

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: 8/21/12 **Approx Start Time:** 1:30 p.m. **Approx Length:** 1 hour

Presentation Title: Industrial Zoning Districts and Possible Zoning and Development Ordinance Amendments

Department: Department of Transportation and Development, Planning Division

Presenters: Cam Gilmour, Mike McCallister and Jennifer Hughes

Other Invitees: Barb Cartmill, Gary Barth and Catherine Comer

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Staff requests Board direction on potential amendments to the Zoning and Development Ordinance to allow additional uses in urban industrial zones.

EXECUTIVE SUMMARY:

The county's zoning regulations establish four different urban industrial zones. For the most part, retail and service commercial uses are prohibited or significantly restricted in these zones, whereas industrial uses such as warehousing, processing and manufacturing are allowed. Over the years, the county has experienced a pattern of zoning ordinance violations related to the use of industrially zoned property for retail and service commercial uses. In addition, Planning and Zoning Division staff receives regular inquiries from prospective commercial tenants for industrial buildings. In part, this may stem from lower lease rates for industrial property than for commercial, as well as the desirability of high-profile locations on major roadways (Highway 212, in particular). Recently, several code violation cases have reached a point where relocation or significant scaling back of a business may be the only viable method of bringing an industrial property into compliance with zoning regulations. Declining to enforce, even due to legitimate concerns about business disruption, has a downside because it arguably gives these businesses an unfair competitive advantage over other businesses whose operators have complied with the zoning regulations. An alternative raised by Development Services staff is whether zoning regulations should be amended to allow additional uses in one or more of the urban industrial zones.

As the Board is aware from previous discussions on the Clackamas Investment Strategy, the Planning and Zoning Division is in the first year of a five-year audit of the Zoning and Development Ordinance. The ZDO, adopted in 1980, has been amended more than 200 times since, resulting in regulations that are sometimes inconsistent, antiquated, cumbersome or disorganized. As a consequence, the ZDO could benefit from a comprehensive review and updating. Based specifically on the issue discussed above, as well as more broadly on current economic concerns, staff believes it is timely to consider the industrial zoning districts as a key element of the first year of the code audit.

FINANCIAL IMPLICATIONS (current year and ongoing):

The first year of the code audit, including necessary research and outreach on industrial zoning district issues, is included as part of the Planning and Zoning Division's adopted budget. In

addition, the county's economic development staff is a valuable in-house resource. No new funding is sought. In future years, revised regulations would be implemented as part of the Planning and Zoning Division's normal operations. The overarching goal of the code audit is that implementation will be more efficient—for the county, the public and the business community.

Amendments to the Zoning and Development Ordinance are matters of public concern and participation and include consideration by both the Planning Commission and the Board. In addition, regional and state regulations play a role in what can be achieved at the local level. As such, staff cannot predict the outcome of any proposed amendment package. However, at this point, staff has not identified any increased costs to the public or to business that will result from revisions to the industrial zoning district regulations.

LEGAL/POLICY REQUIREMENTS:

The county's authority to amend its industrial zoning district regulations is limited by state and regional law. Notice to the Oregon Department of Land Conservation and Development is required, and amendments must comply with the Statewide Planning Goals. Of more significant concern in the context of considering new uses in urban industrial zones, is Metro's Urban Growth Management Functional Plan. The UGMFP establishes restrictions on retail and service uses in regionally designated Industrial and Regionally Significant Industrial areas (RSIA's). Most of the county's urban industrial land is in these areas. Staff is in the early stages of evaluating the UGMFP provisions, including any flexibility they may provide. If the Board directs staff to proceed, a meeting with Metro staff is a likely next step.

PUBLIC/GOVERNMENTAL PARTICIPATION:

As noted above, the State of Oregon and Metro have a role in reviewing proposed amendments to the county's zoning regulations. Public hearings are required before the Planning Commission and the Board, and several types of public notice are provided (e.g., newspaper, website, community planning organizations/hamlets/villages). In addition, staff anticipates outreach to the county's Economic Development Commission, as well as other key stakeholders.

OPTIONS:

1. As part of year one of the zoning code audit, direct staff to conduct research and prepare a proposal to include a wide range of retail and service uses in one or more of the county's urban industrial zoning districts.

Pros: Offers great latitude to the property owner in determining how to use the property; provides additional locations for new retail or service businesses.

Cons: Presents a significant challenge in terms of demonstrating compliance with Metro regulations and may require Metro regulations to be amended; may result in customer vehicles at high trip-generating businesses (e.g., fast food restaurant, grocery store) competing with employee and freight delivery vehicles for limited transportation capacity in industrial areas; potentially reduces the supply of land available for industrial uses that generate family wage jobs and increase traded sector economic activity in the county; potentially increases vacancy rates in the county's established commercial centers (e.g., Clackamas Regional Center, McLoughlin Boulevard).

2. As part of year one of the zoning code audit, direct staff to conduct research and prepare a proposal to include only auto-related retail and service uses (e.g., auto repair, detailing) in one or more of the county's urban industrial zoning districts.

Pros: Addresses several existing code violations (discussed above) involving auto-oriented uses and recognizes that many of the past violations and inquiries related to commercial use in industrial zones have involved auto-related businesses; allows (but does not require) this type of use to locate away from commercial centers, where increasing regional emphasis is being placed on high-density development and multimodal transportation that may conflict with auto-oriented uses; may present a less significant challenge in terms of compliance with Metro regulations.

Cons: May result in some competition with employee and freight delivery vehicles for limited transportation capacity in industrial areas; potentially reduces the supply of land available for industrial uses that generate family wage jobs and increase traded sector economic activity in the county, although certain auto-related uses (e.g. auto repair) clearly generate well-paying employment; still faces a potential challenge at the Metro level.

3. Direct staff not to address the inclusion of retail and service uses in the county's urban industrial zoning districts at this time.

Pros: Eliminates concerns regarding compliance with Metro regulations; preserves transportation capacity and industrial lands for industrial uses.

Cons: Ends consideration of a legislative solution to existing code violations where several auto-related service uses are operating on industrially zoned land.

RECOMMENDATION:

Staff recommends that the Board direct us to conduct research and prepare a proposal to include auto-related retail and service uses in one or more of the county's urban industrial zoning districts. If this recommendation is implemented, staff anticipates that the greatest challenge may be compliance with Metro regulations. If the recommendation is not implemented, code enforcement action likely will resume in the cases mentioned above.

ATTACHMENTS:

N/A

SUBMITTED BY:

Division Director/Head Approval *Mike McGrath*
Department Director/Head Approval *Carla*
County Administrator Approval _____

For information on this issue, please contact Jennifer Hughes @ 503-742-4518.

Fiscal Impact Form

RESOURCES:

Is this item in your current work plan and budget?

- YES
 NO

START-UP EXPENSES AND STAFFING (if applicable):

N/A

ONGOING OPERATING EXPENSES/SAVINGS AND STAFFING (if applicable):

N/A

ANTICIPATED RESULTS:

The desired results of amending the Zoning and Development Ordinance as recommended would be a decrease in zoning violations resulting from auto-related uses in industrial zones and greater flexibility for these business/property owners.

COSTS & BENEFITS:

Costs:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
	Total Start-up Costs						
	Ongoing Annual Costs						
Benefits/Savings:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
	Total Start-up Benefit/Savings						
	Ongoing Annual Benefit/Savings						