
Background Report

Housing Implementation Plan

June 30, 2022

Prepared for: City of Cottage Grove

Final Report

ECONorthwest

ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

This page intentionally blank

Table of Contents

1. Introduction.....	2
2. Progress Summary.....	2
3. Opportunities & Barriers to Housing Production	5
Appendix A: Municipal Code Audit	15

This page intentionally blank

Executive Summary

The City of Cottage Grove has advanced multiple efforts in the last five years to address local housing needs: in 2018-2019, the City worked with ECONorthwest to prepare and adopt a Housing Needs Assessment; in 2019, the City worked with ECONorthwest to identify priority housing strategies for implementation; and in the years since, the City has been working to implement recommendations from both projects. Strategies implemented to date include regulatory changes such as increasing densities in residential zones, adopting a Multi-Unit Property Tax Exemption (MUPTE) program, and supporting the school district to develop excess school property with 80 multifamily housing units. City Council also adopted a trust to help pay down System Development Charges (SDCs) for regulated affordable housing projects. The City has also considered Urban Renewal as possible sources of locally-controlled funding for affordable housing, though they have not been implemented yet.

Now, the City is working with ECONorthwest to identify and evaluate additional measures the City can take to remove barriers to housing production. ECONorthwest reviewed the City's zoning code, interviewed developers with experience in Cottage Grove, and discussed infrastructure constraints with City staff. Key findings include:

- Regulatory barriers related to building heights, open space, infill requirements, and residential allowances in commercial zones limit the development potential for multifamily housing in residential and commercial zones.
- City staff identified several infrastructure related barriers on development sites throughout the City that will be a challenge for developers to overcome without assistance from the City, such as a developer or latecomer agreement.
- Unknowns related to market demand and achievable rents for development types such as multifamily rentals or attached ownership products (e.g. duplexes, triplexes, or townhomes) create hesitancy among developers looking to build in Cottage Grove.
- Developers have noted that the MUPTE program helps bridge financial gaps between construction costs and achievable rents, especially within the first few years of operation.

The City also asked ECONorthwest to explore opportunities to improve housing quality for older rental housing without increasing displacement risks.

1. Introduction

This report builds on a 2018 Housing Needs Analysis (HNA) (adopted in January 2019) that provided an informational baseline for planning efforts related to housing in Cottage Grove, including a 20-year projection of housing need and a Buildable Lands Inventory to understand the adequacy of residential land for the planning period. Following completion of the HNA, Cottage Grove received grant funding from the Oregon Department of Land Conservation and Development (DLCD) to develop housing strategies aimed at increasing affordability and availability of housing. The resulting Housing Strategy Implementation Plan (HSIP), completed in 2019, provided recommendations related to three key strategies: supporting development of surplus school district property with housing, utilizing urban renewal as a housing implementation tool, and using property tax abatement programs to incentivize multifamily housing development. ECONorthwest assisted the City with both the HNA and the HSIP.

The purpose of this Background Report is to document the City’s progress on implementing recommendations from the HNA and HSIP, and to identify remaining barriers and additional opportunities for housing production related to the zoning code, incentive programs, infrastructure, and residential land.

2. Progress Summary

Implementation To Date

The 2018 HNA included recommendations to address unmet housing needs and plan for more housing diversity in the future. The 2019 HIP evaluated three potential tools in greater detail. This section summarizes the City’s progress on implementation to date.

The HNA recommended specific changes to the zoning code to increase housing production and diversity and support affordable housing development. Exhibit 1 summarizes the HNA recommendations and their implementation status as of June 2022.

Exhibit 1: Implementation Progress for HNA Recommended Strategies

Source: ECONorthwest based on Cottage Grove HNA (2019) and information provided by City of Cottage Grove staff

Actions/Tools	Implemented	Implementation in Progress	Not Implemented
Zoning code updates			
Allow MF in commercial zones (without commercial)		Addressed in this report	X
Allow Manufactured Home Parks in the R-2 and R-3 zones			X

Actions/Tools	Implemented	Implementation in Progress	Not Implemented
Increase densities ¹ in R-1 to 4 to 8 du/ac	✓		
Increase densities in R-2 to 8 to 12 du/ac	✓		
Increase the min density in R-3 to 12 du/ac	✓ increased min density to 14 du/ac		
Increase max height in R-3 zone to 60 feet.		Addressed in this report	X
Relax regs on cottage development (review process; no max # of cottages on lot)	✓ streamlined review process, no maximum number of cottages in R-3		There are minimums and maximums for the R-1, R-2, and RC zones. R-1 (4-8 units), R-2/RC (4-14 units)
Code audit to remove barriers		Included in this report	
Increasing the amount of developable land in the High-Density zone			
Affordable Housing Support			
Develop Urban Renewal Plan*		Discussed in 2019 HIP & City Council has discussed potential	X
Reduce or defer SDC /permit fees for affordable housing projects	✓ City council adopted a trust to help pay down SDCs for affordable housing projects		
Work with school district to develop sites that are surplus*	✓ Harrison School site under development with housing		
Develop abatement programs to promote development of affordable and market-rate multifamily housing*	✓ Evaluated in 2019 HSIP. Implemented Multiple Unit Property Tax Exemption (MUPTEx). The City also has a Vertical Housing Development Zone in place along Main Street from I Street to Gateway Blvd.		

¹ Cottage Grove does not have maximum densities in any residential zones.

Actions/Tools	Implemented	Implementation in Progress	Not Implemented
Identify funding sources for government subsidized affordable housing development such as CET*		CET evaluated in 2019 HSIP along with other potential funding sources	

* Included and evaluated further in the 2019 HSIP.

Implementation Impacts

Housing Production

Since the HNA and the HIP were adopted in 2019, Cottage Grove has permitted over 200 residential units in a 2-year period, ranging from single family to accessory dwelling units (ADUs) to senior housing and apartments. Exhibit 2 summarizes housing units built by type in 2020 and 2021.

Exhibit 2: Housing Units Permitted 2020-2021

Source: City of Cottage Grove

Housing Type	Units
2020	
Single Family	29
Duplex	2
Triplex	3
Fourplex	4
Tiny Home	17
ADUs	3
Land Trust Units	6
Senior Units	37
Total	101
2021	
Single Family	13
Duplex	2
Fourplex	4
Apartments	88
Townhomes	14
Total	121
Total Housing Units 2020-2021	222

Affordability

In 2020, of the 101 housing units permitted, 19 were regulated affordable units: 13 tiny homes at the Cottage Village Co-op are permanently affordable rentals reserved for those making up to 50 percent of the area median income (AMI); four tiny homes in Legion Cottages are affordable

rental units specifically for veterans; and six land trust homes are single-family units affordable for those earning a moderate income, often first-time homebuyers.

Specific Strategy Results

The MUPTE program applies to new (or newly converted) multifamily development with three or more units in areas zoned C-2 Central Business District and within a quarter-mile of fixed route transit service. Projects must provide some public benefit from a list included in the municipal code.² To date, it has resulted in six projects (148 dwelling units), with the first project brought forward during the program's first year (2020). One example is a fourplex that provided a fully ADA accessible unit on the ground floor.

After the 2019 HNA, the City removed maximum densities for all residential zones which made an 80-unit apartment project possible on the Harrison School site. Without the removing the maximum density, the project would not have happened. Redevelopment of the Harrison School site led to the Harrison Village Apartments, which are currently under construction and will deliver one-and two-bedroom units. Harrison Village Apartments will also utilize the MUPTE program.

2022 Affordable Housing Implementation Plan

While the City has taken considerable steps in implementing policy to better facilitate housing production and increase housing diversity, the current project seeks to identify where the City could build on this work and go further to support housing production and affordability. In addition to a review of remaining obstacles in the development code, this project will identify potential infrastructure barriers and additional financial incentives and educational efforts the City could consider.

3. Opportunities & Barriers to Housing Production

This section summarizes issues and barriers that may be limiting housing production (particularly for higher density housing types) related to:

- Regulatory barriers
- Infrastructure availability
- Market and financial factors
- Information and awareness

² CMGC Chapter 3.10

Regulatory Barriers

ECONorthwest conducted a code audit to identify issues and barriers that may be limiting housing production, particularly for affordable housing and market-rate medium density and middle housing. This section summarizes the key issues identified through that review. A detailed code audit can be found in Appendix A.

Review Process for Multifamily

Multifamily development requires Site Design Review—a Type III discretionary review with a public hearing by the Planning Commission—despite the fact that the approval criteria are (and, per state law, must be) clear and objective, with no room for discretion.³ While Planning staff works to ensure that Planning Commission does not stray into discretionary considerations and the timeline is still short compared to many other jurisdictions, it does add a small amount of time and cost to development, and is unnecessary given the straightforward approval criteria. Still, it has not been a major issue, in part because developers noted that having responsive, engaged, and helpful city staff has made permitting easier and faster overall than in many other communities.

Limitations on Multifamily in Commercial Zones

Most commercial zones allow housing in some form but may require it to be combined with commercial space or to undergo Master Plan approval (also a Type III discretionary review).⁴ The additional permit process, as mentioned above, adds some time and cost to the development. The requirement for mixed use development can also be an obstacle because integrating ground-floor commercial space into a residential building is generally more complicated and expensive than constructing a residential-only building. Even if commercial and residential are built in separate buildings, there are fewer developers and investors who are interested in both commercial and residential development, and the requirement to produce both in one project can be a deterrent.

Open Space Design

Common Open Space requirements for multifamily development require common open space areas to have an average length and width of at least 20 feet.⁵ This may be particularly challenging on infill sites that are narrow or irregular in shape, and could make it difficult to build at higher densities on small sites.

³ CGMC Table [14.22.110](#)

⁴ CGMC Table [14.23.110](#)

⁵ CGMC [14.22.200\(I\)](#)

Maximum Building Height

The maximum building height is 40 feet in the R-2 zone and 50 feet in the R-3 zone.⁶ This would likely allow up to a three-story building in the R-2 and a four-story building in the R-3. Staff reports that there are infill sites zoned R-2 that may be developed with affordable housing but the maximum building height is likely to constrain development potential. While construction costs tend to increase for taller buildings and land costs in a place like Cottage Grove tend to be low enough not to justify the extra cost for building higher density, building at four or more stories can allow development to reach greater economies of scale or be more competitive for affordable housing funds.

Height Transitions

To ensure compatibility between new construction and existing single-family units, new multistory buildings in several zones are required to “step-down” when adjacent to dwellings in the R or R-1 zone with lower heights and/or larger setbacks on the side next to the existing homes.⁷ On a smaller site, this could constrain development potential, because there is less room to shift the building away from the existing home. For example, a 50’ wide site in the R-3 zone with an existing home adjacent to its side lot line would not be able to build up to the maximum height of 50’ on most (or all) of the site (see illustration in Exhibit 3 below).

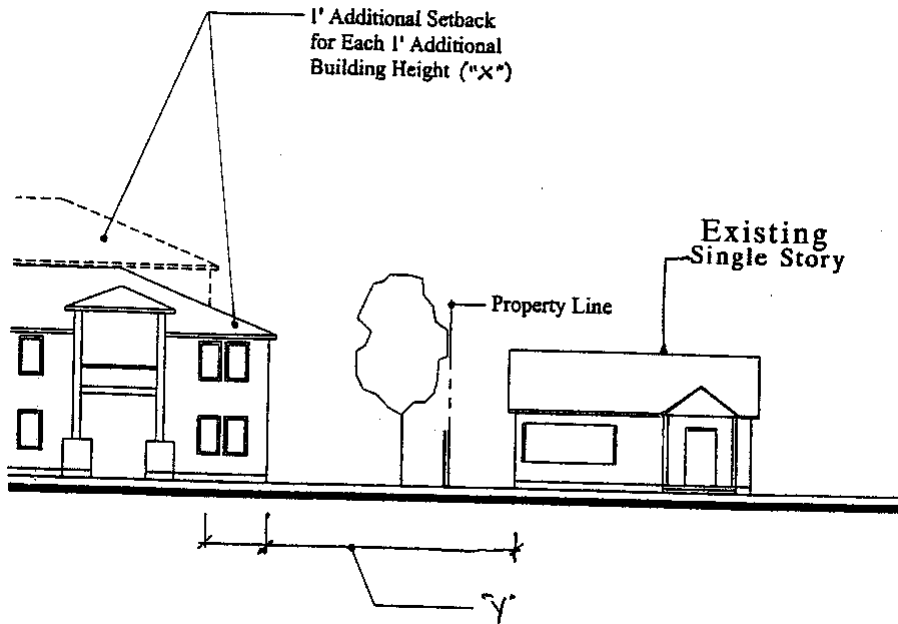
⁶ CGMC [14.22.120](#)

⁷ CGMC [14.22.170\(C\)](#). The height of the taller structure cannot exceed 1 foot of height for every 1 foot separating the two structures.

Exhibit 3: Building Height Transition

Source: Cottage Grove Development Standards

Figure 2.1.170C - Building Height Transition



Infill Compatibility

In all Residential Districts, infill requirements are intended to ensure compatibility between new development and redevelopment in existing neighborhoods. Requirements limit infill development to a height and front setback that is similar to the adjacent house(s) — allowing no more than 10% variation from average of the adjacent residence(s).⁸ Applying building height and setback compatibility requirements could put significant limitations on infill development for multifamily projects. While staff note that these requirements have often been superseded by other standards in the code, they could present an obstacle in some cases.

Stormwater Infrastructure

Stormwater regulations were not included as part of the code audit; however, developers in the Eugene area have raised concerns about the impact of stormwater regulations since they can both increase construction costs and inhibit development potential. Stormwater infrastructure can include ponds where water is treated, stored, and eventually released. This can require large amounts of space that might otherwise be buildable, making it difficult to achieve higher densities. Underground storage and treatment facilities take up less space, but are very expensive to build.

⁸ CGMC [14.22.140](#)

Flood Risk

Floodplain maps are established by the Federal Emergency Management Agency (FEMA), and there are federal and state requirements that jurisdictions must apply for any development in a floodplain for the community to be eligible for the National Flood Insurance Program (NFIP). Cottage Grove regulates floodplains as sensitive lands, and development within the floodplain is subject to special regulations.⁹ New flood zone maps for Cottage Grove are expected to take effect in January 2024, and staff expects that new floodplain areas will be added. This will create additional challenges for development on parcels that fall within the floodplain, especially for affordable housing development.¹⁰

Infrastructure Availability and Key Housing Sites

The availability of public infrastructure (particularly streets, water, and sewer) is critical to supporting new housing development, but it is also an important consideration for developers when evaluating development costs. A lack of available utilities and road infrastructure can increase construction costs to a point where development is rendered financially infeasible. Aligning capital investments in infrastructure to support future housing development in key areas can increase housing production.

Identifying Key Housing Opportunity Sites

Beginning with the Buildable Lands Inventory (BLI) from the 2019 HNA, ECONorthwest worked with staff to highlight key sites and flag those where infrastructure could be a constraint.

Built and Entitled Sites

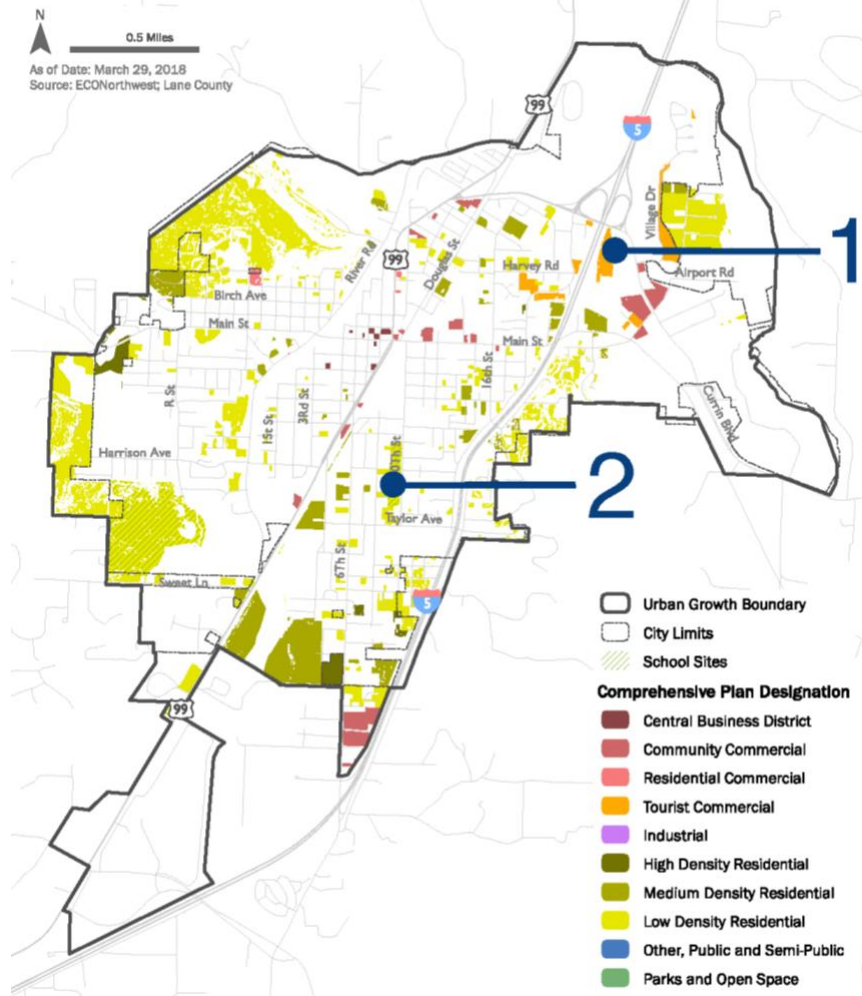
As an initial step, staff identified residential sites that are either currently built (or under construction) or fully entitled (permitted for construction) (see Exhibit 4 below). These sites are past the point where City interventions will influence development outcomes, and can be excluded from further consideration.

⁹ CGMC [14.37.200](#)

¹⁰ There are additional federal regulations that avoid building federally-subsidized affordable housing in a floodplain, and increase complexity for federally-subsidized affordable housing development on sites with floodplains (see <https://www.hudexchange.info/programs/environmental-review/floodplain-management/> for more information).

Exhibit 4: Built or Fully Entitled Sites

Source: Cottage Grove BLI 2018, Vacant and Partially Vacant Residential Land

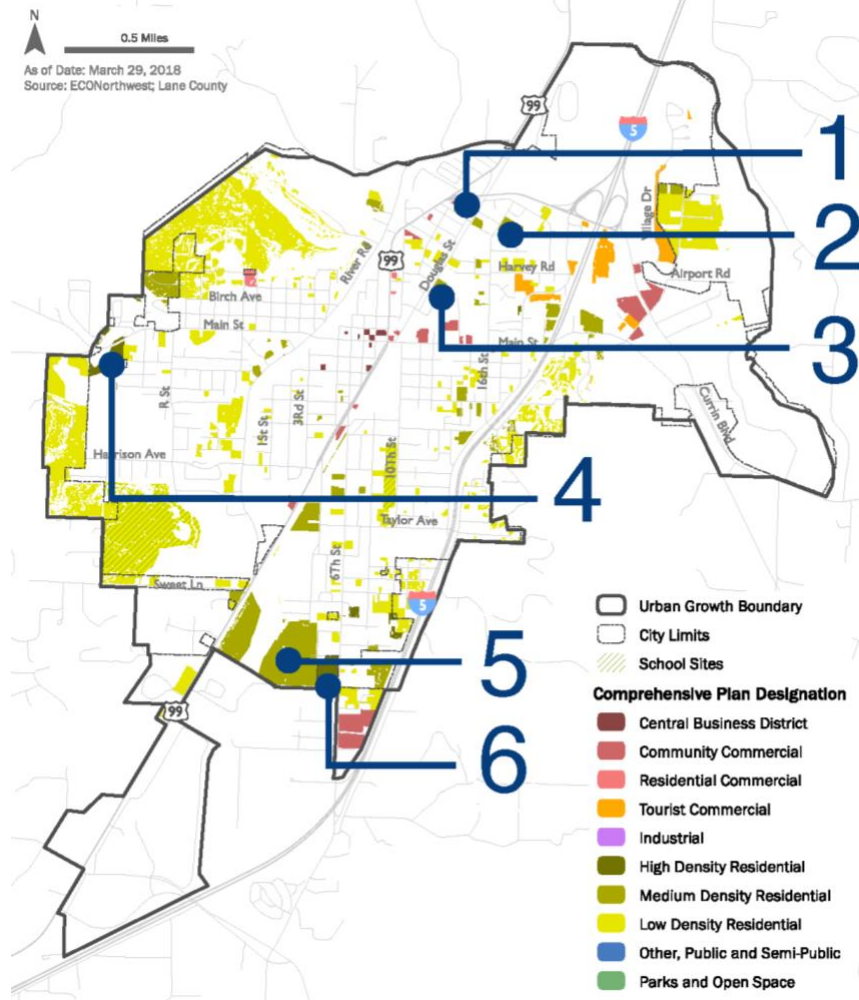


1. **Pine Springs Master Plan** located on the former Village Green site at interchange of Interstate 5 and Row River Road. The new development will retain some of the existing features such as the Village Green Hotel and the Village Green RV Park. The development will include approximately 140 apartments and potentially horizontal commercial development along Row River Road. The development was subject to Master Plan approval.
2. Construction of the **Harrison Village Apartments** is underway on the site of the former Harrison Elementary School. The development will include 80 multifamily residential units, including one and two-bedrooms. Phase I of the project will be move-in ready in June 2022, and Phase II will open in September 2022. A charter school will be developed on the northern half of the site.

Key Sites for Future Housing Production: Opportunities and Challenges

Exhibit 5: Sites with Development Opportunities and Challenges

Source: Cottage Grove BLI 2018, Vacant and Partially Vacant Residential Land



1. Parcels have been **rezoned from Community Commercial to R-2** and the owners are in the process of trying to sell the properties for redevelopment.
2. Our Lady of Perpetual Help Catholic Church, located off of Harvey Road on the west side of I-5, owns **underutilized or vacant parcels**. The Church has contemplated developing the excess property that fronts on North 16th Street. As of April 2022, staff reports the Church has made no plans to move forward. Churches, as religious institutions, are exempt from paying property taxes, reducing urgency to develop the property.
3. **The City of Cottage Grove owns a site** fronting the east side of Douglas Street. The site has been eyed for around 40 units of low barrier housing, looking at a potential partnership with Homes for Good. However, the site is zoned R-2 and staff reports that the maximum building height (40 feet or likely 3 stories) is constraining its development potential. The site may also be in the floodplain after the new maps take effect.

4. This pocket on the western edge of the city limits includes **possibly up to 10 acres of developable High Density Residential land, but access to sanitary sewer is an issue.** Some of the property is held in a family trust, which can complicate and delay development because more parties must agree on plans for the property. Staff reports that multiple property owners would need to be ready to develop to make providing infrastructure viable. The area will likely also require a new wetland delineation prior to development, which could change the developable acreage.
5. **Approximately 25 acres of land under a single property owner (zoned R-2)** is situated at the southern edge of the city limits, just east of Highway 99. The site is currently under contract to a housing developer, but the site presents several challenges for development. The west side of the property has no legal access and there are no utilities available to service the site. A pump station is likely needed due to the site's topography. The east side of the property has more potential than the west because of its access to the existing street network. Staff and the developer are negotiating a cost-sharing agreement to build the needed sewer infrastructure in a way that can also serve future development on adjacent properties.
6. This **5.4-acre site zoned for high density residential (R-3) has access to necessary utilities.** Currently, only 0.5 acres can be served with utilities because the remaining 4.9 acres needs to be annexed in the city limits. However, the site contains multiple parcels with existing dwellings and barns that will make the property more expensive to purchase.

Market and Financial Factors

While the City has little influence over the market, understanding the market and financial factors that affect housing production in Cottage Grove can inform appropriate strategies.

- **Lower Market Pricing:** Market rents and sale prices also tend to be lower than in larger cities in the region, and there is relatively little demand from high-income households seeking high-end housing. This makes the City affordable to more households, but can make it harder to cover the costs of new construction.
 - **Implications:** Where the City can support new construction, it is likely to be relatively affordable to moderate-income households, which makes offering incentives to support some lower-cost market-rate development appropriate. The City's MUPTE program has helped make multifamily rental housing at moderate rents viable when it would otherwise not have generated high enough rents to cover costs initially after development.
- **Limited Comparable New Development:** Developers and lenders have had few recent example developments to point to in Cottage Grove to calibrate and justify rent / sales price and absorption assumptions. This can make it difficult to get financing.

- **Implications:** The influx of development in the last few years and in the pipeline today should help ease this constraint for future development.
- **Older Apartment Stock:** Many of the existing apartments in Cottage Grove are more than 30 years old. Staff and local stakeholders report that some of these buildings have deferred maintenance issues. While there is little reliable market data available for communities like Cottage Grove with primarily small, older multifamily housing stock, the data that is available suggests a very low vacancy rate for existing rental housing.
 - **Implications:** A tight rental market can mean strong demand even for older rental housing in poor condition. Adding new housing supply could impact existing older apartments in two ways: it could increase pressure on the older apartments to make renovations in order to attract and retain tenants; however, it could also demonstrate potential for somewhat higher rents if the buildings were to make renovations. With new housing coming to the area, there could be impacts to older apartments that could improve housing conditions for some existing residents, but could also lead to faster rent escalation and greater risk of displacement.
- **Depth of Demand for Density:** While several developers pointed to the HNA as an important source of information supporting their development, and vacancy rates are currently extremely low, there were still questions about the extent of demand for additional higher-density housing. Because there is a relatively large amount of new moderately priced apartments in the pipeline and Cottage Grove is a relatively small community, some developers were unsure how much demand will remain for this type of housing once those projects are built. Others pointed to a wide-spread desire for detached housing (particularly in for-sale housing), and a relatively untested market for for-sale attached housing (e.g., townhouses) in this area, because many residents choose communities like Cottage Grove so that they can afford a home with a yard that may be unaffordable to them in larger cities.
 - **Implications:** Providing a more market-oriented, near- to medium-term housing demand assessment that accounts for what's currently in the pipeline could help make a case to developers for what types of development are still needed.
- **Permitting Speed and Staff Support:** Coordination and a partnership approach from all City staff who need to approve a development project makes a big difference to developers because it reduces risk, carrying costs, and the developer's overhead time on the project. It also allows developers to be more responsive to changing market conditions. For those newer to the development process, such as homeowners considering building an ADU or adding units to their property under middle housing regulations, support from staff to navigate the permit process is also very helpful.
 - **Implications:** Cottage Grove is already well-regarded for permitting speed and helpful staff by developers. The City also has access to pre-approved ADU plans that can reduce design and permitting costs for ADUs specifically, though they have not been widely advertised.

- **Cost Sensitivity:** Land values in Cottage Grove are low relative to larger markets like Eugene. Keeping development costs down is important in this context because there is less room to absorb costs through negotiating lower land prices or, as noted above, through increasing rents/sales prices. In addition to permitting speed (discussed above) and design requirements (which can increase building costs), infrastructure improvement requirements and local fees (SDCs and permit fees) and are the main ways that a City can influence development costs.
 - **Implications:** The City is already looking at taking a partnership approach to funding infrastructure improvements for several key properties, but this is an important strategy. In addition, measures to reduce carrying costs for SDCs (e.g., deferral or low-interest financing) on market-rate development could be valuable for some developers. For example, allowing SDCs to be deferred or financed until the project is generating revenue (close to full occupancy for apartments, or sold for for-sale housing), would reduce carrying costs if the terms were attractive for a developer.¹¹
- **Funding for Regulated Affordable Housing:** Because much of the funding for affordable housing from the state is competitive, being able to provide local funding, tax or SDC abatements (such as the Low-Income Rental Housing Property Tax Exemption), or other measures of local support can help affordable housing developers secure funding to build in a given community.
 - **Implications:** The recently-adopted SDC trust is an important step. Other measures, such as offering longer-term tax abatement for regulated affordable housing and/or implementing local funding sources for gap financing, could also help.

Next Steps

To inform the 2022 Cottage Grove Housing Implementation Plan, the City has convened an advisory committee to provide feedback on potential strategies to address remaining barriers and/or capitalize on opportunities identified in this report. Based on the issues and opportunities identified in this report and the input of the Advisory Committee, ECONorthwest will work with city staff to identify and evaluate a new set of housing strategies for the City to carry forward over the next several years.

¹¹ For SDC financing—long-term or short-term—allowing the City’s loan to take “second position” behind a bank mortgage so that the bank is paid first if the property were to go to foreclosure is an important consideration in making financing a viable option. The interest rate would also need to be below the market interest rate for construction financing (for short-term SDC financing) or permanent loan rates (for long-term SDC financing) to offer a compelling incentive.

Appendix A: Municipal Code Audit

Review Process for Multifamily

Code Section: Land Uses Allowed in Residential Zones – CGMC [Table 14.22.110](#)

Multifamily development (3 or more units on a lot, excluding cottage clusters) is permitted with standards (S) in R-2, R-3, and RC. Uses permitted with standards must be implemented through Land Use Review (Type I) or Site Design Review procedures, as applicable, prior to building permit review and approval, according to CGMC 14.22.200(A).

All multifamily development is subject to a site plan review (Type III Quasi-Judicial Review) per CGMC 14.42.200 (B), as it is not exempted under CGMC 14.42.200 (A). Site Plan Review is a discretionary review conducted by the Planning Commission with a public hearing. Its review criteria is similar to a Land Use review (Type I or II) in that it ensures compliance with basic land use and development standards of the land use district, such as lot area, building setbacks and orientation, lot coverage, or maximum building height. However, since state law requires standards for Needed Housing to be clear and objective, there is no discretion in the Planning Commission's decision, and a Type III process is unnecessary.

While city staff has noted that this requirement does not appear to be creating a major barrier for multifamily development in Cottage Grove, it does add a small amount of time and cost to development. While a Type I review takes just 10 days, Site Design Review can take up to 45 days from the time a complete application is submitted to the end of the appeal period. (Planning Commission decisions may be appealed to City Council.) There is also a small increase in permit costs: a Type I general base permit fee is \$50 while Site Design Review (Type III) is \$800. These differences are not substantial, but they do not add value to the City or the applicant given the lack of discretion.

Limitations on Multifamily in Commercial Zones

Code Section: Land Uses Allowed in Commercial Zones – CGMC [Table 14.23.110](#)

Most commercial zones allow housing in some form, but the requirements vary:

- Residential uses are permitted above ground floor commercial or behind front 25' of commercial façade on sites located in the Cottage Grove Downtown National Register Historic District overlay district in the C-2, C-2P, and CT zones. (In practice, staff has not been enforcing the limitation to the Historic District, and has been allowing this option throughout these zones.)
- Multiple-family residential without a combined commercial use is allowed outside of the historic district in the C-2 zone only.

- Multiple-family residential without a combined commercial use may be permitted through a Master Plan approval (Type III Review Process) in all commercial zones.

As noted above, a Type III process adds time and cost to development. For a Master Plan, the same process and timeline applies, but the permit fee is \$2,000, plus \$250 for a required pre-application meeting.

Mixed use development can also add time and cost relative to building residential development on its own. Integrating ground-floor commercial space into a residential building is generally more complicated and expensive than constructing a residential-only building. There are several reasons for this, including:

- **Building Code and Fire Separation:** Building code requirements for non-residential uses and spaces differ from those for residential, while combining commercial and residential uses in the same building requires additional fire separation between the uses.
- **Ceiling Heights:** Retail space is typically designed with much higher ceilings than most residential development (e.g., 12-16feet for retail compared to 10 feet for residential).
- **Property Management and Leasing:** Compared to an all-residential multifamily property, a mixed-use building either requires one property management company that is skilled in managing both residential and commercial uses, or two separate management companies, which can increase operating costs.

Even if uses are combined on the same site but not in the same building, coordinating development of both commercial and residential development can add complexity. Many developers and some contractors specialize in either commercial or residential development, but not both, particularly in a smaller town like Cottage Grove. In addition, there must be demand for additional commercial and residential space at the same time and the site must be suitable for both uses.

Open Space Design

Code Section: Multifamily Design Requirements [CGMC 14.22.200\(J\)](#)

Common Open Space requirements outlined in CGMC 14.22.200.J.2.d require an average length and width of at least 20 feet for common open space areas. Areas must contain one or more of the following: outdoor recreation area, protection of sensitive lands (e.g., wetlands or tree preservation), play fields, outdoor playgrounds, outdoor sports courts, swimming pools, walking fitness courses, pedestrian amenities, or similar open space amenities for residents (CGMC 14.22.200.J.2.b).

Meeting an average of 20'x20' for an open space area may be particularly challenging on infill sites that tend to be narrower or irregular in shape, and could make it difficult to meet the minimum density for the zone in some cases. Additionally, if a development was attempting to

meet open space requirements through pedestrian facilities, a 20-foot width for a sidewalk or trail is unusual.

Reducing the minimum required width of an open space area to 10 feet would allow more flexibility in the type of open space amenity provided. Another option could be to allow a reduced length and width of open space areas just for infill sites.

Maximum Building Height

Code Section: Development Standards - Residential Districts [CGMC 14.22.120](#)

The maximum building height in the R-2 zone is 40 feet and 50 feet in the R-3 zone. This would likely allow up to a three-story building in the R-2 and a four-story building in the R-3. (While residential development can have a floor-to-floor height of 10 feet or less, factors such as topography, taller ground floors, and roof design often mean that total building height will be more than 10 feet per floor, even if some of the upper floors are less than 10 feet high.) The code offers a building height bonus of an additional 10 feet if onsite recreation is increased to 15 percent of the site area. The height bonus likely enables one additional story in both the R-2 and R-3 zone. However, the requirement to increase the onsite recreation space make this bonus less likely to work in an infill setting. Other infill regulations, including the required height transitions discussed below, may also prevent development from taking advantage of this option in an infill setting.

Staff reports that there are infill sites zoned R-2 that may be developed with affordable housing but the maximum building height is likely to constrain development potential. If a comparable 10-foot height bonus was available for affordable housing projects (and potentially other projects that provide a public benefit), without a requirement to increase recreation space, it could reduce barriers and allow more housing production on these smaller sites.

Height Transitions

Code Section: Building Height: Exceptions, R/R-1 Step-Down Requirement [CGMC 14.22.170\(C\)](#)

To ensure compatibility between new construction and existing single-family units, new multistory buildings in zones R-2, R-3, RC, C2-P, CT, M-1, and M-2 are required to “step-down” when adjacent to dwellings in the R or R-1 zone are within 20 feet of the new structure. The height of the taller structure cannot exceed 1 foot of height for every 1 foot separating the two structures (i.e., 20’ high at 20’ of separation, and 30’ high at 30’ of separation). On a smaller site, this could constrain development potential, given that the minimum side or rear set-back in the R-2 and R-3 zone would typically be no more than 10’, and could be as little as 3’ on each side, with a maximum height of 40’-50’.

There is an exception to the step-down requirement if city staff determines that the existing single-family residence located within 20 feet of the subject site is redevelopable.

“Redevelopable,” in this case, means a lot either has an assessed market value that exceeds the assessed market value of all improvements on the lot, based on the most recent data from Lane County Assessor’s Office; or the front yard of the subject lot is large enough that it could be subdivided based on the Residential District standards. The Community Development Director makes this determination through a Type II application review. However, because determining that an existing home is “redevelopable” can have a negative connotation and may offend the property owner, it can be problematic for staff to be in the position of making this determination.

Infill Compatibility

Code Section: Infill Standards in Residential Districts – CGMC 14.22.140

Infill requirements are intended to ensure compatibility between new development and redevelopment in existing neighborhoods. The standards in this section apply to all new buildings or full story additions proposed on a lot that was platted 10 or more years ago or a newly subdivided lot in an existing (platted 10 years or more ago) neighborhood. The setback and building height standards in this section supersede those in the underlying zone, and limit infill development to a height and front setback that is similar to the adjacent house(s) – allowing no more than 10% variation from average of the adjacent residence(s).¹²

While staff has only applied these standards to single-family development in the R-1 zone, the code applies beyond the R-1 zone. Applying building height and setback compatibility requirements could put significant limitations on infill development for multifamily projects.

Staff report that these standards would be superseded for multifamily development by other requirements related to access and circulation; however, this is not stated explicitly in the code. Providing more explicit exemptions from these standards for multifamily development would ensure that they do not become an issue in the future.

¹² Height is limited only to no more than 10% above the average height of the adjacent residence(s).