

**Date** 01 October 2022  
**Subject** Cannon Beach Community Development Ordinance (CDO) Audit Project  
**To** Jeffrey Adams, Community Development Director  
**From** Marcy McInelly AIA, and Elizabeth Nelson, MPP, Urbsworks, Inc., and Keith Liden

## Memo #3: Public Benefits

### Introduction

To prepare the Joint Commission for the final code audit meeting (Joint Commission #6, to be held on October 12<sup>th</sup>), the consultant team prepared Code Audit “digests” to break out and explain three separate proposed recommendations. The first two digests explained [Code Organization](#) and [Decision-Making Procedures](#). This third and final digest will explain the proposed “Residential Public Benefits Provision,” which is a proposal to right-size residential size and shape standards while providing incentives for a property owner, developer, or applicant to provide public benefits in exchange for limited additional development rights. The provision is explained on pages 2 through 4—but first some background about how it fits into the code audit project.

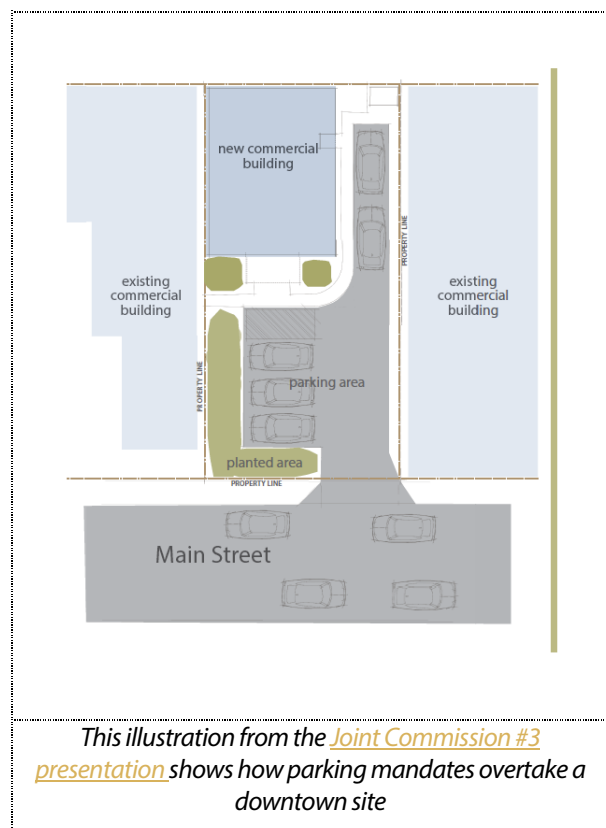
### Gaps in the System

The proposed Code Rewrite (future project) will be focused on closing two “gaps in the system” that have been identified by the current Code Audit project. These can be simply characterized as:

- 1) What the Comprehensive Plan says versus perceptions about what it says
- 2) What the Comprehensive Plan mandates versus what the zoning code implements

### Example 1: Parking requirements

An example of the gap between what the Comprehensive Plan mandates versus what the zoning code implements is found in the zoning code (CDO) parking requirements. The Comprehensive Plan states, “*new development in Downtown shall have a scale that is appropriate to its location*” and describes downtown Cannon Beach as pedestrian oriented. Meanwhile the CDO requires one parking space for every 400 sf of new downtown buildings. As depicted in the illustration, the result is often half parking lot, half building—making it impossible to match the historic buildings on Hemlock Street. This works against village character. The Code Audit recommends that the 2023 Code Rewrite project address these outdated parking requirements. New rules would allow building owners to have a greater say in parking that is needed for their business, customers, and location. New rules would also incorporate current best practices for small, historic downtown parking districts, such as shared parking.



## Example 2: Cannon Beach—Home for households from a variety of incomes and ages?

Another example of the gap in the system is the Comprehensive Plan language supporting diversity of housing for a diverse population. The Comprehensive Plan asserts a commitment to affordable housing, housing options for residents from a variety of incomes, and a balance of residential and resort features. The reality is that there are very few housing options in Cannon Beach that could be considered affordable by any standard, nor any subsidized housing.

Resources from the Clatsop County regional housing work group highlight workers in Cannon Beach face longer commutes, higher rents, and less attainable homeownership options compared to nearby communities and compared to the recent past. A real commitment to these issues looks like commitment to regional coordination and every community doing their part.

Finally, the known strategies to promote more affordable housing options have not been adopted. Regional workgroup strategies for more affordable housing include streamlining the permitting and review process, supporting high density housing in commercial zones, and promoting accessory dwelling units like garage apartments and backyard cottages.

## The housing crisis: national, regional, local

Cannon Beach is not alone; the entire US is facing a housing crisis with rising housing costs outpacing incomes. These dynamics are magnified in a small ocean-front community like Cannon Beach with seasonal and short-term rental demand putting pressure on housing prices. The housing shortage in Cannon Beach goes hand-in-hand with the labor shortage as people can no longer afford to live where they work.

## What's important for Cannon Beach's character?

Through a community-wide survey with 231 participants and 18 in-depth interviews with planning commissioners and city councilors we explored what makes Cannon Beach unique, including the theme of village character and what it means to Cannon Beach. The themes that stood out to the code audit team include:

Building scale/home size: *Extremely important / mixed* –A U-shaped curve describes preferences for house size as the *most and least* important characteristic of village character. We understand this represents a desire for more housing options.

Preserving trees and open spaces: *Very important / positive* –Over 30% of public responses identified green/open space and trees as a key element of Cannon Beach character.

Workforce housing: *very important / positive* –Over 30 public survey responses and a substantial number of PC and CC members expressed concern that employees of local businesses couldn't afford to live in the community.

## Putting it all together: Public benefits addresses housing, trees, and preservation

The residential public benefits provision addresses certain village character goals (e.g., size and scale of structure) using many of the same code provisions that currently exist but in a more tailored and precise way. The proposal consists of two parts: It uses a Floor Area Ratio (FAR) limitation to control the size of residential structures. Rather than using a one-size-fits-all limitation, however, it applies a sliding scale that is sensitive to lot size; i.e., it reduces total FAR allowance on small lots less, while reducing total FAR allowance on large lots more.

Part 2 consists of an FAR allowance “give-back” in which a single dwelling unit is granted an additional amount of development square footage in exchange for public benefits.

Development pressures in Cannon Beach are strong and there is a need for right sizing and reducing the open-ended building envelope and current Floor Area Ratio (FAR) allowances. At the same time, Cannon Beach can create mechanisms for incentivizing the creation of workforce housing, preservation of trees, and protection of cottages in exchange for granting additional development rights.

Under the proposal, unit size would be limited though passage of revised definitions for Gross Floor Area and Lot Coverage. A new Public Development Bonus would be granted to:

- Incentivize Workforce Accessory Dwelling Unit
- Encourage the preservation of remaining historic cottages
- Encourage the conservation of existing tree canopy

In addition to new and revised terms (e.g. for Historic Cottage, Historic Cottage Transferable Development Right, Legacy Tree, and Legacy Tree Canopy), amendments would include the following:

- Zoning Definition Text Amendments
- FAR & Public Benefits Development Text Amendment
- Workforce Housing Accessory Dwelling Unit
- Historic Cottage TDR Overlay Area Text & Map Amendment
- Legacy Tree Canopy Text Amendment

Given the urgency of development pressures, this provision is recommended as an accelerated package of CDO amendments.

This provision has been used in other cities to address similar concerns as those of Cannon Beach.

The images on the next page illustrate the provision's effect on a 10,000 square-foot lot and a 5,000 square-foot lot.

The two neighbor profiles below describe hypothetical but typical Cannon Beach residents who could benefit from the additional housing options provided by the public benefits provision.

#### **Neighbor 1: Resident for life**

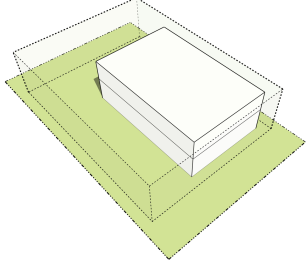
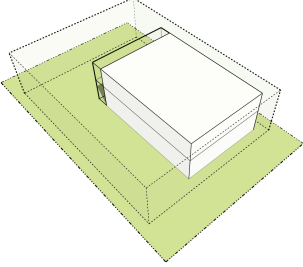
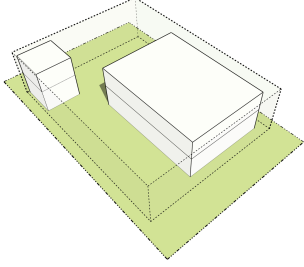
Eileen (73) is a long-time Cannon Beach resident of a modest two-story home that's been in her family for two generations. She's now retired and recently widowed. She wants to live in a smaller space, something one story and easier to maintain. What if she could build a one-bedroom guest cottage in the backyard to live in and rent out the main house to a young family? It meets her current needs and creates multigenerational or workforce housing in the long-term.

#### **Neighbor 2: Aspiring Resident**

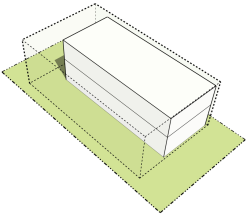
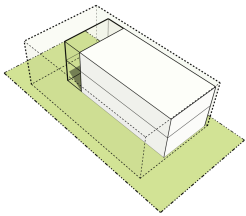
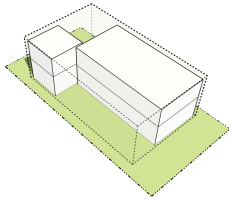
Nate (29) is a sculptor and works in a downtown restaurant. For now, the restaurant is his main income and he works full-time making \$20/hour. To afford his own place in Cannon Beach, if he gets lucky, he would have to work 82 hours a week.\* He lives in Seaside, but would prefer to live in Cannon Beach.

\*\$20/hour comes to \$40,000 a year, which is \$3120/month before tax \* 30% (recommended maximum for rent) = \$936 rent maximum. Currently there are zero apartments in that price range available in Cannon Beach. He makes too much for income-restricted units.

## 10,000 square foot lot

		
<p><b>Development allowed today</b></p> <ul style="list-style-type: none"> <li>Lot size: <b>10,000</b> sf (shown in green)</li> <li>Existing setbacks shown (transparent shape)</li> <li>Current FAR (white shape): total = <b>5,000 sf</b></li> </ul>	<p><b>Proposed FAR Reduction</b></p> <ul style="list-style-type: none"> <li>Lot size: <b>10,000</b> sf (shown in green)</li> <li>Existing setbacks shown (transparent shape)</li> <li>Reduced FAR (white shape): total = <b>3,500 sf</b></li> <li><i>Dark line in rear setback indicates reduced FAR</i></li> </ul>	<p><b>With FAR Bonus in exchange for public benefits</b></p> <ul style="list-style-type: none"> <li>Lot size: <b>10,000</b> sf (shown in green)</li> <li>Existing setbacks shown (transparent shape)</li> <li>Reduced FAR (white shape): total = <b>3,500 sf + 600 sf = 4,100 sf</b></li> </ul>

## 5,000 square foot lot

		
<p><b>Development allowed today</b></p> <ul style="list-style-type: none"> <li>Lot size: <b>5,000</b> sf (shown in green)</li> <li>Existing setbacks shown (transparent shape)</li> <li>Current FAR (white shape): total = <b>3,000 sf</b></li> </ul>	<p><b>Proposed FAR Reduction</b></p> <ul style="list-style-type: none"> <li>Lot size: <b>5,000</b> sf (shown in green)</li> <li>Existing setbacks shown (transparent shape)</li> <li>Reduced FAR (white shape): total = <b>2,500 sf</b></li> <li><i>Dark line in rear setback indicates reduced FAR</i></li> </ul>	<p><b>With FAR Bonus in exchange for public benefits</b></p> <ul style="list-style-type: none"> <li>Lot size: <b>5,000</b> sf (shown in green)</li> <li>Existing setbacks shown (transparent shape)</li> <li>Reduced FAR (white shape): total = <b>2,500 sf + 600 sf = 3,100 sf</b></li> </ul>