



# Comprehensive Plan Map and Zoning Map Amendments Staff Report and Recommendation

Community Development Department, Planning Division

<b>Report Date</b>	September 25, 2020																		
<b>Hearing Date</b>	October 5, 2020																		
<b>Land Use Request</b>	Amending the City's Comprehensive Plan Map to re-designate certain parcels from Gales Creek Neighborhood Mixed Use (NMU) to Medium Density Residential (MDR) and Neighborhood Commercial (NC); and certain other parcels from High Density Residential (HDR) to Medium Density Residential (MDR). The proposal would also amend the City's Zoning Map to re-designate the same groups of parcels as Residential Multi-Unit Low Density (RML) and Neighborhood Commercial (NC); and Residential Multi-Unit Low Density (RML).																		
<b>File Number</b>	311-20-000164-PLNG																		
<b>Property Locations</b>	936, 1006 and 1028 Watercrest Road 1405, 1525 and 1585 Thatcher Road 925, 939, 1007, 1015, 1031, 1105, 1113, 1121, 1203 and 1213 Gales Creek Road																		
<b>Legal Descriptions</b>	Washington County tax lots -  <table border="0" style="width: 100%;"> <tr> <td>1N436B002900</td> <td>1N436B003600</td> <td>1N436B003700</td> </tr> <tr> <td>1N436B003800</td> <td>1N436B003900</td> <td>1N436B004000</td> </tr> <tr> <td>1N436B004100</td> <td>1N436B004200</td> <td>1N436B004201</td> </tr> <tr> <td>1N436B002901</td> <td>1N436B003000</td> <td>1N436B003100</td> </tr> <tr> <td>1N436B003200</td> <td>1N436B003300</td> <td>1N436B003400</td> </tr> <tr> <td>1N436B003500</td> <td></td> <td></td> </tr> </table>	1N436B002900	1N436B003600	1N436B003700	1N436B003800	1N436B003900	1N436B004000	1N436B004100	1N436B004200	1N436B004201	1N436B002901	1N436B003000	1N436B003100	1N436B003200	1N436B003300	1N436B003400	1N436B003500		
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<b>Comprehensive Plan Designations</b>	High Density Residential (HDR) Neighborhood Mixed Use (NMU)																		
<b>Zoning Map Designations</b>	Residential Multi-Unit High Density (RMH) Neighborhood Mixed Use (NMU)																		
<b>Applicable Decision Considerations, Standards and Criteria</b>	<p><u>Comprehensive Plan Map Amendments</u></p> <ul style="list-style-type: none"> <li>▪ Oregon Statewide Land Use Planning Goals</li> <li>▪ Forest Grove Comprehensive Plan Policies</li> <li>▪ Metro Regional Framework Plan</li> <li>▪ Metro Urban Growth Management Functional Plan</li> </ul> <p><u>Zoning Map Amendments</u></p> <ul style="list-style-type: none"> <li>▪ Development Code §17.2.770 <i>Map Amendment Criteria</i></li> </ul>																		
<b>Reviewing Staff</b>	James Reitz (AICP), Senior Planner Dan Riordan, Senior Planner																		

**Recommendation**            The proposed Comprehensive Plan Map and Zoning Map amendments meet the requirements of the applicable decision considerations, standards and criteria. Staff recommends that the Planning Commission forward the application to the City Council with a positive recommendation.

## I. LAND USE HISTORY

Following rejection of the Dollar General project proposed for 1121 Gales Creek Road, staff was directed to develop alternatives for the Neighborhood Mixed Use (NMU)-designated area located at the Thatcher Road / Gales Creek Road intersection, identified in the Development Code as the Gales Creek NMU zoning district.

The existing auto-repair buildings were constructed before the area was annexed to the city, but the area has been planned for a broader commercial mix since at least 1980. Under the 1980 Commercial Planned Development (CPD) Comprehensive Plan designation, this area was intended to become a Planned Shopping Center, which could have included “a neighborhood gas station, convenience grocery store, recreation center, laundry, restaurant, etc.” The concept of a shopping center never came to fruition, as commercial uses of all types have gravitated toward the area generally along Pacific Avenue east of Hawthorne Street.

In 2016 the City adopted a broader concept for this area, one that would “support the development of (a) pedestrian-friendly mixed use neighborhood with a diversity in the mix of housing types and neighborhood-scale retail uses and services, offices, civic or recreational uses.” In the NMU-zoned areas, non-residential uses would have to be located in a village center (which was not defined), and all site reviews processed as a planned development. That combination proved problematic for the 2019 attempt to construct a single new commercial building in the Gales Creek NMU.

In January 2020, staff hosted an information-sharing meeting with the affected property owners in the Gales Creek NMU, to discuss what might come next. The consensus reached was that the NMU zoning provisions, and particularly the village center and planned development requirements, posed insurmountable hurdles to any new commercial development. The desire expressed by the attendees was for an approach that would allow additional commercial development, but with more specific standards and a more certain (i.e., less discretionary) review process.

The attendees further agreed that only those sites located closest to the intersection needed to be reserved for commercial use; the balance could be residential. Possible residential housing types and density were not discussed.

The Planning Commission met in a work session on July 20, 2020 to discuss various alternatives, and reached this consensus:

1. The commercial uses allowed in the NMU district are largely the same as those listed in the Neighborhood Commercial (NC) zoning district. As such, the Gales Creek NMU zoning could be replaced with an NC zoning designation.
2. The NC code has not been reviewed since it was adopted in 1980, and should be updated.
3. As the Gales Creek NMU is intended to provide neighborhood-scale commercial uses, and a shopping center is highly unlikely, the Zoning Map could be revised to reduce the area

devoted to commercial uses. Furthermore, the City should review the adjacent High Density Residential area to the west and consider whether that designation was still appropriate.

4. The NMU code needs further refinement if it is to be successfully implemented.

This report addresses Item 3 above. A separate report addresses the potential Development Code text amendments noted in items 1 and 2. Review of the NMU code (Item 4) will be initiated following final action on the first three items.

## II. DESCRIPTION OF PROPOSAL

The proposal consists of three map amendments:

1. Four parcels and a portion of a fifth parcel would be changed from Neighborhood Mixed Use to Neighborhood Commercial. These properties are located closest to the Gales Creek Road / Thatcher Road intersection; and
2. The balance of the NMU area would be changed to Medium Density Residential, which would allow residential development of up to 12.00 dwelling units per acre (DUA); and
3. The High Density Residential area would be changed to Medium Density Residential. This would change the target density from 20.28 DUA to 12.00 DUA.

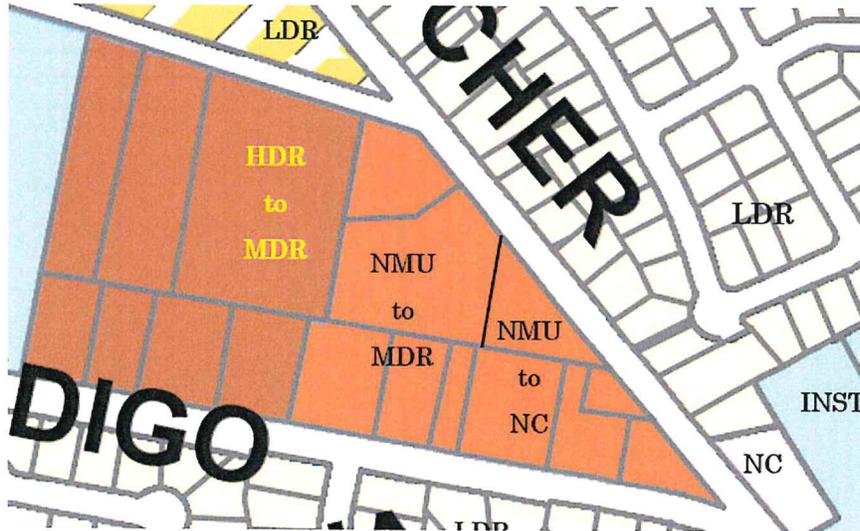
## III. SITE EXAMINATION

The subject area consists of 16 parcels with a total area of about 15 acres. Three of the parcels near the intersection are developed with commercial uses with an auto-repair focus. The balance of the area is developed with rural residential uses, i.e., single-family homes on oversized lots.



**AERIAL PHOTO OF SITE AND AREA**

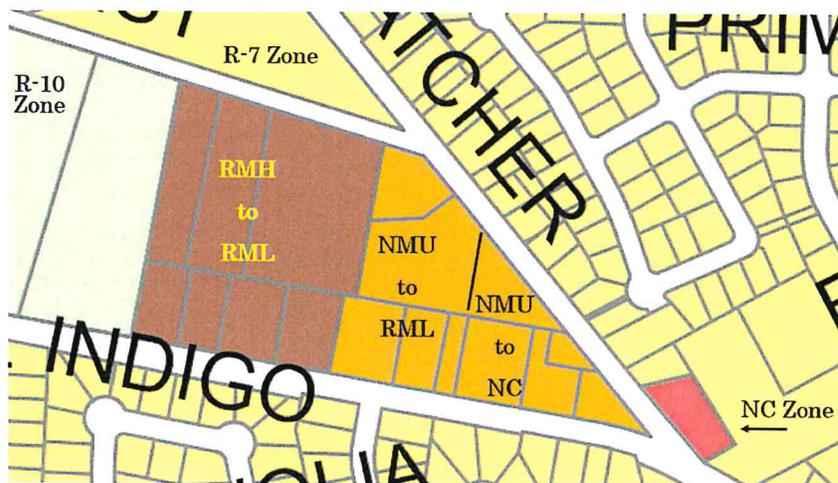
## Proposed Gales Creek Area Comprehensive Plan Map Amendments



HDR = High Density Residential  
NMU = Neighborhood Mixed Use

MDR = Medium Density Residential  
NC = Neighborhood Commercial

## Proposed Gales Creek Area Zoning Map Amendments



RMH = Residential Multi-Unit High Density  
RML = Residential Multi-Unit Low Density

NMU = Neighborhood Mixed Use  
NC = Neighborhood Commercial

## IV. PROCEDURAL REQUIREMENTS

Comprehensive Plan Map Amendment Process: “Plan amendments may be initiated by the following parties: property owner of record or authorized agent of the property owner of record; contract purchaser, City Council, Planning Commission, City Manager, or Community Development Director.” (Forest Grove Comprehensive Plan - Volume 1 p. 27). These amendments were initiated by the Director in response to the City Council’s direction to develop alternatives to the Gales Creek NMU designation.

The Planning Commission’s role is to consider the merits of the proposal and prepare a recommendation to the City Council.

Zoning Map Amendment Process: Development Code §17.2.760 *Procedure* authorizes the Planning Commission to make a recommendation to the City Council after reviewing the application pursuant to a Type 3 procedure.

Comprehensive Plan Amendment and Zoning Map Amendment approval criteria follow in Section V below.

DLCD and Metro Notification and Review: Notice of the proposed comprehensive plan and zoning map amendments was provided to the Department of Land Conservation and Development (DLCD) and Metro on August 28, 2020 pursuant to ORS 197.610, OAR Chapter 660 – Division 18, and Metro Code §3.07.820 (Functional Plan Title 8). Neither agency has registered any comments.

Public Notice: Public notice for this application was mailed to property owners and residents within 300 feet of the site on September 11, 2020; and published in the *News Times* on September 24, 2020, as required by Development Code §17.1.610.

As of the writing of this report, no comments have been received from the public.

## V. REQUIRED APPROVALS AND FINDINGS

The following decision considerations apply to the proposed Comprehensive Plan Map amendment –

- Applicable Oregon Statewide Land Use Planning Goals;
- Applicable Comprehensive Plan policies;
- Metro Regional Framework Plan; and
- Metro Urban Growth Management Functional Plan.

The following criteria apply to the proposed Zoning Map amendment (DC §17.2.770) –

- A. The zone change is consistent with the Comprehensive Plan Map. When the Comprehensive Plan has more than one implementing zone as shown on the Correspondence Table in Article 3, it must be shown that the proposed zone is the most appropriate, taking into consideration the purposes of each zone and the zoning pattern of surrounding land.

- B. The zone change is consistent with relevant goals and policies of the Comprehensive Plan, as identified by the Director.
- C. The site is suitable for the proposed zone and there is a lack of appropriately designated alternative sites within the vicinity. The size of the vicinity will be determined on a case-by-case basis since the impacts of a proposed zone and its potential uses vary. The factors to be considered in determining suitability are parcel size and location.
- D. The zone change is consistent with the adopted Transportation System Plan. Development allowed by the zone change will not substantially impact the functional classification or operation of transportation facilities, or reduce the level of service of transportation facilities below the minimum acceptable level identified in the Transportation System Plan. To ensure proper review and mitigation, a traffic impact study may be required for the proposed zone change if it may impact transportation facilities.
- E. Public facilities and services for water supply, sanitary waste disposal, storm water disposal, and police and fire protection are capable of supporting the uses allowed by the zone. Adequacy of services is based on the projected service demands of the site and the ability of the public services to accommodate those demands.
- F. The establishment of a zone district is not subject to the meeting of conditions.

The applicable decision considerations and approval criteria are described more fully below. Findings are also provided below.

### Oregon Statewide Land Use Planning Goals

**Goal 2 - Land Use:** Goal 2 establishes guidelines for major revisions and minor changes to the Comprehensive Plan.

- Major revisions include land use changes that have widespread and significant impact beyond the immediate area, such as quantitative changes producing large volumes of traffic; a qualitative change in the character of the land use itself, such as conversion of residential to industrial use; or a spatial change that affects large areas or many different ownerships.
- Minor changes are those which do not have significant effect beyond the immediate area of the change.

Finding for Goal 2: The proposed NMU to NC Comprehensive Plan amendment affects 5 parcels with an area of about 2.80 acres. Re-designating the NMU parcels to NC will not have a significant effect on the uses permitted and is therefore considered to be a minor amendment.

Finding for Goal 2: The proposed NMU to MDR Comprehensive Plan amendment affects 5 parcels with an area of about 3.90 acres. It would change the permitted uses from a commercial-residential mix to exclusively residential. Because the amendment would not have significant effect beyond the immediate area of the change, and could result in a less traffic generation, it is considered to be a minor amendment.

Finding for Goal 2: The proposed HDR to MDR Comprehensive Plan amendment affects 7 parcels with an area of 8.25 acres. It would not change the permitted uses, but it would change the allowable density from 20.28 to 12.00 dwelling units per acre. Because the amendment would not have significant effect beyond the immediate area of the change, and would result in less traffic generation, it is considered to be a minor amendment.

**Goal 9 - Economic Development:** Goal 9 specifies that each city must “Provide for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of ... commercial uses consistent with plan policies; and limit uses on or near sites zoned for specific ... commercial uses to those which are compatible with proposed uses.”

Finding for Goal 9: The proposed NMU to NC Comprehensive Plan amendment affects 5 parcels with an area of about 2.80 acres. The uses permitted in the NC zoning district largely duplicate the uses permitted in the NMU zoning district. Re-designating the NMU parcels to NC will not have a significant effect on the uses permitted and is therefore considered to be a minor amendment.

Finding for Goal 9: The NMU zoning district allows for a mixture of commercial and residential uses, but only within the context of a planned development (PD) approved through a Type III process. The Type III process and PD requirements have proven problematic for single-site development proposals, thus depriving the Gales Creek NMU area of an adequate supply of commercial land. The proposed NMU to NC amendment would identify a smaller area for commercial uses where individual sites could be developed under a Type II process, thus ensuring that the available land that is suitable for neighborhood commercial development can actually be developed with commercial uses.

**Goal 10 - Housing:** Goal 10 specifies that each city must plan for and accommodate needed housing types and to plan and zone enough buildable land to meet those needs.

Finding for Goal 10: The City’s Economic Opportunity Analysis shows a need for 3,900 housing units over the next 20 years, based on the Baseline Growth Scenario of 2% per year. The proposed NMU to NC Comprehensive Plan amendment affects 5 parcels with an area of about 2.80 acres. As the proposed target density in the NC zoning district would be the same as the existing target density in the Gales Creek NMU zoning district, there would be no net change in housing units. Because the amendment would not have significant effect beyond the immediate area of the change, it is considered to be a minor amendment.

Finding for Goal 10: Re-designating the NMU parcels to MDR would potentially increase the availability of housing units as the target density in the Gales Creek NMU zoning district (8.71 DUA) would be increased to 12.00 DUA in the MDR area. This would result in a potential increase of 13 units, based on gross density.

Finding for Goal 10: Re-designating the HDR parcels to MDR would decrease the availability of housing units as the target density from 20.28 DUA to 12.00 DUA. This would result in a potential decrease of 68 units, based on gross density. Overall, there would be a net reduction of 55 units, based on gross density.

Finding for Goal 10: The proposal would result in a reduction in the target density by 55 dwelling units, based on gross density. However, Metro’s Regional Functional Plan Title 1 Housing Capacity (see below) allows a city to take action to reduce minimum zoned capacity any time within two years after action to increase capacity.

In 2019 the City amended the Comprehensive Plan Map and Zoning Map to re-designate 2352 and 2355 Kingwood Street from General Industrial to High Density Residential. With 1.81 acres between them, and at 20.28 DUA, this resulted in an increase in target density of 37 dwelling units.

Thus, the net change overall would only be a loss of 18 dwelling units. The actual net change would be somewhat less, calculated at net density. That number is indeterminate at this time, as the dedications for future rights-of-way etc. are unknown.

In addition, while beyond the 2-year period noted above, the City in 2016 increased the target density in the Town Center zones from 20.28 to 40.00 DUA, and from 20.28 to 30.00 DUA in the Community Commercial zoning districts. As a consequence, 398 units have already been approved in the Community Commercial zoning district, and 192 units have already been constructed.

Finding for Goal 10: All the amendments would achieve a minimum residential density allocation for new construction of more than the 8 units per acre that the City must meet overall under the Metropolitan Housing Rule (OAR 660-0007-0035).

### *Metro Regional Framework Plan*

The Metro Regional Framework Plan establishes a land use concept for the Portland region. Under the Metro Charter and state law, cities and counties within Metro's boundaries are required to comply and be consistent with the Regional Framework Plan.

The plan contains policies for growth management and land use planning for matters of metropolitan concern. It establishes a hierarchy of mixed-use, pedestrian friendly centers that are well connected by high capacity transit and corridors. It establishes Regional Centers, Town Centers, Corridors, Transit Station Communities, neighborhoods, and Industrial and Employment areas.

Finding: Metro Regional Framework Plan Policy 1.1.1 is as follows:

*Balance the region's growth by:*

- a. Maintaining a compact urban form, with easy access to nature.*
- b. Preserving existing stable and distinct neighborhoods by focusing commercial and residential growth in mixed-use centers and corridors at a pedestrian scale.*
- c. Ensuring affordability and maintaining a variety of housing choices with good access to jobs and assuring that market-based preferences are not eliminated by regulation.*
- d. Targeting public investments to reinforce a compact urban form.*

Finding: The Comprehensive Plan Map and Zoning Map amendments would result in the re-designation of:

- 8.25 acres from High Density Residential to Medium Density Residential. Based on gross density, this would result in a potential decrease of 68 dwelling units.
- About 3.90 acres from NMU to MDR. Target density in the Gales Creek NMU zone 8.71 DUA; in the RML zoning district, the target density is 12.00 DUA. This change would therefore result in a potential increase of 13 dwelling units.

- About 2.80 acres from NMU to NC. There would no change in density because of the Development Code amendment to increase the target density of the NC zoning district from 4.35 DUA to 8.71 DUA, the same as in the Gales Creek NMU zoning district.
- Numbers are approximate because the zone boundary between the RML and NC zoning districts would not follow an existing lot line.
- Overall, there would be a net reduction of 55 units, based on gross density.

Finding: Metro Regional Functional Plan Title 1 Housing Capacity allows “A city ... (to) reduce its minimum zoned capacity by one of the following actions if it increases minimum zoned capacity by an equal or greater amount in other places where the increase is reasonably likely to be realized within the 20-year planning period of Metro’s last capacity analysis under ORS 197.299:

- (1) Reduce the minimum dwelling unit density, described in subsection (b), for one or more zones;
- (2) Revise the development criteria or standards for one or more zones;
- (3) Change its zoning map such that the city’s ... minimum zoned capacity would be reduced.

*Action to reduce minimum zoned capacity may be taken any time within two years after action to increase capacity.*

As noted above, the proposal would result in a reduction in the target density by 55 dwelling units, based on gross density. However, in 2019 the City amended the Comprehensive Plan Map and Zoning Map to re-designate 2352 and 2355 Kingwood Street from General Industrial to High Density Residential. With 1.81 acres between them, and at 20.28 dwelling units per acre, this resulted in an increase in target density of 37 dwelling units.

Thus, the net change overall would only be a loss of 18 dwelling units. The actual net change would be somewhat less, calculated at net density. That number is indeterminate at this time, as the dedications for future rights-of-way etc. are unknown.

Finding: While beyond the 2-year period noted above, the City in 2016 increased the target density in the Town Center zones from 20.28 to 40.00 DUA, and from 20.28 to 30.00 DUA in the Community Commercial zoning districts. As a consequence, 398 units have already been approved in the Community Commercial zoning district, and 192 units have already been constructed.

Finding: All the amendments would achieve a minimum residential density allocation for new construction of more than the 8 units per acre that the City must meet overall under the Metropolitan Housing Rule (OAR 660-0007-0035).

## Forest Grove Comprehensive Plan Policies

### Housing Goals and Policies

Goal 6: Promote neighborhoods complete with residences, open space, schools, parks, and shopping opportunities within close proximity to each other. Avoid stand-alone residential developments lacking support activities.

Policy 6.1 Designate small-scale neighborhood-oriented commercial areas within walking distance of residential areas.

Goal 8: Create opportunities to retro-fit single-use commercial and retail developments into walkable, mixed-use communities.

Finding: The locational factors to be considered for multi-unit plan designations are as follows (the differences between the RML and RMH districts are *italicized*):

Plan Designation	Location Factors
RML	<ol style="list-style-type: none"> <li>1. Slope less than 10%;</li> <li>2. Carrying capacity of the land given presence of wetlands, soil characteristics, and infrastructure capacity including water, sewer, and transportation.</li> <li>3. Sites located within ¼ mile of planned or existing transit service;</li> <li>4. Constructed with single family residential development if approved through Planned Residential Development process.</li> </ol>
RMH	<ol style="list-style-type: none"> <li>1. Slope less than 10%;</li> <li>2. Carrying capacity of the land given presence of wetlands, soil characteristics, and infrastructure capacity;</li> <li>3. Sites located within ¼ mile of planned or existing transit service;</li> <li>4. <i>Sites adjacent to existing or planned parks or open space;</i></li> <li>5. <i>Sites within ¼ mile of designated employment areas;</i></li> <li>6. Constructed with single family residential development if approved through Planned Residential Development process;</li> <li>7. <i>Creation of nodes to facilitate transit extension.</i></li> </ol>

The HDR (RMH)-designated area was adopted in 1980. It is not located adjacent to an existing or planned park or open space, nor is it within a ¼-mile of a designated employment area.

Finding: The HDR (RMH)-designated area is an 8.25-acre island bounded on three sides by low-density single-family neighborhoods. High density multi-unit housing was intended to be developed in support of an adjacent planned shopping center but, even after 40 years, neither has come to fruition.

Conclusion: The amendments to rezone the RMH and part of the NMU-designated areas to RML would more closely match the RML Location Factors identified above because the area is not located adjacent to parks or open space, nor near designated employment areas as would be preferred for RMH-designated areas.

Furthermore, the amendment to replace part of the NMU-designated parcels with a Neighborhood Commercial designation would support the development of small-scale neighborhood-oriented commercial areas within walking distance of residential areas, including single-site developments, which are not possible now under the NMU review process.

**Economic Development Goal 5 – Promote Retail Activities**

Policy 5.3 Promote opportunities for mixed use development, including retail, near major transportation intersections (nodes) within the city including the Forest Grove Town Center.

Finding: The intersection of Gales Creek Road and Thatcher Road could be considered a major transportation intersection because both are Arterial Streets. Furthermore, it is also the location of a GroveLink bus stop. The NC-designated area would have greater opportunity to re-develop with a mixture of uses because such uses could be reviewed using the clear and objective standards of the Development Code, versus the discretionary approvals required of Village Center uses in the Gales Creek NMU zoning district.

Finding: The Gales Creek NMU zoning district was preceded by a Commercial Planned Shopping Center (CPD) designation, which was originally adopted in 1980. Both designations were intended to provide commercial services to the surrounding neighborhood. However, commercial uses of all types have gravitated toward the area generally along Pacific Avenue east of Hawthorne Street. As a consequence, even after 40 years, no application has ever been filed to develop a shopping center (under the CPD designation) or Village Center (under the NMU designation).

Finding: The Gales Creek NMU zoning district consists of 9 parcels with multiple owners. Development of a shopping center would require land assembly, and no application to date has included anything more than a single-site development in this area.

Finding: The NC zoning district allows for virtually the same permitted uses as the Gales Creek NMU zoning district; the benefit of the re-designation would be to eliminate the requirement for a Type III review process for all commercial uses, regardless of scale.

Policy 5.4 Adopt development standards to encourage the creation of commercial areas at a scale proportionate to meeting the daily needs of nearby residents.

Finding: The NC zoning district allows for virtually the same permitted uses as the Gales Creek NMU zoning district; the benefit of the re-designation would be to eliminate the requirement for a Type III review process for all commercial uses, regardless of scale.

Conclusion: The NC zoning district allows for virtually the same permitted uses as the Gales Creek NMU zoning district, but because proposed projects could be reviewed under a Type II process versus the more intensive Type III process, Economic Development Goal 5 to Promote Retail Activities would be furthered by the amendments.

Development Code descriptions -

*The Neighborhood Commercial district is established to provide for small to medium sized shopping and service facilities in close proximity to residential neighborhoods. The Neighborhood Commercial district is intended to meet the daily convenience shopping and service needs of the immediate neighborhood. NC districts should be located on arterial or collector streets, preferably at an intersection. NC zones should be spaced at approximately one-half (1/2) mile intervals and each district should be limited to a total size of approximately five (5) acres. There are 0.8 acres of land designated Neighborhood Commercial on the comprehensive plan map.*

Finding: The amendment would enlarge an existing 0.52-acre NC district by about 3.40 acres. It is located at the intersection of two Arterial streets. No other NC-designated area is located within a half-mile and the total area of 3.90 acres would be less than the 5-acre limit.

*The Mixed-Use plan designation is established to provide for a variety of retail and office uses near residential neighborhoods. Limited Commercial (mixed-use) zones should be located on or bounded by arterial and collector streets to create nodes or concentrations of activity.*

Finding: The amendment would enlarge an existing 0.52-acre NC district by about 3.40 acres, for a total of about 3.90 acres. The area within the proposed map amendment would be more appropriately designated Neighborhood Commercial because, since 1980, the area was always intended to provide for the “*daily convenience shopping and service needs of the immediate neighborhood*” as per the Neighborhood Commercial description.

Zoning Map Amendments Review Criteria (DC §17.2.770)

1. The zone change is consistent with the Comprehensive Plan Map. When the Comprehensive Plan has more than one implementing zone as shown on the Correspondence Table in Article 3, it must be shown that the proposed zone is the most appropriate, taking into consideration the purposes of each zone and the zoning pattern of surrounding land.

Finding: If the parcels are re-designated as proposed, then the corresponding zones would be appropriate.

2. The zone change is consistent with relevant goals and policies of the Comprehensive Plan, as identified by the Director.

Finding: The proposed amendments would be consistent with the Comprehensive Plan Housing and Economic Development goals and policies as described above.

3. The zone change is consistent with the adopted Transportation System Plan. Development allowed by the zone change will not substantially impact the functional classification or operation of transportation facilities, or reduce the level of service of transportation facilities below the minimum acceptable level identified in the Transportation System Plan. To ensure proper review and mitigation, a traffic impact study may be required for the proposed zone change if it may impact transportation facilities.

Finding: The parcels total about 15 acres. The zone changes are consistent with the adopted Transportation System Plan because there would be a reduction in both commercial and high density residential land, and thus an overall reduction in traffic generation.

4. Public facilities and services for water supply, sanitary waste disposal, storm water disposal, and police and fire protection are capable of supporting the uses allowed by the zone. Adequacy of services is based on the projected service demands of the site and the ability of the public services to accommodate those demands.

Finding: The subject parcels are located in a developing area of the city and will be served by the full array of City services. The proposed amendments are not anticipated to create any greater demand for public facilities and other public services than that which would be demanded under the existing designations.

5. The establishment of a zone district is not subject to the meeting of conditions.

Finding: No conditions of approval are proposed.

## VI. ALTERNATIVES

The Planning Commission has the following alternatives:

1. Recommend approval of the Comprehensive Plan Map and Zoning Map amendments as proposed; or
2. Recommend approval with modifications; or
3. Recommend denial; or
4. Continue deliberations to a date certain.

## VII. SUMMARY AND RECOMMENDATION

The proposed Comprehensive Plan Map and Zoning Map amendments meet the requirements of the applicable decision considerations, standards and criteria as described above. Therefore, staff recommends that the Planning Commission forward the application to the City Council with a positive recommendation.

## VIII. LIST OF EXHIBITS

The following attachments are part of the staff report and entered into the record as evidence for this application at the time this staff report was written. Exhibits received after the date of this report will be marked beginning with the next consecutive letter and will be entered into the record at the time the public hearing is opened, prior to oral testimony.

**Exhibit A** PowerPoint Slides

**Exhibit B** Thatcher Road LLC Letter

EXHIBIT A

POWERPOINT SLIDES



# Gales Creek NMU Area Map Revisions

James Reitz, AICP  
Senior Planner



10/05/20

# Gales Creek NMU Area Aerial Photo



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# Background

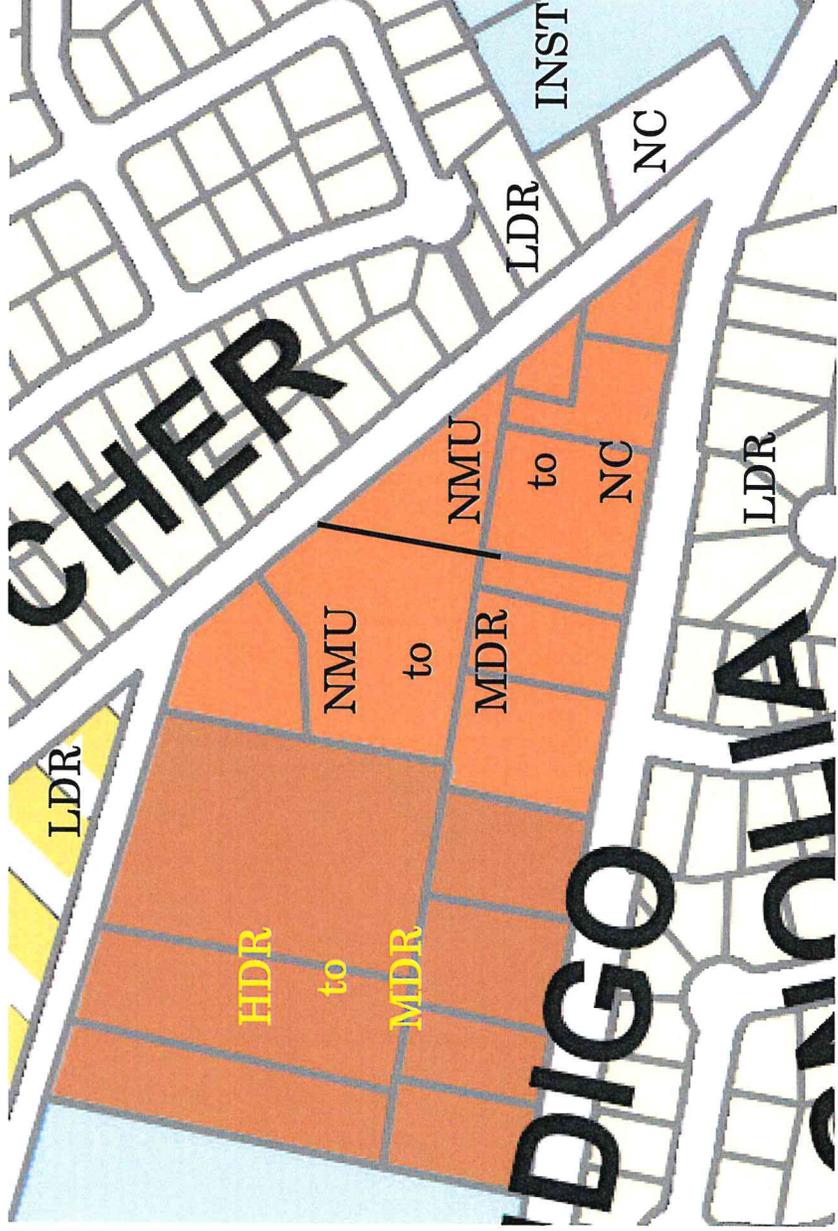
1. The City Council requested alternatives for the Neighborhood Mixed Use (NMU)-designated area located at the Thatcher Road / Gales Creek Road intersection.
2. The Planning Commission held a work session on July 20 to discuss alternatives, including the adjacent RMH-designated area.
3. The consensus of the Planning Commission was that:
  - a. The NMU designation should be replaced with residential and commercial designations.
  - b. Residential zoning designations could include RMH, RML or a combination of both.
  - c. The commercial designation should be changed to Neighborhood Commercial.

# Proposed Changes

Based on the Commission's discussions, the proposal would:

- Rezone the RMH district to RML; and
- Rezone a portion of the NMU district to RML; and
- Rezone the balance of the NMU district to NC.

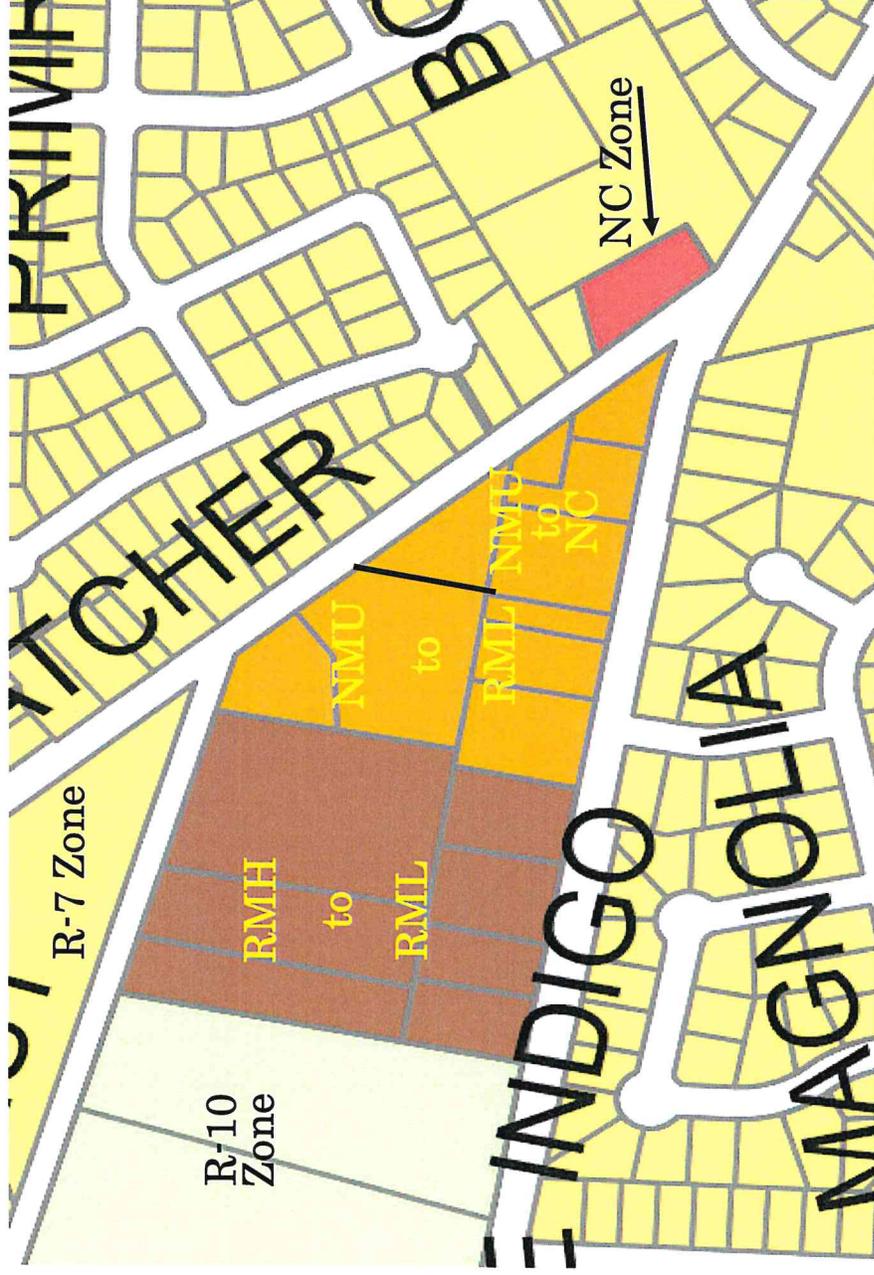
# Proposed Gales Creek Area Comprehensive Plan Map Amendments



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NMU = Neighborhood Mixed Use

MDR = Medium Density Residential  
NC = Neighborhood Commercial

# Proposed Gales Creek Area Zoning Map Amendments



RMH = Residential Multi-Unit High Density  
 RML = Residential Multi-Unit Low Density

NC = Neighborhood Commercial  
 NMTU = Neighborhood Mixed Use

# Residential Yields

Based on Gross Density –

- Under the existing zoning designations, about 225 units could be built overall (assuming mixed use on the NMIU-zoned parcels).
- Under the proposed zoning designations, about 170 units could be built.
- A lower yield would better fit the Comprehensive Plan Locational Criteria for multi-family residential density.
- As the area is surrounded by single-family neighborhoods, lower density housing might be a better fit.
- Actual density would be less, based on net developable area (gross area less rights-of-way dedications).
- Residential in NC zones can only be done in mixed use projects.

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# Recommendation

Staff recommends that the Planning Commission endorse the proposed amendments and forward them onto the City Council with a positive recommendation.

EXHIBIT B

THATCHER ROAD LLC LETTER

**Thatcher Road LLC**  
**Comments re zoning of**  
**1525 Thatcher Road and 1121 Gales Creek Road**

**Short History**

The two properties owned by Thatcher Road, LLC (1525 Thatcher Road and 1121 Gales Creek Road) are part of a nine (9) parcel assemblage that was rezoned Neighborhood Mixed Use (NMU) several years ago. There are three other NMU Zones in the City of Forest Grove. The Thatcher/Gales Creek Road (TRGC) assemblage is by far the smallest, comprised of less than seven acres (<7ac) with nine (9) parcels with eight (8) different owners. The other three NMU zones are larger, up to ~20 acres with much fewer owners. We accepted this zoning years ago based on the understanding, as explained by staff, that the zone would allow flexibility. As property owners, this was extremely important due to the history of failed retail activity on the west side of Forest Grove. In the many discussions with staff, it was agreed by all, that traffic counts and population densities on the west side were unfavorable for retail success. This is evidenced by where the new retail has been located; on the east side – where Forest Grove and Cornelius meet, with most clustered at the intersections of Highway 47 and Pacific Avenue. Our testimony during the zoning hearings to both the Planning Commission and the City Council was that it would be near impossible to attract seven acres worth of retail. However, with a flexible zone that would allow commercial, residential or a mixture of both, we felt the chances of success would be greatly increased.

**Too Small for a Village Center**

The TRGC assemblage is simply too small, with too many different owners to ever justify the expense and risk associated with developing the infrastructure/improvements associated with a Village Center. I have attached a zoning map attempting to interpret what the City Council suggested a Village Center at this site might look like (Attachment A). Trying to connect vehicle right of ways and walking paths will make building anything on a majority of these lots impossible. There will be no room for buildings, setbacks and all the other issues associated with development. These common issues are what made Dollar General offer to buy more than our lot at 1121 Gales Creek Highway, and propose a lot line adjustment in conjunction with their project. Attachment A is my quick attempt to do what I heard the City Council say in their work session. To make Village Centers work with multiple owners, the first development approved might get the driveway but easements would need to be placed on the other parcels within the area. How this would happen is the question. Out of the nine parcels, there are

eight different owners. To encumber their property because of a neighboring project that is being proposed is impossible. And why would they agree to it? In the recently denied Dollar General project, if the above rule was enforced, the three parcels to the west would have been made unbuildable due to the resulting encumbrances that would be placed on them.

## Parcel Ownership

There are nine (9) separate tax lots and eight (8) different owners of the property in this NMU zone. While in theory, one entity could purchase all nine lots and then plan and market a Mixed Use Planned Development with a Village Center, it is too difficult and expensive to assemble properties with multiple owners, rendering the likelihood nearly impossible.

I have some background in Forest Grove real estate and development. I was chair of the Pacific University Board and sat on the property committee when Pacific, in partnership with the city, acquired property and built the current athletic fields at Lincoln Field. At that time, Pacific had the advantage of the city owning most of acreage and Pacific already having built a gym and field house with dressing rooms, meeting rooms etc, at the site. But we had to buy 3 to 4 very old houses to make the plan work. I know we paid at least 3 times the actual market value for each house because the owners were not willing sellers. But we did so to make the whole project work with all improvements and the other amenities of a complete athletic center, and also because the project made sense even with the over-paid properties involved.

I was also one of the owners of a company called Forest Park Mall. We owned several large lots where the current Ace Hardware and strip mall are located. We again combined 3 or 4 houses into the project so that Ace could swap land with Haggens Grocery to create the completed development you see today. Again we had to pay prices 2 to 3 times actual market value to make the deal work. But again, those costs were minor in relation to the size of the whole project, especially when considering the Ace holding and our holding.

Lastly, one of my very good friends, Al Stephens, worked for two years to acquire land and make the deal that brought Tektronix/Merix to Forest Grove. We worked out of the same building and talked about what he was doing every day. He spent several years, and again had to pay multiples of market value to get enough land to make driveways, easements and access to the site work so Tektronix could develop it and build their plant.

Based on the above reasons, it is my professional opinion that trying to do the same at the TRGC site will not work. There is no "Big buyer" with a plan that makes buying out the other 7 landowners and combining the properties to make this site feasible. We don't have Pacific, the City of Forest Grove, Haggens stores, Ace or Tektronix, or anyone like them that wants this site badly enough to pay above market rates.

## **Wrong End of Town**

In presentations that I have been involved with over the years, it has often been mentioned that this is the “wrong end of town” to attract significant commercial/retail activity. Safeway stores and Tradewell Box stores have both abandoned the west end of town in favor of the east end. Traffic counts and population density have dictated that all the recent development has occurred at or close to the intersection of Highway 47 and Pacific Avenue, or even further east in Cornelius where Walmart located. For this the reason we had agreed with the city staff that zoning the TRGC assemblage area as Mixed Use, to allow flexibility in how commercial might migrate to the site. The intent was not to zone it so that a developer would have to buy up all the houses to aggregate enough acreage for a Village Center as envisioned recently by the City Council. We thought the staff suggestion of Mixed Use and letting the market dictate how much might be commercial and how much might be residential was a solution that would bring results. But based on the current interpretation of the NMU code, there is no way to preplan a Village Center when no one knows who or what might show up let alone how much land is needed for those possible future uses.

## **Bad Shape**

The current NMU is an inherently bad shape for development. It is a triangle and most buildings are rectangular. Buildings, parking lots and other site circulation elements are easier to layout in rectangular shapes. Trying to fit rectangles inside triangles does not make good utilization of land when working with circulation and setbacks, leaving unusable land, even as landscape and open space. Given the two intersecting arterials at the TRGC site, there is little that can be done with the shape of the zone, which makes building it out that much more difficult. Due to the shapes involved, end use buyers have to buy more land than typical to develop a building and meet setbacks, driveways, walkways, required dedications, and other requirements.

## **Roads Lacking Improvements**

The TRGC site is bounded by two Arterial roads which were originally built in the 1940's and have no curbs, sidewalks, sewer, or storm drain. The recently denied Dollar General Store proposal was willing to start addressing this by making improvements to Gales Creek Road along their frontage, adding sidewalks, drainage, sanitary sewer, extending stormdrains, and dedicating additional property for roadway purposes. Unknown to anyone but the city staff, two other developers have looked at this site, made written offers and then cancelled, during due diligence, due to the millions of dollars needed to make the required improvements to the two arterials. Both had planned to build out the site with housing and no commercial.

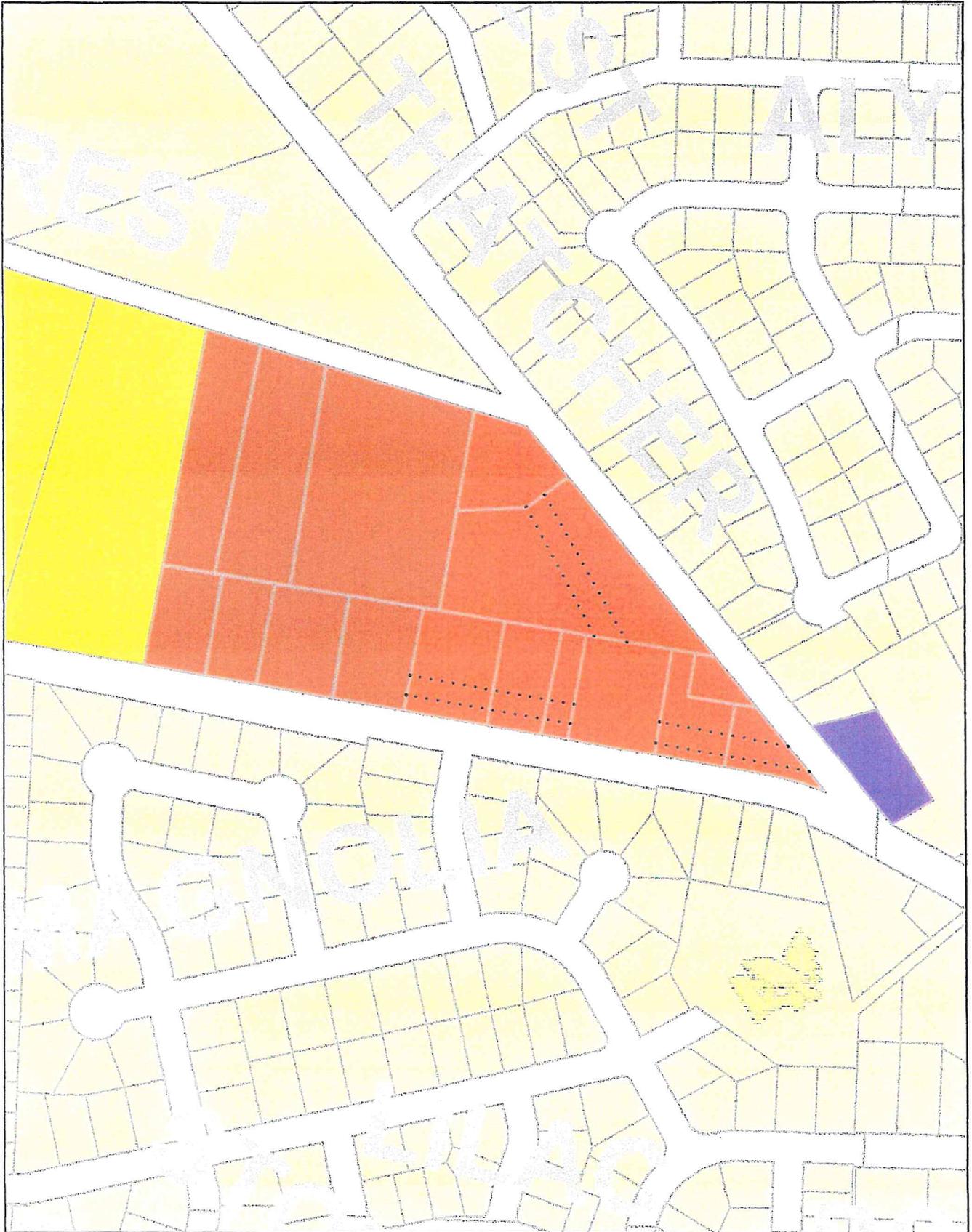
## **Summary and a Suggestion**

Thatcher Road LLC would have loved to be able to market this as a Mixed Use site; but for the above mentioned reasons, including the lack of an existing Village Center and no way to properly plan one, we have been unsuccessful so far. We historically thought the concept was Neighborhood shopping, which I feel the Dollar General met. Regardless, from day one, we were sure the whole 7 acres would not develop as commercial, and the two previous offers had us thinking it might be residential, but those both failed to progress. Now the denied Dollar General application leaves Thatcher Road LLC with a difficult decision. Since Mixed Use flexible zoning will require Thatcher Road LLC to buy up surrounding properties and plan the whole zone, we are requesting that the attached map (Attachment B), be used to rezone the site. Section A, consisting of the three properties currently operating commercial businesses, 1121 Gales Creek and a portion of 1525 Thatcher Road, dotted on the attachment, should be zoned as Neighborhood Commercial (NC). We think a nominal amount of commercial at this site is possible. Section B, located west of the proposed Neighborhood Commercial (including the remainder of 1525 Thatcher not zoned NC) and cross-hatched on the attachment, should be zoned Residential Multifamily High (RMH), matching the properties adjacent to the west. Please understand that we do not speak for the owners of any of the other properties in the zone.

## **One More Thought**

While this might be difficult to do, there is one other possibility. The city could do the work to develop a zone that was not a Village Center but did allow Mixed Use. It would do what the staff had originally suggested to us. Allow the market to decide how many of the 7 acres might develop as commercial versus residential without requiring the planning of a Village Center over 9 properties with 7 different owners.

Attachment A



Attachment B

