



April 14, 2025

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City of Manzanita

The [city council adopted](#) a supplemental budget, placed new limits on short-term rentals, and approved a five-year memorandum of understanding with Manzanita Farmers' Market. The city council will rule on the Manzanita Pines affordable housing project after an [April 14 public hearing](#). Mary Roberts [reports](#) on the status of the Manzanita Lofts and SteepleJack Brewing projects.

May 20 election

County Commissioner Mary Faith Bell and Neah-Kah-Nie School District Superintendent Tyler Reed explain [May 20 ballot measures](#).

Nehalem Bay Life

We note local participation in the April 5 [Hands Off rallies](#) in Tillamook, Astoria, and Manzanita. Our [feature article](#), first published in January 2024, explained the state directive that Tillamook County cities and unincorporated communities adopt zoning to encourage middle housing. The Manzanita Planning Commission is now grappling with that requirement.

City of Manzanita

Planning Commission to consider zoning changes to encourage smaller homes on smaller lots

Planning consultants have recommended Manzanita limit the size of new homes to 2,500 square feet, lower the minimum lot size from 5,000 to 1,250 square feet, and encourage more on-street parking. The consultants also urge the adoption of a "form-based" approach to zoning. These proposals are a response to [state mandates](#) to allow accessory dwelling units and middle housing in all residential zones, including duplexes, triplexes, fourplexes, townhouses, and cottage clusters.

Commissioners John Collier, Bert Gregory, and Thomas Christ expressed strong support. Collier said, "density has got to go up." Christ added that smaller homes on smaller lots should result in more houses at lower costs. Gregory agreed with the recommendations but stressed the need to focus on form and design to ensure new construction suits each neighborhood. The same three commissioners favored reducing off-street parking requirements, agreeing with consultant Marcy

McInelly that city streets are wide enough for vehicle traffic and on-street parking. Commission Chair Karen Reddick-Yurka said, "Street parking is for everybody" but cautioned that citizens need to be "on board." Gregory added that the city should consider eliminating off-street parking requirements for commercial developments on "tiny Laneda lots."

At its April and May meetings, the planning commission will consider changes to the city's [Zoning Ordinance](#) for recommendation to the city council. The council must approve a new ordinance by July 1 to comply with [Senate Bill 406](#), as passed by the 2023 Oregon Legislature.

What is form-based zoning?

Manzanita's current approach is [functional or use-based zoning](#). Article 3 of the city's zoning [Ordinance #95-4](#) identifies "use zones," such as medium and high-density residential. Each zone spells out permitted uses, such as one- and two-family dwellings, and standards, such as minimum lot sizes and setbacks. In contrast, [Form-based zoning](#) focuses on physical form rather than separation of uses. The [Form Based Codes Institute](#) (now called the Center for Zoning Solutions) explains:

Form-based codes address the relationship between building facades and the public realm, the form and mass of buildings in relation to one another, and the scale and types of streets and blocks. The regulations and standards in form-based codes are presented in both words and clearly drawn diagrams and other visuals. They are keyed to a regulating plan that designates the appropriate form and scale (and therefore, character) of development, rather than only distinctions in land-use types.

City planners have used form-based codes, mostly in larger cities, to revitalize urban areas, encourage a mix of residential and business uses, improve walkability, and promote affordable housing.

How we got here

Before 2023, only larger cities were subject to the [state law](#) requiring single-family residential zones to include middle housing. At the urging of Tillamook County leaders, the 2023 Oregon Legislature passed SB 406, which [applies that law to 15 Tillamook County communities](#), including all seven cities and eight urbanized unincorporated areas (such as Neahkahnie and Oceanside). The Nehalem Bay Life section below contains a reprint of our January 2024 issue that explains SB 406 and middle housing in more detail.

Council adopts supplemental budget and takes other administrative actions April 9

Manzanita, like all local jurisdictions, prepares budgets for fiscal years beginning July 1 and ending the following June 30. If the city expects to spend more money than was projected during a budget year, it must adopt a supplemental budget after a public hearing if the changes will affect any fund by more than 10 percent.¹ In Manzanita's case, the city projected the receipt of proceeds from a state loan to pay for city hall construction and construction expenditures over two budget years (fiscal years 2024 and 2025). Since the timing of receipts and expenditures was different than projected, the city needs to shift \$436,944 of both resources and requirements from FY2024 to FY2025 to reflect actual receipts by the general fund and transfers

¹ Oregon's [Local Budgeting Manual](#) provides a more complete explanation of supplemental budgets.

out to the city hall fund to pay construction costs. The debt total of \$4.1 million and total construction cost did not change.

The city's building department also expects to perform plan reviews of two commercial buildings during the current fiscal year (FY 2025) that were not in the approved budget, requiring an expenditure increase of \$105,148. Following the public hearing, the council approved a resolution authorizing the supplemental budget ([Council Packet](#), p. 17).

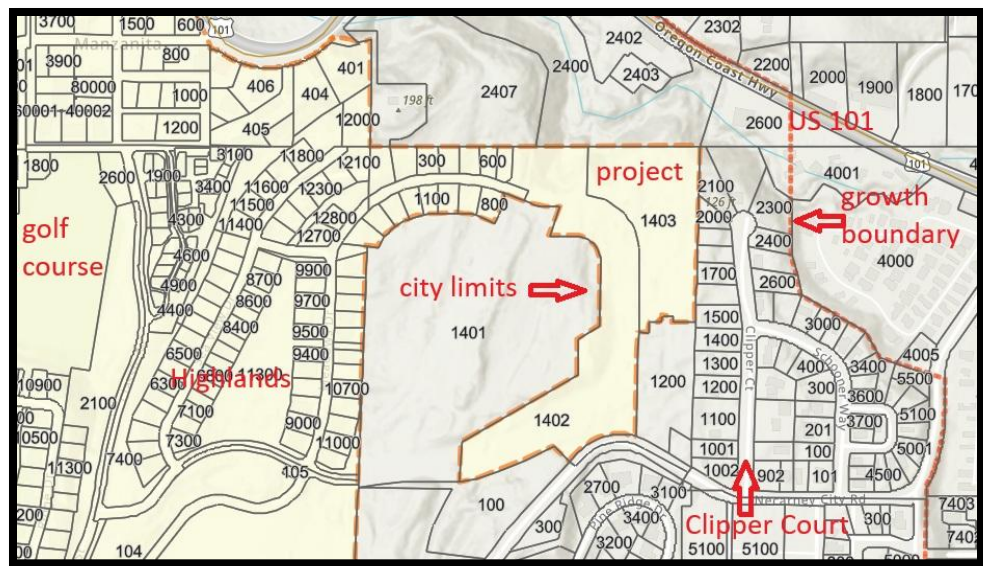
In other business:

- The council approved a memorandum of understanding with Manzanita Farmers Market to use the city's property behind the new city hall to stage farmers' markets for the next five years, without requiring annual permits ([Council Packet](#), p. 31).
- After heaping collective praise on City Manager Leila Aman, the council approved a 5 percent salary increase for the city manager in addition to the 3 percent cost-of-living increase for all staff in the next budget year.
- After weighing recommendations from the Short-Term Rental (STR) committee, the council adopted two resolutions to regulate the issuance of new STR licenses that will not affect current license holders. The changes will take effect later this year, assuming they pass muster after a review by the city attorney.
 - Under the first resolution, the city will limit the growth of STRs in residential zones to two per year and impose no limit on licenses in the commercial zone. The resolution passed four to one, with Councilor Jerry Spegman voting "no".
 - Under the second resolution, the city will deny a new STR license application if the prospective STR would increase the number of licensed STRs in a 100-foot "catchment area" around the applicant's property to more than five. In addition, the city will limit the maximum occupancy of any STR to 14 people. The second resolution passed unanimously.
- Jo Cooper of the [Emergency Volunteer Corps of Nehalem Bay's](#) Medical Reserve Corps briefed the council on a May 3 emergency shelter exercise at the North County Recreation District ([Council Packet](#), p. 35).
- Manzanita Police Sergeant Mike Sims told the council that the department expects to have sufficient neighborhood coverage on July 4 to deter illegal fireworks.

City council to decide on affordable housing project

As reported in our [March issue](#), the Manzanita Planning Commission approved a proposed 60-unit affordable housing project as a planned development within the city limits near the northeastern edge of the city's urban growth boundary (see map below). Neighbors from the Clipper Court/Schooner Way area appealed the decision. In a "de novo" process, the city council will consider the entire planning commission record and any new evidence submitted prior to an April 14 public hearing (4-6 p.m.). The city posted the entire planning commission record on the [council's webpage](#), including the [hearing notice](#), the [appeal](#), the [final staff report](#), and comments submitted by the applicant, the appellants, and the public. The hearing notice states that the council will consider only the criteria provided in sections 3.030 (uses permitted in the special residential/recreational zone-SR-R) and 4.136 (planned unit developments regulations).

Clipper Court/Schooner Way neighbors have given several grounds for their appeal. Two of those grounds relate to the planning commission's failure to leave the record open for a week after its hearing, to allow for additional evidence. The council's decision to consider the entire record and any additional evidence appears to resolve those procedural issues.



Other reasons for appeal relate to the planning commission's parking, building height, and setback adjustments. State law requires cities to relax building height and setback standards for affordable housing projects. Relying on the zoning ordinance's design flexibility for a planned development, the commission [decided](#) to go beyond the state requirement and allow an additional three feet in building height, while reducing the building front setback from 20 feet to 10. The commission also reduced required parking spaces from two to 1.6 per unit (96 total spaces).

The [appeal](#) contends that the commission should have used a variance process to consider those adjustments. The project applicant's [response](#) and the [city staff report](#) maintain that no variance process is required because state law and the city's planned development zoning provisions either require or allow the adjustments to parking, building height, and setbacks.

The city council will reconsider the commission's ruling and additional evidence from the appellants, the developer, and the public. The council is expected to make a final decision following the April 14 public hearing.

Steeplejack Brewing development in doubt, Manzanita Lofts on track for 2027

Editor's Note: In early 2022 Vito Cerelli proposed a 34-unit hotel at the corner of Classic Street and Dorcas Lane right next to the fifth fairway on the golf course. That same year Steeplejack Brewing proposed a restaurant and a three-room hotel on Laneda Avenue. *Manzanita Today* asked Mary Roberts to report on the status of those developments.

Steeplejack Brewing project on hold while company expands elsewhere

By Mary Roberts²

Many Manzanita area residents looked forward to a Steeplejack Brewing restaurant, taproom, arcade, and three-room hotel on Laneda Avenue. The city's planning commission [approved the project in October 2022](#) with the expectation that the company would break ground the following spring. Instead, the project came to a standstill after demolition of the existing buildings and erection of a chain link fence. In the meantime, the two Steeplejack partners, Brody Day and Dustin Harder, have opened a [chain of coffee shops](#) and a [new Steeplejack location](#) in Portland. *Manzanita Today* contacted Day and city officials to find out what's going on.

Day, Steeplejack's CEO, said other projects have proved to be more attractive when compared with the Manzanita development. The company has prioritized Steeplejack expansion outside Manzanita, including locations in Hillsboro (2022) and Hawthorne Avenue in Portland (2024). Day and Harder also have [ambitious plans](#) to expand Harder-Day Coffee Company locations in Portland.



Image: Artist rendering from permit application

Day also said city parking requirements for the Laneda project make it harder to "pencil out." City Councilor Brad Hart said Steeplejack did not ask for a variance from the parking requirement and let the land use approval expire in September 2024.

The Laneda development is a low priority for Steeplejack even though the company still has an interest in the project. For the present, Day said, the company will focus on other opportunities.

Manzanita Lofts completion expected in 2027

Despite the lack of visible site activity, Manzanita Lofts, a hotel between Classic Street and the golf course, is on track for completion in 2027. Developer Vito Cerelli's February 2022 land use application for a 34-unit hotel drew community opposition, especially from nearby residents. At two public forums, opponents [raised concerns](#) over wetlands, golfer safety, visitor impacts, lack of an on-site manager, and expected traffic increases. The planning commission denied the application in June 2022, and the city council confirmed the denial that July. Cerelli appealed to the state Land Use Board of Appeals, which [rejected the city's decision](#) and sent the case back for reconsideration in February 2023.

In May 2023, the planning commission again rejected the application and Cerelli again appealed to the council. After three special sessions in July 2023 to hear the appeal, the council and

² Neahkahnie resident Mary Roberts is the former CEO of Rejuvenation, Inc. and former chair of the Hoffman Center for the Arts.

Cerelli reached a settlement. The council's [final order](#) on the application included Cerelli's agreement to reduce the number of hotel units from 34 to 24, which would meet the city's housing density requirement without the need for additional open space.

Cerelli told *Manzanita Today* that his project must coordinate with the schedule for the city's Classic Street project. If the city completes its project this fall as expected, he will then begin work. Currently, he is finalizing building plans for submission to the planning commission. If approved, the contractor will pre-cut and panelize building materials off site to improve efficiency and reduce local disruption. Cerelli hopes to complete construction within 18 months from the start. He lives in Arch Cape and expects to visit the site frequently to oversee progress.

Manzanita Yesterday

By Mark Beach³

Wolf Creek Highway

In the 1920s, driving from Portland to the north coast meant using today's Highway 30 via Astoria or today's Highways 18 and 22 via Grande Ronde and Hebo. Business interests on the coast wanted a shorter road. The state highway department named the chosen route over the coast range after nearby Wolf Creek. Local boosters envisioned the new road (now U.S. 26) terminating in Manzanita (see aerial image).

Construction of the road as a Works Project Administration project in the 1930s was a slog through deep mud (see image left below). After World War II, the State Highway Commission renamed the route [Sunset Highway](#). The commission intended to recognize the highway's western direction toward the setting sun and to honor the [41st Infantry Division](#), which had largely been drawn from Oregon and bore the Sunset Division nickname.



Image: Oregon Historical Society



Image: Mark Beach

³ Mark Beach is author of photo-histories of the [Nehalem Bay area](#) and [Logging Oregon's Coastal Forests](#). Both books are available at Cloud and Leaf Bookstore in Manzanita. [Mark's website](#) has hundreds of historical photos collected for the [Nehalem Valley Historical Society](#), including the images for this article.

May 20 election ballot measures

Loss of timber revenue prompts county and school district ballot measures

On May 20, Tillamook County electors will vote on ballot measures intended to raise funds for the Neah-Kah-Nie School District and Tillamook County to partially plug budget gaps caused by falling timber tax revenue. The school district seeks approval of a [five-year operating levy](#) to raise \$2 million per year to retain teachers, maintain class sizes, and support other school programs. The county asks voters to approve an [increase in transient lodging taxes](#) from 10 to 14 percent over two years, to support the sheriff's department, emergency management, and emergency communications.

For decades, the county, school districts, and other taxing districts in the county relied on shared tax revenue from timber harvests on state forestlands within Tillamook County. In recent years, that timber revenue has fallen, leading some county taxing districts, such as the [North County Recreation District](#), to rely increasingly on five-year levies to cover operating costs.

A major cause of declining timber revenue was the Oregon Department of Forestry's decision in late 2018 to begin work on the [Western Oregon State Forests Habitat Conservation Plan](#) (HCP), to support the federal Endangered Species Act. The plan is still in draft form, but the process has led to [dramatic changes in timber harvests in the Tillamook State Forest](#) (see map).

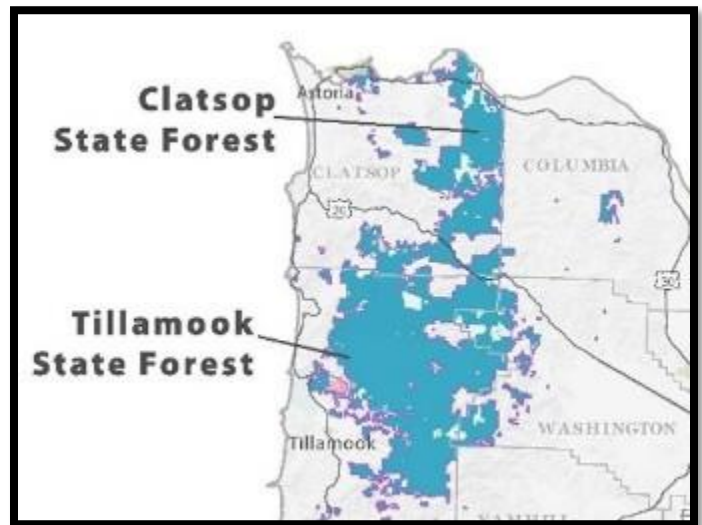
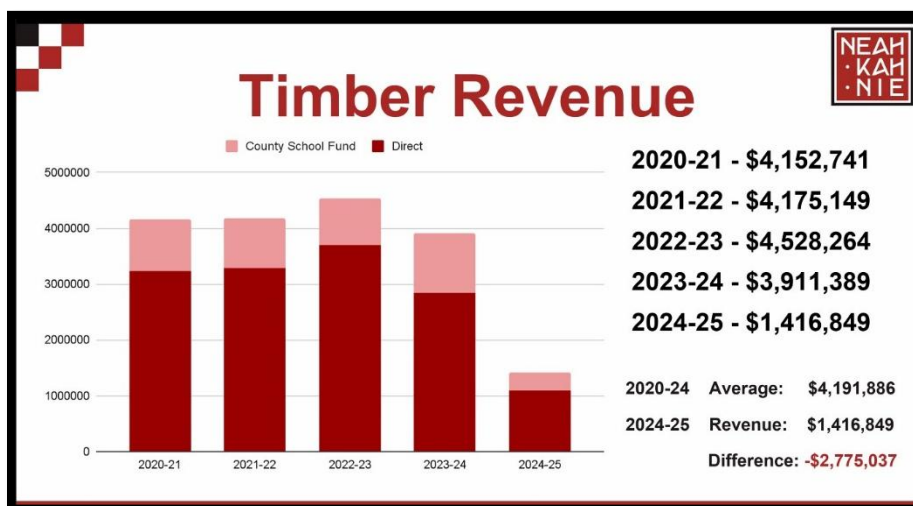


Image: Oregon Department of Forestry

In his April 9 [presentation](#) to the Manzanita City Council, School District Superintendent Tyler

Reed pointed to a \$2.7 million drop in district timber revenue for the 2024-25 budget year (see chart at left) as the immediate stimulus for the school board's decision to seek the \$2 million five-year levy. Reed told the council the levy would save 20 staff positions as well as school programs and give the district breathing room to devise a stable long-term financial strategy.



Also at the same April 9 meeting, County Commissioner Mary Faith Bell sought backing for a 4 percent increase in the county's lodging tax, to support public safety measures. As required by state law, the county must spend 70 percent of the lodging tax revenue on tourism promotion and facilities. As for the 30 percent of the revenue over which the county has discretionary authority, 80 percent of the proceeds would be spent on the sheriff's office and the balance on emergency management and communications if voters approve.

Nehalem Bay Life

North coast residents join rallies in Manzanita, Astoria, and Tillamook

Dateline: Saturday, April 5, 2025

Thousands of people across Oregon and the United States [joined "Hands Off" rallies](#) to protest the Trump administration's federal policies. Although larger cities, such as [Seattle](#) and [Portland](#), received most of the press coverage, local organizers held many rallies in smaller cities. Nehalem Bay residents traveled north to Astoria and south to Tillamook to protest with hundreds of other North Coast citizens. Nearly 200 gathered to protest in Manzanita at the intersection of Laneda Avenue and Highway 101.



Image: Madeline Olson



Image: Judy Lindley in Astoria



Image: Jane Harris

With new state housing requirements, Tillamook County leaps into the unknown (from January 2024)

Our [November](#) article in this housing series looked at the need for affordable and workforce housing. In [December](#), we covered the scope of the state and Tillamook County housing needs. In this article we take a closer look at the likely impacts of recent housing legislation on Tillamook County communities.

How SB 406 will change the way Tillamook County communities plan for housing

The Oregon Legislature approved [Senate Bill 406](#) last year. This legislation sets two new mandates specifically for Tillamook County cities and urbanized, unincorporated areas. The seven cities are Tillamook, Bay City, Garibaldi, Rockaway Beach, Wheeler, Nehalem, and

Manzanita. The eight unincorporated areas, defined as “cities” in the legislation for the sole purpose of housing planning, are Barview/Twin Rocks/Watseco, Cloverdale, Hebo, Neahkahnie, Neskowin, Netarts, Oceanside, and Pacific City/Woods. The Tillamook County cities must now make planning and housing decisions that were previously required only of larger cities. Meanwhile, the county will make the planning and housing decisions for the eight unincorporated areas that have no city boundaries or governing bodies.

What do these changes mean in practical terms?

- The state will produce an Oregon Housing Needs Analysis⁴ that will inform the 15 communities of their 20-year housing needs for all income levels. The state will also set housing production targets to meet those needs. Those targets will include both total housing and publicly supported housing for households earning less than 80% of the area median income (\$77,600 in Tillamook County for 2024).
- Each of the 15 cities and planning areas must produce a housing production strategy that will identify specific actions intended to meet those needs. The state will audit the production plans, develop an “acceleration program,” if necessary, and seek to enforce compliance if a city lags on affordable and workforce housing development.
- The cities and planning areas must allow middle housing in all residential zones including those designated exclusively for single-family homes. Middle housing is defined in [ORS 197.758](#) to include several forms of multi-family housing, from duplexes to townhouses. [Oregon Administrative Rules](#) spell out the requirements in greater detail.



SE Portland duplex

The action deadlines that affect the cities and planning areas are:

- March 1, 2024 –The state must adopt a [housing production target schedule](#).
- June 30, 2024 – The state must [adopt a schedule](#) for the cities and planning areas to demonstrate that they have sufficient buildable lands. State staff expect the Land Conservation and Development Commission to approve that schedule this month.
- January 1, 2025 – The state must [conduct the initial analysis of regional housing needs and allocate a share of those needs](#) to all Oregon cities and to Tillamook County planning areas.
- July 1, 2025 –Tillamook cities and planning areas must adopt land use regulations or amend comprehensive plans to implement the [middle housing requirements](#) previously required only of large cities.

⁴ See the [December 2023 issue](#) for a more complete explanation of the OHNA.

- Other deadlines (such as housing capacity analyses and housing production strategies)⁵ remain indeterminate. However, state staff expect Tillamook County, its cities, and its planning areas will have until the end of 2027 to complete these other requirements. SB 406 permits the state to adopt policies or rules necessary for Tillamook cities and planning areas to cooperate with the county in fulfilling their responsibilities.

Why is Tillamook County about to take such a bold step that no other rural county has taken? County political, business, and community leaders recognized the need for more affordable and workforce housing in the mid-2010s. The county's large and small employers cannot hire and retain staff if there is no affordable housing for those employees. The county created a [housing task force in 2015](#), issued two housing needs reports—in [2017](#) and [2019](#), hired a housing coordinator in 2018, established a permanent Housing Commission, called a "housing summit" in 2019, and passed two ordinances ([#85](#) and [#86](#)) to encourage more affordable housing. Despite these efforts, housing availability continued to trail housing needs. Clearly, the county needed a more effective tool to stimulate housing production. Housing Commission member Michelle Jenck, [Adventist Health's Well Being Director](#), told *Manzanita Today*, "If people are serious about encouraging workforce housing, they should be willing to say, 'Yes in my backyard.'" Thus, the idea of bringing the state's authority to bear on the county's housing crisis was born. Therefore, in January 2023, at the county's behest, Republican State Senator Suzanne Weber (Tillamook) [introduced and shepherded SB 406 to passage](#) in the 2023 legislature.

Fortunately, the state understands the challenges and plans to partner with the county, its cities, and its planning areas to develop a rigorous housing planning process. Manzanita, Nehalem, and Rockaway Beach have already applied for and will receive funding for revising their land use regulations to permit the required middle housing. State staff have informed *Manzanita Today* that Tillamook County will also receive funding to underwrite middle housing land use changes for Garibaldi, Bay City, Tillamook City, Wheeler, and the eight unincorporated planning areas.

How will the County use its housing toolkit?

In an interview with *Manzanita Today* Tillamook County Commissioner Erin Skaar acknowledged that SB 406 explores uncharted territory. She predicts that, with state guidance and funding, the county and its cities will collaboratively develop a workable process for tackling the affordable housing crunch. The county is already using its existing tools to spur housing. The county's Housing Commission is considering proposals for disbursement of \$400,000 from the fund supported by short-term rental license fees ([Ordinance #86](#)).⁶ The county will also grant ten-year property tax abatements, for qualified projects targeting households with incomes up to 120% of Tillamook County's \$77,600 2024 area household median income ([Ordinance #85](#)).



⁵ A housing capacity analysis determines the number of units that can be developed in a city within a 20-year planning period based on the city's comprehensive plan. A housing production strategy explains what a city do to meet the identified needs. ([Chapter 13, Oregon Laws 2023, Section 12](#))

⁶ Mark Kuestner of Manzanita is the north county representative on the Housing Commission.

Skaar said that while local governments are not developers or builders, she does not believe the smaller scale housing and infill projects suitable for the county will pose infrastructure challenges. Those smaller scale projects are also well within the capabilities of local developers, contractors, subcontractors, and building trades. She expects that the county will consider less conventional building types, such as modular housing or manufactured homes.

As for the implementation of SB 406, she acknowledges that the county's residential zoning ordinances, which apply to the unincorporated planning areas, will need to be modified. Successful affordable housing will match best practices for any small business. The projects must be well-capitalized with creative combinations of tax credits or abatement, developer incentives, forgivable loans, grants, and rent subsidies to cover cash flow and maintenance.

What is (missing) middle housing?

The state legislature and state agencies have clearly asserted that middle housing will be an essential element in bridging the housing gap. What do these agencies mean by middle housing? The [AARP](#) issued a 2022 report, [Discovering and Developing Missing Middle Housing](#), that thoroughly explores the subject. Oregon's DLCD has produced two middle housing model codes—one for [medium cities](#) (over 10,000) and one for [large cities](#) (over 25,000). Missing middle housing is somewhere between detached single-family homes and larger apartment buildings that were more common in the early 20th century. These housing types are best illustrated in the sketch below from the AARP report.



Accessory dwelling units

Sometimes called granny flats, [accessory dwelling units](#) (ADUs) are a familiar form of middle housing that allows extended families to live together or can provide moderately priced workforce housing. Last February the Tillamook County Board of Commissioners adopted an [ADU Ordinance](#) for unincorporated areas. ADUs can be attached to the main house (left) or detached as a separate building on the property.



Image: hammerandhand.com

Duplexes, triplexes, and fourplexes

Small scale duplexes can be sited on smaller residential lots or can be clustered as a larger development, such as the 34-apartment Shorewood affordable housing campus in Cannon Beach (right). Recently, Tillamook County approved a [grant](#) from its affordable housing fund for Bayside Commons, a development of six fourplexes just west of Bayside Gardens Road in Nehalem's urban growth boundary.



Image: <http://www.jl-architecture.com/>

Live-work properties

Another form of middle housing familiar to Manzanita readers is a [live-work building](#) where a business occupies the ground floor with living units on the second floor. Two buildings on Laneda Avenue (right) developed by former city councilor Hans Tonjes illustrate the concept. The second floor of each building has two one-bedroom apartments.



Cottage clusters

The cottage cluster is a third form of middle housing with Manzanita's Classic Street Cottages as a local example.



Apartment houses

Two affordable/workforce apartment housing concepts have been floated for a 10-acre parcel at the east end of Manzanita's urban growth boundary, west of Clipper Court and north of Necarney City Road. One, [proposed by Home First](#), consists of five 12-unit buildings (first image below) and the other, [proposed by Maker](#), of 68 units in six buildings (second image below)—each to be built in phases.



Image: [Home First Development Partners](#)



Image: [West of West Architecture & Design](#) (Maker partner)

Housing the homeless – unconventional solutions

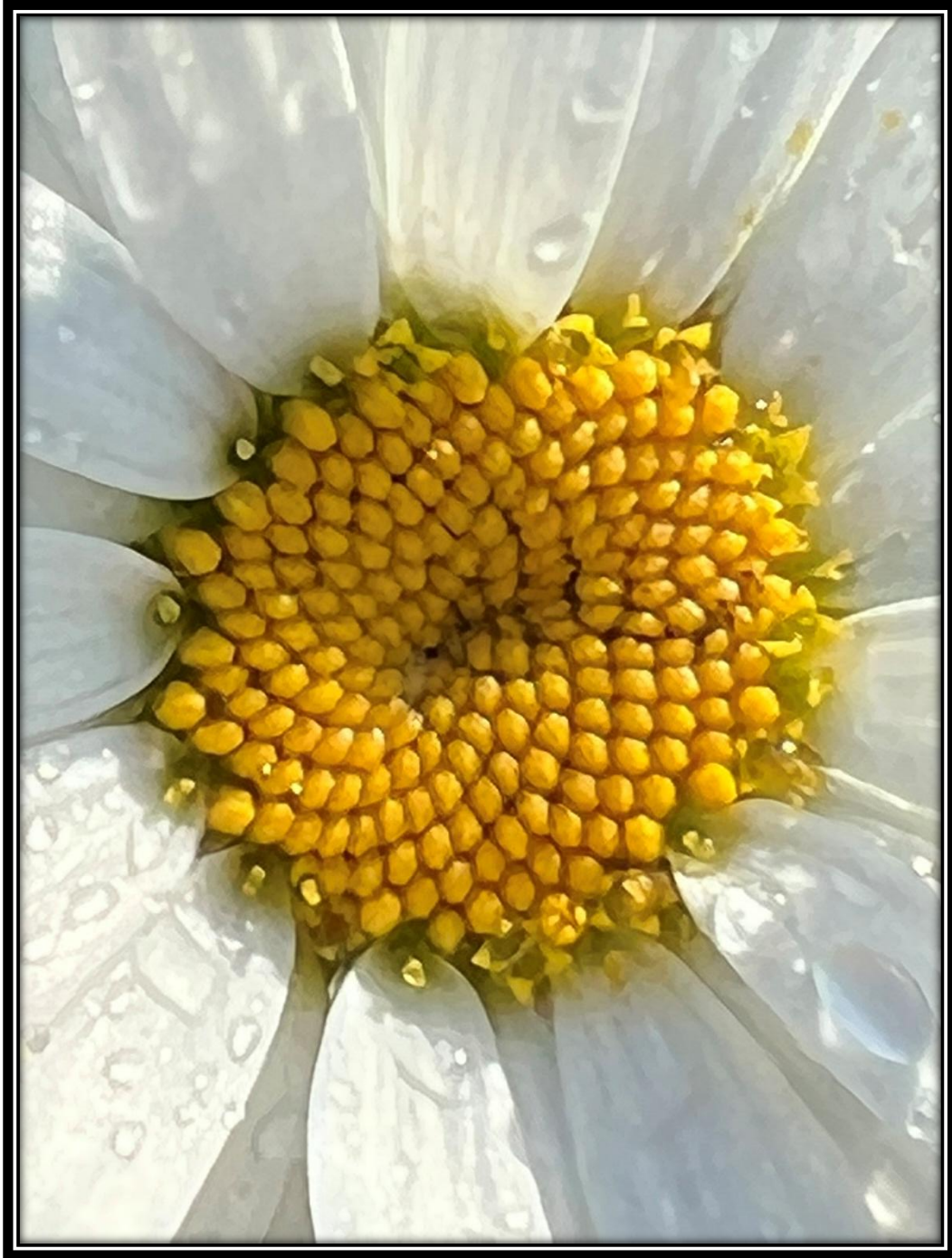
While not strictly middle housing, home designs for homeless people have stimulated an interest in unconventional housing forms, including the humble shipping container. Communities from [Los Angeles](#) to [Newark](#) have re-imagined the shipping container as a partial solution for the [nationwide homelessness crisis](#). The use of these containers illustrates the willingness of several affordable housing proponents to consider unconventional ideas.



Conclusion

Tillamook County and its communities do not have enough affordable or workforce housing to meet local needs. Simply put, how do county businesses hire and retain staff if their employees cannot find affordable housing? SB 406 may lead to some answers, but no one knows yet how this will play out, especially for unincorporated planning areas.

Why we live here.



Shasta Daisy (*Leucanthemum x superbum*) — photograph by Patty Reksten

About Manzanita Today

Manzanita Today is a publication independent of the City of Manzanita. The editorial board includes Leila Salmon and Chip Greening. To contact us, write to ManzanitaToday@gmail.com.