

Ordinance No. 3835 Exhibit B



MEMORANDUM

To: Tim Simons, Community Development Director
Evan McKenzie, Senior Planner

From: Greg Winterowd

Date: June 28, 2012

Re: **Technical Memorandum 5.3: Commercial Lands and EOA Review**

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BACKGROUND AND CONTEXT

What This Memorandum Does

The objective of this memorandum is to address changed circumstances (for example, impacts from the new Downtown Plan, the relocation of St. Anthony Hospital, and topographical constraints on the Goad Road property) since adoption of the 2006 Economic Opportunities Analysis (EOA). This memorandum also suggests more flexible “mixed used” comprehensive plan designations and criteria for determining their location.

Background

As part of the City's Periodic Review process in 2011, Pendleton recognized the importance of locating employment land near higher density residential areas to minimize travel distance and to create complete neighborhoods. Commercial and higher density residential developments have similar locational requirements: they both need relatively flat sites with good transportation access. Higher density development also benefits from locating near commercial areas, schools and parks.

The Periodic Review work program calls for refinement of site suitability needs for various types of commercial development opportunities; consideration of relationships among industrial, residential and commercial plan designations and the City's transportation system; and redesignation of land within the UGB to meet specific types of commercial land needs consistent with the Goal 9 administrative rule.

This objective is accomplished by reviewing the commercial land need section of the 2007 EOA and by considering site suitability needs for each of four types of commercial land need: (1) Downtown Commercial; (2) Airport Commercial; (3) Highway Commercial; and (4) Hospital-Related Commercial. In preparing these recommendations, Winterbrook reviewed historical documents, interviewed the Pendleton City Manager and key staff, and considered comments from the Planning Commission and City Council at a joint work session held on May 24, 2012 in Pendleton.

Key findings include:

1. Pendleton has a strong commitment to providing opportunities for workforce housing – especially in areas in and near Central Pendleton where services are available. Commercial and Light Industrial zones in Central Pendleton should allow residential development and a broader mix of uses.
2. Greater flexibility is needed in the development review process – to allow developers to creatively address market forces and community values and thereby provide a range of housing and employment opportunities. As a general rule, the community should identify potential adverse impacts (what we don't want to occur) and then let the market work efficiently.
3. Master planned, mixed-use developments should be encouraged. Master plans should provide for street connections and multi-modal transportation, ensure the efficient provision of public facilities, and conserve historic structures, mountain views and natural features – but otherwise should allow developers to determine the location of specific land uses.
4. Zoning district boundaries can sometimes impede thoughtful, mixed use development on large tracts of land. More inclusive (mixed use) comprehensive plan map designations and less restrictive zoning could foster creative design without requiring comprehensive plan and zoning map amendments.
5. Pendleton is excited about the new hospital and wants to make sure that there are opportunities for hospital expansion in the future.

The remainder of this memorandum focuses on recommendations for comprehensive plan and zoning map amendments to provide greater flexibility in the development process while ensuring an adequate supply of serviceable sites for each category of commercial land need. Using GIS technology, large buildable sites are reviewed to identify appropriate sites for more flexible and inclusive mixed use comprehensive plan designations.

Related Memorandum

Tech Memorandum 5.1 analyzes the relation between residential land need and supply; identifies appropriate locations for high and medium density residential land; and introduces the concept of “residential opportunity areas.” ROAs allow maximum creativity and flexibility in providing a variety of housing types and densities on large tracts of land through the master planning process.

- A combined (R1, R2 and R3) residential development option would allow the full range of housing types and densities within a master-planned setting.
- Performance standards are relied upon to minimize adverse development impacts – rather than inflexible density and dimensional (*e.g.*, lot size, lot coverage, setbacks and height) standards.

Later in this memorandum, the ROA concept is incorporated into a new Mixed Use plan designation to allow developer creativity and flexibility in determining the location of commercial, light industrial and residential development through the master planning process.

Tech Memorandum 3.2 describes commercial buildable lands inventory methodology and results used to determine buildable commercial areas in this memorandum. Map 5.3a: Revised Commercial Buildable Lands Inventory maps these buildable commercial lands.

2007 EOA Findings

The 2007 EOA focused mainly on meeting the need for large industrial sites near the Pendleton Airport. With regard to commercial land, the 2007 EOA also found that Pendleton needed approximately 45 vacant, suitable acres to meet 2026 land needs. In 2006 (prior to designation of “future commercial” land in the Goad Road area) the City had approximately 80 suitable acres to meet this need. So, the issue is not the amount of commercial land – but where it is located, what uses are allowed, and removing unnecessary regulatory constraints in commercial and mixed use zones.¹

¹ The EOA’s discussion of retail and service uses and needs was general:

“**Retail and Services.** Retail and service uses have a broad range of site needs. Many of these uses, however, serve local populations. Thus, Pendleton should consider tools to ensure that neighborhood retail and service ‘nodes’ exist within a reasonable distance from major residential centers. Some service uses will want to locate in higher density or amenity office locations such as downtowns or office parks. Finally, regional retail uses will want large sites with good auto access and visibility. In general, we think that cities can be more selective about where retail and service employers get located. Retail and service structures tend to have a shorter usable life and a higher rate of

In preparing the EOA, ECONorthwest conducted interviews with local stakeholders and received the following comments regarding commercial sites:

- *Sites northeast of Highway 11 have good visibility and lots of traffic.*
- *The 32-acre property near Wal-Mart has potential for riverfront mixed-use, as well as some 50,000-100,000 square foot “big box” retail development.*
- *Downtown office space is limited and vacancies are low; when new commercial space is developed, prices will rise. The Urban Renewal District downtown is helping businesses renovate their facades and introduce more Western-themed elements to their storefronts.*

COMMERCIAL AND MIXED USE OPPORTUNITIES & SUITABILITY CRITERIA

The work scope for this task calls for development of suitability criteria for each of four different types of commercial land need identified for Phase II Periodic Review analysis (downtown commercial, airport commercial, hospital commercial and highway commercial).

Before getting into this discussion, it’s important to recognize that Pendleton has both a comprehensive plan map and a zoning map. The Comprehensive plan map has “plan designations” and the zoning map has “zoning districts”.

1. **Comprehensive plan designations:** The comprehensive plan map designates land for future urban use. In contrast, zoning districts (see below) are shown on the zoning map, implement comprehensive plan map designations, and must be generally consistent with plan designations.

In Pendleton, land within the urban growth boundary (UGB) but outside the city limits typically has an urban plan designation (*e.g.*, commercial, residential, or industrial) but retains rural zoning (*e.g.*, exclusive farm use or rural residential) until the land is annexed to the City. When land is annexed, it is usually assigned an urban zoning district that corresponds with its comprehensive plan designation. In this way, the community and property owners know the long-term intended use of properties within a plan designation, and recognize the urban development cannot occur until the land is annexed and assigned a consistent urban (city) zoning district.

For land within the city limits, the comprehensive plan map is virtually the same as the zoning map. For example, land with a Low Density Residential plan designation typically has an implementing R1 zoning district; land with a Service Commercial plan designation typically has an implementing C3 zoning district; and land within a Light

redevelopment. They also tend to have higher vacancy rates in areas where a lot of vacant land is available.” (2007 EOA, pp. 57-58)

Industrial plan designation has an implementing M1 zoning district.²

However, it is *possible* to have a more *inclusive* plan designation for specific areas that has multiple implementing zoning districts. For example (as suggested below), a Central Mixed Use plan designation could be implemented by a combination of commercial, light industrial and residential zoning districts within the Central Pendleton area.

2. **Zoning districts:** As noted above, zoning districts implement long-term comprehensive plan map designations. Zoning districts list permitted and conditional uses and include development standards for such uses. In Pendleton, urban zoning districts are applied to land within the UGB once it is annexed; within the city limits, there is a one-to-one correspondence between the plan map and the zoning map.

As noted above, it is possible and sometimes useful to have broader plan designations that are implemented by two or more zoning districts. To allow for greater flexibility, the uses allowed in these implementing zoning districts could be made less exclusive, allowed without going through the conditional use process, or moved around on a large site (without changing the zone boundaries) when a master plan is approved by the planning commission.

Each commercial development type – and potential changes to plan designations and zoning districts that provide greater development flexibility – is discussed below.³

Downtown Commercial

The City of Pendleton developed and approved the Pendleton Downtown Plan in 2011. The Downtown Plan is primarily a design document, covering the traditional downtown area between SW 6th and SE 6th Streets, and between the Umatilla River and Goodwin Avenue. The Downtown Plan does *not* recommend changes in land uses for General Commercial (C1) and Light Industrial (M1) zones that apply in this area.

Comprehensive plan designations and zoning immediately outside the area covered by the Downtown Plan depend primarily on existing land uses; thus, there are patches of Light Industrial (M1), Service Commercial (C3), High Density Residential (R3) and Medium Density Residential (R2) zoning.⁴

² Pendleton also has “subdistricts” or overlay zones that place additional restrictions on – or provide greater flexibility for – development (*e.g.*, the Umatilla River Subdistrict, the Historic Conservation Subdistrict, the Mixed Use Development Subdistrict, or the Regional Distribution Subdistrict).

³ Attached Map 5.3b: Opportunity Areas provides a visual representation of the Opportunity Areas concept discussed below.

⁴ The Service Commercial zone combines aspects of the General Commercial and Light Industrial zones – and has been applied generally (but not exclusively) along arterial streets. Residential development is allowed in the C1 and CS zones, but not in adjacent M1 zone.

Effects of Patchwork Zoning

Patchwork zoning outside the Downtown Plan in Central Pendleton creates problems for existing light industrial or commercial uses that want to expand into abutting zoning districts – and limits opportunities for mixed use development.

When uses that don't quite "fit" into a particular zoning district are proposed, amendments to both the comprehensive plan map and the zoning map are required for the development to proceed. The Comprehensive Plan map becomes, in effect a zoning map. To approve a Comprehensive Plan amendment, applicable statewide planning goals must be addressed.

There are many historic structures in Central Pendleton. The adaptive re-use of these structures can be limited by zoning; if zoning were more flexible, it would be easier to convert an historic home in a residential zone to office or retail use while maintaining its historic character.

For reasons that are not entirely clear, public office and warehouse uses in commercial zones are required to go through the conditional use process, whereas similar private uses are allowed outright.

Finally, in some cases commercial zoning has incrementally encroached into residential areas; the boundary between commercial and industrial zoning looks like pieces of a jig-saw puzzle. Lacking a clear long-term boundary between commercial and residential uses creates uncertainty for both.

Central City Mixed Use Proposal

Winterbrook proposes a simple and straightforward solution to these issues: create a new Central Mixed Use (CCMU) plan designation while leaving existing zoning districts in place.

The purpose of the new CCMU designation is to encourage:

- Opportunities for a mix of commercial (retail and service) and residential uses – while allowing for expansion of existing light industrial uses in Central Pendleton – *without* having to through the cumbersome plan amendment and zone change process.
- Adaptive re-use of historic structures that focuses on exterior appearance and impacts rather than internal uses;
- Opportunities for residential development in Commercial and Light Industrial Districts by allowing for residential uses anywhere within the CMU designation (including on the ground floor);
- Public office, safety and warehouse uses without having to go through the conditional use process; and
- Opportunities for mixed use developments in the High and Medium Density Residential zones within the CMU designation.

Thus, the new CCMU comprehensive plan designation would allow for a mix of commercial and residential uses in and near Downtown outright, while allowing existing light industrial uses to expand without a plan or zoning map amendment.

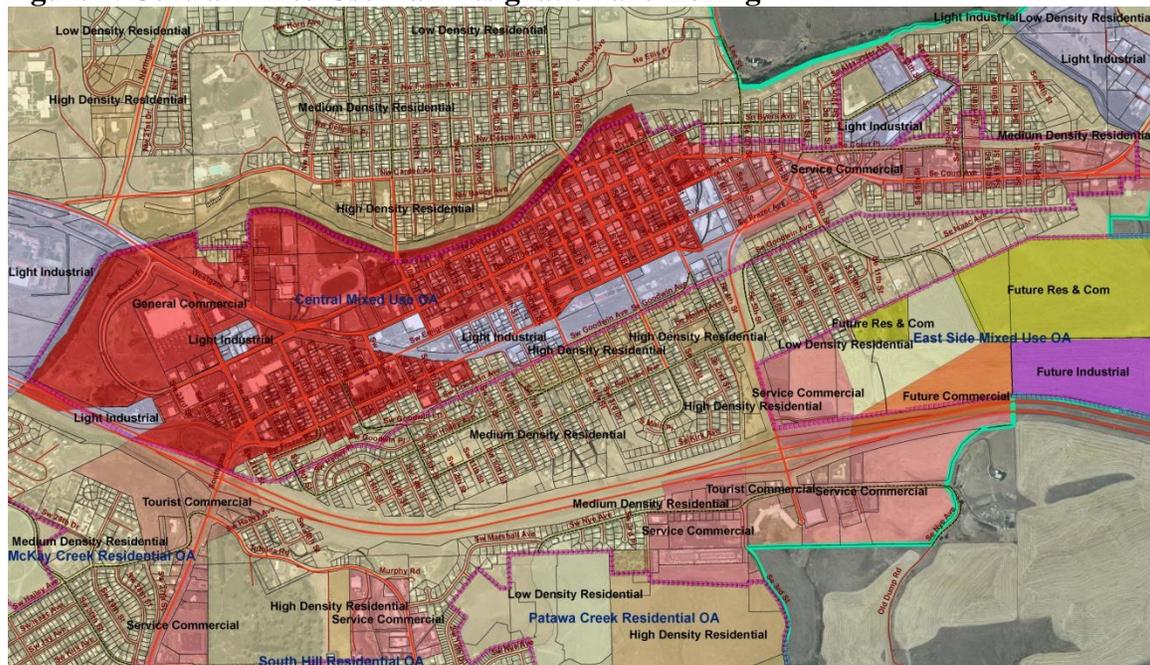
To implement this concept, minor changes to the text (permitted and conditional uses) of existing C1, C3, M1, R2 and R3 zones would be needed; these changes would apply only within the CCMU plan designation. However, zoning map amendments would *not* be necessary.

As shown on Figure 1, the boundary for the new CCMU plan designation could include:

1. All land within the boundaries of the Downtown Plan; plus
2. Adjacent Light Industrial and Service Commercial land; plus
3. Some adjacent Medium Density Residential land.

The new CCMU plan designation could replace the patchwork of existing plan designations within boundaries similar to those shown on Figure 1:

Figure 1: Central Mixed Use Plan Designation and Zoning



The Central Mixed Use comprehensive plan designation contains 33 small buildable residential lots totaling 4 acres, and 53 buildable commercial lots totaling 37 acres.

If the concept of the CMU plan designation is determined to be appropriate for Central Pendleton, the Planning Commission and City Council may wish to expand or contract the boundary of the CCMU designation based on public testimony.

Highway Commercial

Over 80% of Pendleton's buildable commercial land supply (130 acres) is adjacent to I-84. Opportunity exists for additional commercial development at every Pendleton interchange. The City has already applied reasonable suitability criteria for commercial development along highways: there is an abundance of flat (<10% slope), unconstrained land designated for Commercial use that is visible and accessible from I-84. No changes are proposed to implement this concept.

Airport Commercial

The Airport Industrial Subdistrict (PZO Section 58) and the Airport Business Park Subdistrict (PZO Section 59) are located strategically near the Pendleton Airport on land that is suitable (flat, serviceable, accessible from NW Airport and Stage Gulch roads) for retail and service uses that are typically associated with airports. Airport commercial uses typically include offices, overnight accommodations, entertainment uses and restaurants.

However, while these uses are allowed through the conditional use process in the Airport Business Park Subdistrict, they are *not* allowed within the more accessible and serviceable Airport Industrial Subdistrict.

These airport commercial uses are appropriately excluded from the two sites that are specifically reserved for large-site airport industrial uses (PZO Table 58-A1). However, airport commercial uses could be permitted on sites needed for "general industrial" uses (*i.e.*, that are *not* reserved for large-site industrial use) *if* the percentage of airport commercial uses were limited to 10% or less of the designated area of Airport Industrial Sites I-A and I-OE.

Allowing commercial uses that typically serve airport travelers and airport industrial workers would complement existing and potential industrial uses near the airport.

Recommendation

Amend PZO Section 58(D) to allow commercial amusement and recreation (SIC Major Group 79); eating and drinking establishments (SIC Major Group 58); and hotels, motels, other lodging (SIC Major Group 70) through the conditional use process in the Airport Industrial Subdistrict. Such commercial uses would be limited to 10% of the Airport Industrial area.

East Side Mixed Use Opportunity Area

The Goad Road site was included in a Year 2000 urban growth boundary amendment as a potential large industrial site. At the time, it was hoped that a new Goad Road interchange would (eventually) provide the I-84 access needed to make flatter portions of the site accessible

to I-84. It was also agreed that an I-84 frontage road would be necessary to access large industrial sites.

However, as a result of the 2007 EOA, the City determined that most of the Goad Road site was unsuitable for industrial use due to slopes, the presence of high bedrock, and access limitations. It was concluded that there is little, if any likelihood of there being a Goad Road interchange in the foreseeable future.

As a result, the City developed a concept plan for the Goad Road area that designated the site for a combination of Industrial (the flatter portion along I-84), Future Commercial (to the far east of the site), Residential Commercial (the northern portion of the site) and Low Density Residential (the eastern portion of the site). Land with direct access to 3rd Street (under separate ownership) is designated Service Commercial. The changes are shown on the 2011 comprehensive plan map prepared by Winterbrook.

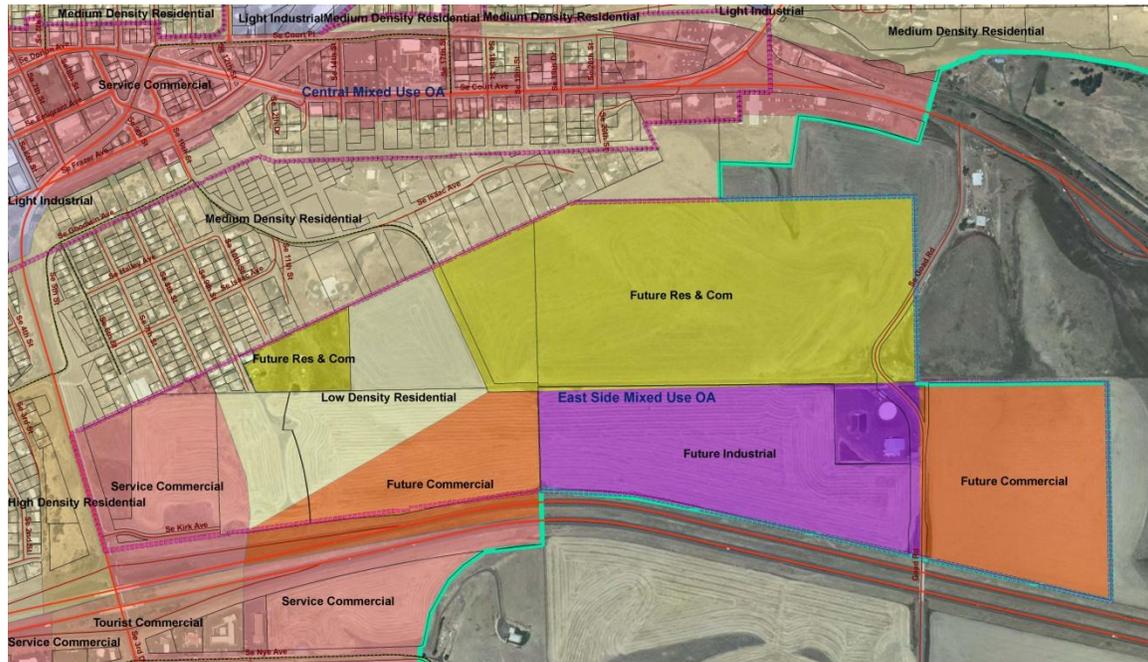
As noted above, the Goad Road area faces serious access, service and topographical constraints. Comprehensive Plan designations on the site were somewhat arbitrarily drawn and were based on the premise that a decision had to be made showing the exact location of each plan designation (and therefore of implementing zoning districts). Detailed transportation and public facilities plans have not been prepared for the Goad Road area; such plans are needed to ensure that adequate public facilities are provided and that the area develops efficiently in the future.

Opportunity Area Proposal

To address these issues, Winterbrook proposes a master-planned opportunity area to add flexibility and encourage efficient development of vacant residential, commercial, and industrial property in the Goad Road area. As proposed, the “East Side Mixed Use Opportunity Area” comprehensive plan designation would include over 260 acres of land owned by five property owners⁵ and would extend from SE 4th Street on the west to the UGB on the east, and from I-84 on the south to largely developed areas to the north. Zoning districts would reflect what is shown below.

⁵ The East Side Mixed Use OA contains 5 buildable residential lots, 5 buildable commercial lots, and 1 buildable industrial lot, with 5 owners and 263 gross buildable acres of land (120 residential, 77 commercial, 56 industrial).

FIGURE 2: PROPOSED EAST SIDE MIXED USE OPPORTUNITY AREA PLAN DESIGNATION



Once land is annexed to the City, uses allowed in any of the applicable zoning districts would be moved around on the site through the master planning process, and so long as inventoried nature features are protected, a multi-modal connecting street system is assured, and adequate public facilities are provided.⁶ At the property owner’s discretion, the single residential zoning district could apply to residential land within the East Side Mixed Use Opportunity Area, along the lines described in Technical Memorandum 5.1. The property owner would also have the option of developing under existing zoning without a master plan.

Hospital-Related Commercial

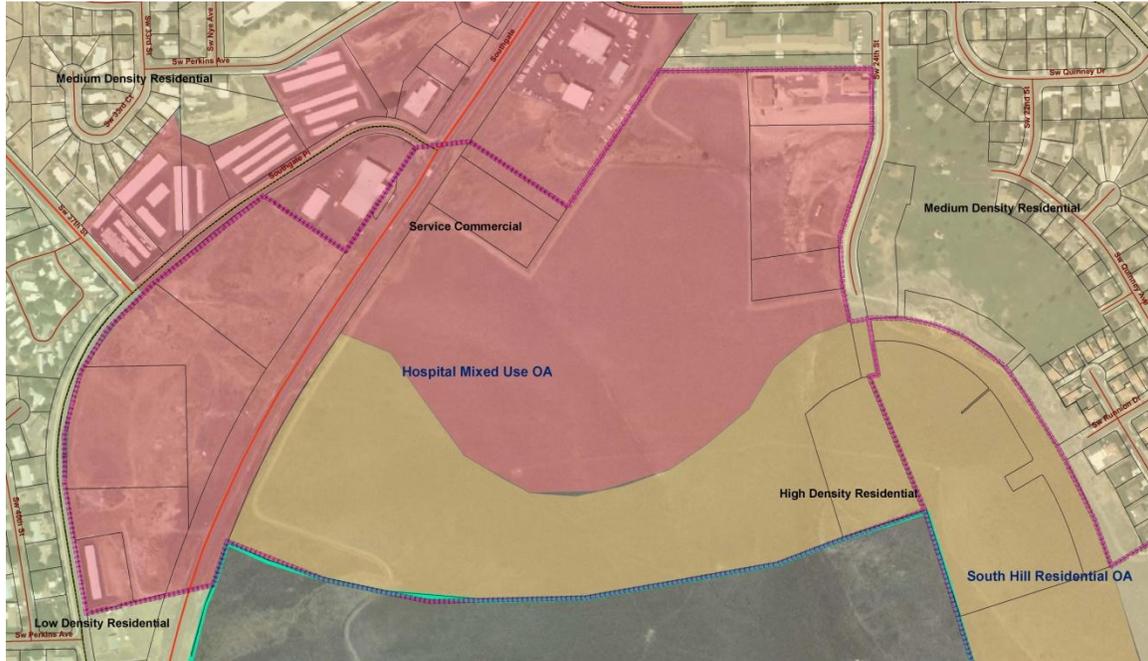
The need for analysis of this category of commercial land is mostly absolved with the approval of the new St. Anthony’s hospital in South Pendleton. The new hospital was approved on land designated for Commercial Service use through the conditional use process.

However, the hospital provides an opportunity for some master-planned mixed use development in nearby areas – the vacant commercial areas to the west, and the vacant high density residential portion of hospital’s land to the south. In order to provide maximum flexibility to the hospital and related developments, we propose a mixed use opportunity area as shown on Figure 3 below.⁷

⁶ Approximately 104 acres in the Goad Road area was recently annexed to the City. The Low Density Residential comprehensive plan designation and R1 zoning for this property were recently submitted to the Department of Land Conservation and Development for review.

⁷ The Hospital Mixed Use OA contains 9 buildable lots, with 4 owners and 37 gross buildable acres (10 commercial, 27 residential).

FIGURE 3: HOSPITAL MIXED USE OPPORTUNITY AREA PLAN DESIGNATION AND ZONING



The commercial and residential zoning districts applicable to this area would be changed to allow hospital related uses outright. Other uses allowed in any of the applicable zoning districts could be moved around on the site through the master planning process, and so long as inventoried nature features are protected, a multi-modal connecting street system is assured, and adequate public facilities are provided. At the property owner's discretion, the single residential zoning district could apply to residential land within the East Side Mixed Use Opportunity Area, along the lines described in Technical Memorandum 5.1. The property owner would also have the option of developing under existing zoning without a master plan.

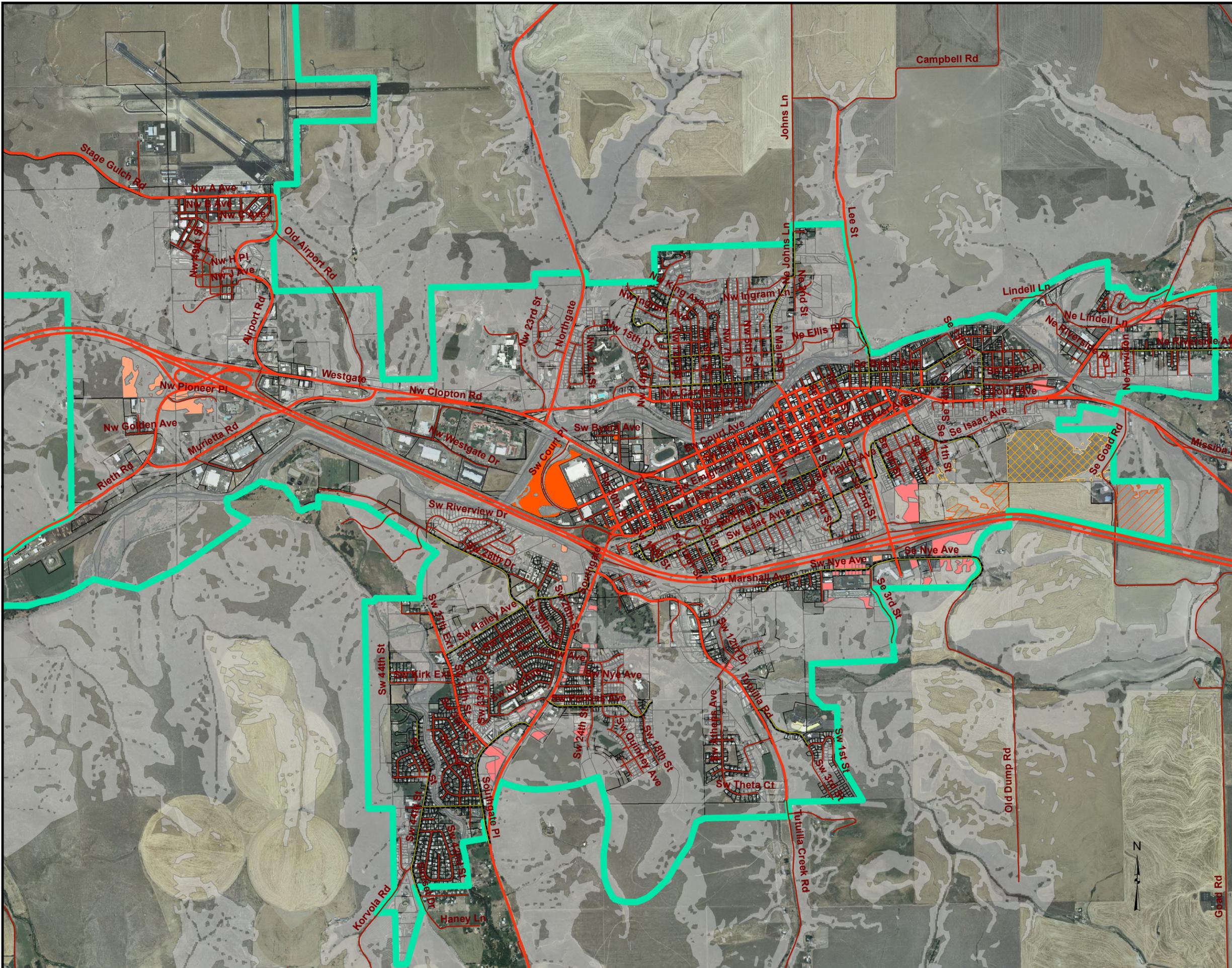


City of Pendleton

PERIODIC REVIEW

Draft Map 5.3a:
Revised Commercial BLI

Map draft: May 22, 2012



Legend

Revised Commercial BLI

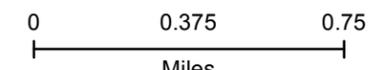
- Future Commercial (diagonal lines)
- Future Res & Com (yellow cross-hatch)
- General Commercial (orange)
- Service Commercial (pink)
- Tourist Commercial (light orange)
- All constraints inc 10% slope (grey)
- UGB & URA (cyan outline)

Pendleton Roads

- Local (red line)

Class

- Arterial (thick red line)
- Collector (black line)



1 in = 2,333 feet

