know that recent amendments to Rule 0320 now allow cities to designate CFAs at a much lower scale that may be more compatible within other areas of Corvallis. Specifically, OAR 660-012-0320(9) now allows an alternative approach for cities with a population of more than 50,000 to designate a non-primary CFA with either a minimum residential density of 15 units per acre or a minimum floor area ratio of 1.0, if the development code allows for a zoned building capacity of at least 60,000 square feet per net acre. Depending upon setbacks and other requirements in your existing development code, it may be possible to meet these standards with building heights of 35 feet or less. This could allow CFA designation for CMU-1 zoned areas, in addition to other areas in the study, allowing Corvallis to meet the goal of accommodating at least 30% of housing units within CFAs more quickly. Demonstrating that an existing zone provides adequate zoned capacity per the amended rule can be as simple as providing examples of recent development under the current zoning standards that have met or surpassed the 60,000 square feet per net acre threshold. With the flexibility available in Rule 0320(9) we're confident that CFAs can be developed and adopted that support the community character and livability of Corvallis.

The table below provides the options available for CFA designation using either the prescriptive or outcome-oriented approach. As a city with a population above 50,000, Corvallis may utilize any of the less intensive standards in a non-primary CFA.

Options for Land Use Requirements in Climate Friendly Areas:		Prescriptive Standards		Outcome-Oriented Standards*
Cities and Urbanized County Areas (by population)	Sizing of CFA Areas	Minimum Residential Density Requirement	Maximum Building Height No Less Than	Development Standards Must Allow:
5,001 – 10,000	At least 25 acres	15 dwelling units/net acre	50 feet	At least 60,000 sq. ft. construction/net acre
10,001 – 25,000	At least 30% of housing need	15 dwelling units/net acre	50 feet	At least 60,000 sq. ft. construction/net acre
25,001 – 50,000	At least 30% of housing need	20 dwelling units/net acre	60 feet	At least 90,000 sq. ft. construction/net acre
➤ 50,000	At least 30% of housing need	25 dwelling units/net acre	85 feet for one, 60 feet for any others	At least 120,000 sq. ft. construction/net acre

*Local governments utilizing the Outcome-Oriented Standards approach shall either apply a minimum residential density of 15 dwelling units/net acre for 100% residential development or shall apply a minimum floor area ratio requirement of 1.0 for development within the CFA.

The more flexible standards in Section -0320(9) will allow cities to better scale their CFAs within existing historic districts or near historic resources to enhance historic compatibility, while also making progress towards climate goals. OAR 660-012-0320(8) exempts redevelopment that adds residential development within existing buildings from minimum density standards. This will facilitate the adaptive reuse of existing buildings, whether or not they are designated historic resources. We also wish to clarify that minimum density requirements only apply to buildings that are exclusively residential. If a local government chooses to require ground floor office or commercial uses along with a minimum floor-area-ratio requirement of 2.0, minimum density requirements would not apply to any market-rate residential development in the zone, per OAR 660-012-0320(8). However, the rules do not allow a non-residential ground floor requirement for qualified affordable residential development, per OAR 660-012-0320(2)(a).

It appears that your study erroneously calculated additional residential capacity in the CMU-3 zone due to the height bonus provisions in Section 4.9.100 of the Corvallis Development Code. To be clear, the height bonus allowance in the CFA rules (OAR 660-012-0315(2)(c)) only applies in situations where the height bonus has been awarded for the development of either: 1) publicly-subsidized housing serving households with an income of 80 percent or less of the area median household income, or 2) for the construction of accessible dwelling units in excess

of minimum requirements. It does not appear that the Corvallis code awards height bonuses for either of these types of housing. However, if we have missed a related provision in your code that addresses this requirement, please let us know. If the calculations were indeed completed in error, you will need to adjust CFA zoned areas and resultant zoned residential building capacity accordingly.

Lastly, we have reviewed your anti-displacement analysis and concur with your findings. We are glad to see a robust list of actions and policies identified from the Corvallis Housing Development Task Force Recommendations, as well as strategies identified by PSU, that can be implemented to mitigate for displacement that might otherwise occur, and to support opportunities for a diversity of future residents in your community. As you are likely aware, if the city determines that there is a potential for displacement with the designation of a climate-friendly area as you are preparing to adopt and zone your CFA(s), OAR 660-012-0315(6)(d) requires that the city's adoption findings identify all ongoing and newly-added housing production strategies the city will use to mitigate potential displacement of members of state and federal protected classes.

Thanks again for your submitted study. We appreciate the good work you have done and look forward to supporting the CFA designation process yet to come. Please feel free to contact me, at (503) 602-0238, or at kevin.young@dlcd.oregon.gov if you have any questions or need further assistance.

Sincerely,

Kevin Young

Kevin Young, DLCD Senior Urban Planner

Cc: Brenda Ortigoza Bateman, DLCD Director

Kirstin Greene, DLCD Deputy Director

Jason Yaich, City of Corvallis Planning Division Manager

Paul Bilotta, City of Corvallis Community Development Director

Matt Crall, DLCD Planning Services Division Manager

Patrick Wingard, DLCD Southern Willamette Valley Regional Representative

Attachment:

Public Comment Received from Bob Cortright on the City of Corvallis CFA Study