



TUALATIN CITY COUNCIL MEETING

MONDAY, DECEMBER 09, 2019

JUANITA POHL CENTER
8513 SW TUALATIN ROAD
TUALATIN, OR 97062

Mayor Frank Bubenik
Council President Nancy Grimes
Councilor Paul Morrison Councilor Robert Kellogg
Councilor Bridget Brooks Councilor Maria Reyes
Councilor Valerie Pratt

5:30 PM WORK SESSION

- 1. 5:30 p.m. (60 min) – Street Lighting Conversion.** Staff will present information on ownership and maintenance options for street lights in the right of way and would like direction from the Council on the next steps related to the presented options.
- 2. 6:30 p.m. (30 min) – Council Meeting Agenda Review, Communications & Roundtable.** Council will review the agenda for the December 9 City Council meeting and brief the Council on issues of mutual interest.

7:00 P.M. CITY COUNCIL MEETING

Call to Order

Pledge of Allegiance

Announcements

- 1.** Tualatin Youth Advisory Council 2019 Year in Review
- 2.** New Employee Introduction- Police Officer Hector Aguilar

Public Comment

This section of the agenda allows anyone to address the Council regarding any issue not on the agenda, or to request to have an item removed from the consent agenda. The duration for each individual speaking is limited to 3 minutes. Matters requiring further investigation or detailed answers will be referred to City staff for follow-up and report at a future meeting.

Consent Agenda

The Consent Agenda will be enacted with one vote. The Mayor will ask Councilors if there is anyone who wishes to remove any item from the Consent Agenda for discussion and consideration. If you wish to request an item to be removed from the consent agenda you should do so during the Citizen Comment section of the agenda.

- [1.](#) Consideration of the System Development Charge Annual Reports for Fiscal Year 2018-19
- [2.](#) Consideration of **Resolution No. 5478-19** Amending the City of Tualatin Fee Schedule and Rescinding Resolution No. 5471-19
- [3.](#) Consideration of Approval of a New Liquor License Application for Tualatin Station Bar and Grill

General Business

If you wish to speak on a general business item please fill out a Speaker Request Form and you will be called forward during the appropriate item. The duration for each individual speaking is limited to 3 minutes. Matters requiring further investigation or detailed answers will be referred to City staff for follow-up and report at a future meeting.

- [1.](#) Consideration of **Resolution No. 5479-19** Accepting the Tualatin 2040 Work Including the Policy Priorities, Housing Needs Analysis, Housing Strategy, Economic Opportunities Analysis, and Economic Development Strategy
- [2.](#) Consideration of **Ordinance 1429-19** Relating to Building Codes; Amending Tualatin Municipal Code 4-1-010 To Adopt State Building Code Updates; Adding New Provisions; And Declaring An Emergency

Council Communications

Items Removed from Consent Agenda

Items removed from the Consent Agenda will be discussed individually at this time. The Mayor may impose a time limit on speakers addressing these issues.

Adjournment

Meeting materials, including agendas, packets, public hearing and public comment guidelines, and Mayor and Councilor bios are available at www.tualatinoregon.gov/council.

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In compliance with the Americans with Disabilities Act, this meeting location is accessible to persons with disabilities. To request accommodations, please contact the City Manager's Office at 503.691.3011 36 hours in advance of the meeting.



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Mayor and Members of the City Council
THROUGH: Sherilyn Lombos, City Manager
FROM: Nic Westendorf, Management Analyst II – Public Works
Jeff Fuchs, Public Works Director
DATE: December 9, 2019

SUBJECT:

Discuss ownership and maintenance options for street lights in the right of way.

RECOMMENDATION:

Staff recommends converting existing Option B street lights to Option A or to the Hybrid Option.

EXECUTIVE SUMMARY:

Background

On June 24th, 2019, staff presented to Council ownership options for street lights in Tualatin rights of way. Council requested additional information to help clarify the pros and cons of switching current Option B street lights to Option A.

This staff report provides a financial comparison based on a net present value analysis that estimates a lifetime cost in current year dollars. This staff report also provides pros and cons for each Option and addresses specific questions from the June 24th Council meeting.

PGE offers four ownership options for street lights in the public right of way. In each option, PGE would charge the City a monthly fee for power and for operations and maintenance.

Option A – PGE would own and maintain all streetlights and the poles.

Option B - The City would own streetlights and poles and PGE would maintain streetlights and the poles.

Option C – The City would own and maintain everything and the monthly charge would be for power only.

Hybrid Option – The City would own the poles; PGE would own the lights; PGE would maintain the system; and poles would be converted to PGE ownership when they reach the end of their useful life.

There are currently 2,907 streetlights in Tualatin. Of those, 2,595 are Option B, 302 are Option A, and 10 are Option C.

The City currently pays an annual charge of \$267,444 for the Option B poles, \$27,060 for the option A poles, and \$1,068 for the Option C poles.

The annual charge (billed monthly) includes electrical cost and costs to operate and maintain the street lights.

The City currently owns 630 laminated timber poles that have reached the end of their useful life.

Most of the existing lights in the City are high-pressure sodium vapor lights (HPSV), a technology that is no longer supported. The HPSV lights will be replaced with Light Emitting Diode (LED) lights as the HPSV lights fail or before, depending on the Option selected for street lights in Tualatin.

The table in Attachment A summarizes the costs and the pros and cons for each option.

Option A

If the City were to convert the Option B streetlights to Option A, PGE would own and maintain all lights and poles in the right of way. PGE would also buy existing City owned poles that have remaining value (aluminum and fiberglass poles) for approximately \$1.6-million and they would replace 630 laminated timber poles that have reached the end of their useful life. The cost for replacing the laminated timber poles would be included in the monthly charge.

Summary of Option A Conversion

- PGE would pay the City approximately \$1.6 Million for city owned poles that have not reached their end of life yet.
- PGE would replace all existing high-pressure sodium vapor lights (HPSV) with more energy efficient Light Emitting Diode (LED) Lights at their expense and pass the cost along through our monthly bill.
- PGE would replace 630 laminated timber poles at their expense and pass the cost along through our monthly bill.
- The City would pay PGE \$44,726 each month to cover the cost of power and the cost to maintain and operate the street light system
- The lifetime cost of Option A would be approximately \$8.9 million assuming a twenty year life for new and upgrade streetlights and poles.
- Between Options A, B, and Hybrid, Option A has the highest lifetime cost (\$1.9 million more than the Hybrid Option over twenty years) and the highest monthly charge (\$536,640 annually).

Pros and Cons of Option A

Converting existing Option B streetlights and poles to Option A would save the City the upfront cost that would be needed to upgrade existing HPSV light to LED lights and the cost of replacing end-of-life laminated timber poles. This would mean the City wouldn't need to pay approximately \$2.8-million in upfront capital costs needed to upgrade the system. PGE would pay for the necessary upgrades and include the costs in the City's monthly charge over the life of the streetlights.

PGE would replace existing HPSV lights with LED lights in the first few years and they would upgrade the lights with new technology again in approximately ten years.

PGE would pay the City approximately \$1.6-million for existing aluminum and fiberglass poles that have remaining value. This payment could be used to pay the monthly charges for the first three years.

When lights and poles reach end of life in the future, PGE would pay to replace or upgrade them.

While converting to Option A would increase the overall street light cost, it would stabilize the cost of replacement through the monthly PGE bill rather than the City having to incur large capital outlays in years with a high number of pole or light failures. Recently, the City paid to replace 14 end of life lights and poles \$37,000, or 41% of our total budget for street light replacement, which was increased in 2018 from \$50,000 to \$90,000.

Option A would also reduce the amount of City staff time needed to manage a street light system.

Hybrid Option

If the City were to convert the Option B streetlights to the Hybrid Option, PGE would own and maintain all lights and the City would own the poles in the right of way, until the poles reach the end of their useful life, and would then be converted to PGE ownership and replaced at PGE's expense.

During the first few years, PGE would replace 630 laminated timber poles that have reached the end of their useful life and convert those poles to PGE ownership (Option A). The cost for replacing the laminated timber poles would be included in monthly PGE charge.

Summary of Hybrid Option Conversion

- The City would retain ownership of existing city owned poles until those poles reach the end of their life, when they would be replaced by PGE and converted to PGE ownership (Option A).
- PGE would own all lights and they would replace all existing high-pressure sodium vapor lights (HPSV) with more energy efficient Light Emitting Diode (LED) Lights at their expense and pass the cost along through our monthly bill.
- PGE would replace 630 laminated timber poles at their expense, take over ownership of those poles, and pass the cost along to the City through our monthly bill.
- The City would pay PGE \$29,898 each month to cover the cost of power and the cost to maintain and operate the street light system
- The lifetime cost of Hybrid Option would be approximately \$6.9-million assuming a twenty year life for new and upgrade streetlights and poles.

Pros and Cons of Hybrid Option

Converting existing Option B streetlights and poles to the Hybrid Option would save the City the upfront cost needed to upgrade existing HPSV lights to LED lights and the cost of replacing end-of-life laminated timber poles. This would mean the City would not need to pay approximately \$2.8-million in upfront capital costs needed to upgrade the system.

PGE would pay for the necessary upgrades and include the costs in the City's monthly charge over the life of the streetlights. The City does not have the capital to replace all end of life street lights in the current budget.

When lights reach end of life in the future, PGE would pay to replace or upgrade them.

When City-owned poles reach end of life, PGE would replace them and take over ownership of them, converting them to Option A at that time.

Converting to the hybrid option would cost more than staying with Option B, however, it would stabilize the cost of replacement through the monthly PGE bill rather than the City having to incur large capital outlays in years with a high number of pole or light failures.

The hybrid option would require more staff time to manage than Option A, but less than Option B.

Option B

If the City were to continue with Option B streetlights, the City would continue to own the lights and poles and PGE would maintain the system and pass the costs along to the City in the monthly charge.

Summary of Option B

- Option B is essentially what we have now, except we would need to replace existing HPSV street lights with new LED technology. The City would retain ownership of existing city owned lights and poles.
- The City would pay the upfront cost to replace 630 existing laminated wood poles and to replace existing HPSV lights with LED lights (approximately \$2.8 million) because the poles have reached the end of their useful life.
- Energy savings from converting high-pressure sodium vapor lights (HPSV) to more energy efficient Light Emitting Diode (LED) Lights would be reflected in the monthly bill.
- The City would pay PGE \$10,261 each month to cover the cost of power and the cost to maintain and operate the street light system. The cost is less than the other two options because the City would pay the capital replacements costs up front so those costs would not be included in the monthly charge.
- In approximately ten years, the City would likely need to upgrade LED lights to the newest technology. The Net Present Value analysis used to calculate lifetime costs assumes that all LED lights would be upgraded in ten years. In Option A and in the Hybrid Option, PGE would pay for the upgrade.
- The lifetime cost of Option B would be approximately \$7 million assuming a twenty-year life for new and upgraded streetlights and poles.

Pros and Cons of Option B

Staying with Option B would require the City to pay approximately \$2.8 million in upfront capital costs needed to replace 630 end of life laminated timber poles and convert existing HPSV lights to LED lights.

When lights reach end of life in the future, the City would pay to replace or upgrade them.

When City-owned poles reach end of life, the City would replace them or they could be converted to Option A at that time.

While Option B would have the lowest monthly charge, the City would need to pay approximately \$2.8 million in upfront capital costs needed to bring the lights and poles up to current standards.

Option B would require the most staff time to manage. Under Option B, City staff would have to coordinate repairs and source and store parts.

The City has been able to keep up funding Option B to this point due to the young age of our street lights and the lack of appetite to upgrade technologies. As large quantities of street lights become outdated because HPSV lights are no longer supported and as poles reach end of life, the City will be responsible for replacing lights and poles.

Option C

Converting to Option C would result in the City purchasing all PGE owned streetlights and being responsible for all maintenance and operation of the streetlights and the associated underground infrastructure (conduits, wiring, junction boxes, etc.). The City does not have the expertise, staff, or equipment necessary to maintain street lights. The City currently partners with PGE to provide these services. There is also a large risk in taking ownership of all the unknown underground utilities. For these reasons Option C was not considered and staff recommends against it.

COUNCIL QUESTIONS:

What is impact on potential City lease fees for small cell facilities located on poles owned by PGE?

Based on discussions with PGE, staff believes there will be no impact to the City's ability to collect lease fees for small cell facilities located on streetlight poles with the right of way. Based on discussions with PGE, it is likely that PGE would require the small cell providers to replace the existing light pole with a new light pole designed to support the small cell equipment. At that time, ownership of the pole could be reverted back to the City, allowing the City to charge whatever lease fee was in place for small cell facilities located on City owned poles.

In addition, the City would continue to collect attachment fees and other fees associated with small cell facilities located in the right of way regardless of pole ownership.

What are the impacts of selling city owned street lights?

There are no negative impacts to the City's credit rating or borrowing capacity by selling the street lights. Street lights are a depreciating asset. Because we do not sell old street lights when upgrading or replacing with a new model, there is no value to the city when a streetlight or pole is replaced. It is also may be worth noting the City always has the option to purchase Option A streetlights back from PGE and revert back to Option B.

Do rates become less stable under Option A?

Based on discussions with PGE, staff does not believe there is significant risk of increasing rates under Option A or under the hybrid option. PGE has the ability to increase rates under both Option A and B. Historically rate increases have been tied to energy costs, which would impact both ownership Options. The lifetime cost presented in this staff report was calculated based on an assumed 3% rate increase each year.

All rate increases must be approved by the Oregon Public Utility Commission (OPUC).

PGE has an 8% cost recovery built into Option A for management all those street lights making long term rates impacts stable and predictable.

When would poles be replaced under Option A?

The timeline for pole replacement under Option A would be dependent on PGEs ability to secure funding. The end of life wood poles would be converted first, likely within the first year, due to their failure risk. The remainder of the street lights would be converted in 2-3 years.

OUTCOMES OF DECISION:

Converting all streetlights in the right of way to Option A or the Hybrid Option would result in a modernized more stable streetlight system. In both Options, lights would be converted to LED within the first few years and end of life laminated timber poles would likely be replace in first year.

ALTERNATIVES TO RECOMMENDATION:

Council could choose to stay with the current ownership model (Option B), which would require a large upfront capital investment of \$2.8-million.

FINANCIAL IMPLICATIONS:

Exhibit A provides a summary of financial impact of Options A, B, and Hybrid.

ATTACHMENTS:

- Exhibit A – Cost Comparison
- PowerPoint Presentation

Attachment A - Cost Comparison

| Option | Description | Upfront Revenue | Initial Replacement Cost | 10-yr. Replacement Cost | Monthly Payment to PGE | Annual Payment to PGE | Lifetime Cost (20-yrs.) | First Full Payment to PGE | Pro/Con |
|--------|--|-----------------|--------------------------|-------------------------|------------------------|-----------------------|-------------------------|---|--|
| A | PGE owns and maintains all lights and poles. PGE buys remaining City owned lights and poles that have remaining value and replaces 630 failing poles. Cost of replacing failing poles is included in monthly PGE charges | \$ 1,600,000 | \$ - | \$ - | \$ (44,720) | \$ (536,640) | \$ (8,816,308) | 4th year - First three years are covered by purchase cost of existing poles | Pro <ul style="list-style-type: none"> • Upfront payment from PGE for existing assets • No payment to PGE for first three years • No end of life costs for City • No upfront capital costs for City • Little to no staff time required • No large capital investments required during lifetime of streetlights • PGE would replace LED lights with new technology in future years Con <ul style="list-style-type: none"> • More expensive lifetime cost • Most expensive annual cost |
| B | City owns all lights and poles and PGE maintains them. City replaces end of life poles and converts lights from HPS to LED. When poles and lights reach end of useful life again, City would either need to pay to replace them or convert them to Option A at that time. | \$ - | \$ (2,800,000) | \$ (1,600,000) | \$ (10,261) | \$ (123,132) | \$ (6,836,976) | 1st year | Pro <ul style="list-style-type: none"> • Least expensive lifetime cost • Least expensive annual cost • City would realize power savings by switching to LED (included in annual cost) Con <ul style="list-style-type: none"> • Large upfront capital cost to replace 630 poles and to convert HPS lights to LED • Large midlife capital cost to replace LED with new technology • Large future end of life cost for City (or convert to A at that time) • Significant staff time required to manage program |
| Hybrid | City continues to own poles that have not reached end of life and PGE owns the lights and maintains everything. 630 existing laminated wood poles that are failing would be converted to Option A. | \$ - | \$ - | \$ - | \$ (29,898) | \$ (358,776) | \$ (6,966,524) | 1st year | Pro <ul style="list-style-type: none"> • No end of life costs for City • No upfront capital costs for City • Less expensive lifetime cost compared to Option A Con <ul style="list-style-type: none"> • Some staff time required to manage • First year annual payment significantly more than current budget |

NOTES

- All cost shown on this table are in 2020 dollars.
- Small cell lease fees are not a differentiator. Assume new pole is required and transfer pole to City ownership or leave with PGE ownership on a case by case basis.
- Lifetime cost was estimated using a Net Present Value Comparison to convert all lifetime costs to 2020 dollars.
- Analysis assumed all existing HPS lights would be converted to LED as they fail and as HPS technology become obsolete and that 630 end of life poles will be replaced in the next few years.
- Today we pay \$267,444 annually for our option B lights. We also have \$27,060 for existing option A lights.



City of Tualatin

Ownership and Maintenance Options for Street Lights in the Right of Way

City Council – Work Session

December 9, 2019



CITY OF

TUALATIN OREGON

Overview



City of Tualatin

Recap

Summary of Ownership Options

Address Concerns/questions from June Meeting

Discussion





City of Tualatin

Recap



Today

2,907 streetlights in Tualatin

2,595 are Option B

302 are Option A

10 are Option C



We pay \$296,000 annually ← includes power, operations, and maintenance



City of Tualatin

What's the Issue?

HPS (High Pressure Sodium Vapor) lights are no longer readily supported

Need to **upgrade all HPS street lights** to LED (light emitting diode)

We also need to **replace 630 laminated wood poles**

Cost to upgrade the poles - **\$1.2 million**

Cost to upgrade the lights - **\$1.6 million**

Need **\$2.8 million** up front to maintain existing levels of service



Available Options



City of Tualatin

Option A - PGE owns and maintains poles and lights

Option B - The City owns and PGE maintains poles and lights

Option C - City owns and maintains everything

Hybrid Option – City owns Poles and PGE owns lights



Approach



City of Tualatin

We worked with PGE to determine upfront cost required for each option

We used a Net Present Value (NPV) Analysis to calculate the lifetime costs for each option

We identified pros and cons for each option



Net Present Value (NPV)

Net Present Value (NPV) enables us to calculate the lifetime cost for each option in today's dollars - allows us to compare apples to apples

We defined lifetime for poles to be 20-years*
and lifetime for lights to be 10-years**

We assumed a 3% annual increase for payments to PGE

* Based on lifetime for streetlight poles used by Seattle and Portland

** Lifetime for lights based on need to upgrade LED lights in 10-years to keep up with changing technology

Summary of Options



Option A



City of Tualatin

PGE would pay the City approximately \$1.6 Million for city owned poles that have not reached their end of life yet

PGE would replace all existing high pressure sodium vapor lights (HPSV) with Light Emitting Diode (LED) Lights and pass the cost along in monthly bill

PGE would replace 630 laminated timber poles at their expense and pass the cost along in monthly bill

Monthly cost: \$44,726 to cover the cost of power and the cost to maintain and operate the street light system

Lifetime cost of Option A : \$8.9-million



Option B



City of Tualatin

Same ownership option we have now, except the City would need to replace HPSV lights with LED. The City would retain ownership

The City would pay the upfront cost to upgrade 630 laminated wood poles and replace HPSV lights with LED - \$2.8-million

In approximately 10 years the City would likely need to upgrade LED lights to the newest technology

Monthly cost: \$10,261 to cover the cost of power

Lifetime cost of Option A : \$7-million



Hybrid Option



The City would retain ownership of existing city owned poles until those reach end of life, when they would be transferred to and replaced by PGE

PGE would own all lights and replace HPSV with LED at their expense and pass the cost along in the monthly bill

PGE would replace 630 laminated timber poles at their expense, take ownership of those poles, and pass the cost along in the monthly bill

Monthly cost: \$29,898 to cover the cost of power and the cost to maintain and operate the lighting system

Lifetime cost of Option A : \$6-9-million





City of Tualatin

Comparing Options










Option A



City of Tualatin

PROS

-  Upfront payment (approx. \$1.6 million) from PGE for existing assets
-  No payment to PGE for first three years
-  No end of life costs for City
-  No upfront capital costs for City
-  Little to no staff time required
-  No large capital investments required during lifetime of streetlights
-  PGE would replace LED lights with new technology in future years

CONS

-  More expensive lifetime cost
-  Most expensive annual cost



PROS



CONS



City of Tualatin

Option B (Current Ownership Option)

PROS

-  Least expensive lifetime cost
-  Least expensive annual cost
-  City would realize power savings by switching to LED (included in annual cost)







PROS



CONS

CONS

-  Large upfront capital cost to replace 630 poles and to convert HPS lights to LED (City pays \$2.8 million)
-  Large midlife capital cost to replace LED with new technology (City pays \$1.6 million)
-  Large future end of life cost for City (or convert to A at that time)
-  Significant staff time required to manage program

Hybrid Option



City of Tualatin

PROS

-  No end of life costs for City
-  No upfront capital costs for City
-  Less expensive lifetime cost compared to Option A

CONS

-  Some staff time required to manage
-  First year annual payment significantly more than current budget



PROS



CONS



City of Tualatin

Comparing Cost



Cost Comparison



City of Tualatin

| Option | Description | Upfront Revenue | Initial Replacement Cost | 10-yr. Replacement Cost | Monthly Payment to PGE | Annual Payment to PGE | Lifetime Cost (20-yr.) |
|--------|---|-----------------|--------------------------|-------------------------|------------------------|-----------------------|------------------------|
| A | PGE owns and maintains all lights and poles. | \$1,600,000 | \$ - | \$ - | \$(44,720) | \$ (536,640) | \$ (8,816,308) |
| B | City owns all lights and poles and PGE maintains them. | \$ - | \$ (2,800,000) | \$ (1,600,000) | \$(10,261) | \$ (123,132) | \$ (6,836,976) |
| Hybrid | City continues to own poles that have not reached end of life and PGE owns the lights and maintains everything. | \$ - | \$ - | \$ - | \$(29,898) | \$ (358,776) | \$ (6,966,524) |



City of Tualatin

Questions from June 24, 2019 Meeting

Small Cell Revenue

What is impact on potential City lease fees for small cells on poles owned by PGE?

No impact on collecting lease fees

PGE assumes a new pole is required for small attachments

Poles can be transferred back to City before small cell attachment is constructed

City would continue to collect attachment fees

City could collect lease fees if pole is transferred back to City

Selling Assets

What are the impacts from selling lights and poles assets?

There is no negative impact to the City's credit rating or borrowing capacity by selling these assets.

Street lights are a depreciating asset – the value only decreases

We don't sell lights at end of life and no revenue is realized

We can always go back! PGE will sell assets back to the City at any time

Rate Stability

Do our rates become less stable under Option A?

PGE has ability to increase rates for Options A & B

Regulatory oversight - rate increases overseen by Oregon Public Utility Commission

Typical annual increases 3% for energy cost

Rates for life cycle cost typically don't increase

PGE has 8% cost recovery built into Option A making rates predictable

Pole and Light Replacement

When will poles and lights be replaced?

As soon as funding can be secured

Wood poles replaces first, within first year

Total completion about 2-3 years



Staff Recommendation

Staff recommends:

Not staying with Option B

We recommend converting streetlights to Option A or Hybrid Option

Discussion

Questions, comments, concerns?

Tualatin Youth Advisory Council

2019 Year in Review

YAC Mission Statement

The Tualatin Youth Advisory Council works to improve the lives of youth by building relationships, advocating for diverse needs, and providing a link from youth to government.

We work to achieve our mission through:

- ◎ Advocacy
- ◎ Activities
- ◎ Education



Achieving our mission through **advocacy**:

- ◎ Monthly council updates
- ◎ Oregon Youth Summit
- ◎ City Day at the Capitol
- ◎ Provide input on City Projects including:
 - > Parks and Recreation Master Plan
 - > Bee City USA
 - > Tualatin's Water Supply
 - > Programs and Events



Achieving our mission through **activities**....

- ◎ Volunteer at many City events, including:
 - > Movies on the Commons
 - > West Coast Giant Pumpkin Regatta
 - > Starry Nights and Holiday Lights
 - > Snow Ball Dance
 - > Tualatin Blender Dash
 - > iViva Tualatin!



Achieving our mission through **education**.....

- ◎ Project FRIENDS
- ◎ National League of Cities Congressional City Conference



Project FRIENDS



Thank You!



- Participating in YAC provides opportunities for leadership development, civic engagement, and community service.
- We're looking forward to the challenges and rewards of next year!



City of Tualatin

**CITY OF TUALATIN
Staff Report**

TO: Honorable Mayor and Members of the City Council
THROUGH: Sherilyn Lombos, City Manager
FROM: Kelsey Lewis, Management Analyst II, Public Works
DATE: 12/9/2019

SUBJECT:

Consideration of the System Development Charge Annual Reports for Fiscal Year 2018-19

RECOMMENDATION:

Staff recommends that Council accept the attached reports for the Water, Sewer, Storm, TDT, and Parks System Development Charges.

EXECUTIVE SUMMARY:

Council established the current Sewer, Storm and Water SDCs in 1991, and the Transportation Development Tax in 2010. The Parks SDC was adopted in 2019.

The attached reports fulfill the requirement of ORS 223.311 to provide an annual accounting of the SDCs and to recommend any changes to the SDC Chapter of the Tualatin Municipal Code.

ATTACHMENTS:

A- FY 2018-19 SDC Reports

CITY OF TUALATIN
WATER SYSTEM DEVELOPMENT CHARGE (SDC) REPORT
Annual Report for Fiscal Year 2018/19

Introduction

In 1991, the City of Tualatin adopted Ordinance 833-91, which established a System Development Charge (SDC) for connection to the City of Tualatin water system. This SDC fee was based on projected needs of the system and the portion of the system's projected needs that were attributable to growth in the City which placed an additional demand on the water system.

An update to the Water SDC Methodology was approved on December 8, 2003. Beginning February 1, 2005 and each February 1st thereafter, the water SDC automatically increased according to the Engineering News Record Construction Cost Index. These provisions are incorporated into the Tualatin Municipal Code Section 2-06.

In addition to the annual indexing in February 2018, in June 2018 an additional increase was approved by Council on Resolution 5374-18 to enact the recommendation included in the 2013 master plan. The rate increased from \$4,132 to \$4,428 per EDU.

Purpose

The purpose of this report is to fulfill the requirements of ORS 223.311, which requires an annual accounting of SDCs to be performed, and to recommend any changes in the Water SDC as adopted by the City of Tualatin.

Revenue

During the period of this report (July 1, 2018 to June 30, 2019) the City of Tualatin collected \$354,880.00 in Water SDC fees in accordance with Ordinance 833-91. Interest earned on the SDC fees was \$33,407.89.

Credits

No credits were used towards the payment of Water SDCs in fiscal year 2018/19.

Expenditures

The Water SDC fees were determined by the ordinance methodology and retained in the Water Development (Water SDC) Fund. Any unspent funds are available to be used on projects in the next fiscal year and will become part of the beginning fund balance.

Attachment A

Projects funded in fiscal year 2018/19 by the Water SDC revenues were as follows:

| Project Description | SDC Amount |
|--|-------------------|
| 1. Myslony St. Waterline (36% of project costs) | \$47,209.35 |
| 2. Water Master Plan Update (36% of project costs- project continues into FY 2019/20) | \$11,859.90 |
| 3. C1 Water Reservoir (36% of project costs) | \$314,889.59 |
| 4. Transfer to General Fund (Costs associated with management of Water SDC) | \$8,990.00 |
| <hr/> | |
| Total Expenditures | \$382,948.84 |

Recommendation

It is recommended the Council accept this report and have the City Engineer continue to monitor issues that may arise and review their impact on the Water SDCs. No change to methods, procedures or fees as outlined in Ordinance 833-91 is recommended at this time; however, the City is conducting a SDC rate review as part of the Water Master Plan update and may have further recommendations in the next year.

CITY OF TUALATIN
STORM SYSTEM DEVELOPMENT CHARGE (SDC) REPORT
Annual Report for Fiscal Year 2018/19

Introduction

According to Tualatin Municipal Code, Chapter 2-6-060, System Development Charges (SDCs) for each type of capital improvement provided by the City may be created and shall be established by resolution of the Council. In 1991, the Storm SDC fee was established in Resolution 2666-91, adopting the methodology used by Clean Water Services (then called United Sewerage Services). It is based on projected needs of the system and the portion of the system's projected needs that were attributable to growth in the City which placed an additional demand on the storm drain system.

Purpose

The purpose of this report is to fulfill the requirements of ORS 223.311, which requires an annual accounting of SDCs to be performed, and to recommend any changes in the Storm SDC as adopted by the City of Tualatin.

Revenue

During the period of this report (July 1, 2018 to June 30, 2019) the City of Tualatin collected \$111,390.27 in storm quantity fees and \$13,976.80 in storm quality fees for a total of \$125,367.07 in Storm SDC fees. Interest earned on the SDC fees was \$13,794.22.

Credits

Credits in the amount of \$77,722.18 for water quality and \$291.50 for water quantity were used towards the payment of Storm SDCs in fiscal year 2018/19.

Expenditures

The Storm SDC fees were determined by the Clean Water Services methodology and retained in the Storm Development (Storm SDC) Fund. Any unspent funds are available to be used on projects in the next fiscal year and will become part of the beginning fund balance.

Projects funded in fiscal year 2018/19 by Storm SDC revenues were as follows:

| Project Description | SDC Amount |
|--|-------------------|
| 1. Stormwater Master Plan Update | \$96,672.92 |
| 2. Transfer to General Fund (Costs associated with management of Storm SDC) | \$2,150.00 |
| <hr/> | |
| Total Expenditures | \$98,822.92 |

Attachment A

Recommendation

It is recommended the Council accept this report and have the City Engineer continue to monitor issues that may arise and review their impact on the Storm SDCs. No change to methods, procedures or fees as outlined in Municipal Code is recommended at this time; however, the City is conducting a SDC rate review as part of the Stormwater Master Plan update and may have further recommendations in the next year.

CITY OF TUALATIN
SEWER SYSTEM DEVELOPMENT CHARGE (SDC) REPORT
Annual Report for Fiscal Year 2018/19

Introduction

According to Tualatin Municipal Code, Chapter 2-6-060, System Development Charges (SDCs) for each type of capital improvement provided by the City may be created and shall be established by resolution of the Council. The Sewer SDC fee was established by intergovernmental agreement with Clean Water Services in which the City collects the revenue, remitting 96% to Clean Water Services and retaining 4%. The fee is based on projected needs of the system and the portion of the system's projected needs that were attributable to growth in the City which placed an additional demand on the sewer system.

Purpose

The purpose of this report is to fulfill the requirements of ORS 223.311, which requires an annual accounting of SDCs to be performed, and to recommend any changes in the Sewer SDC as adopted by the City of Tualatin.

Revenue

During the period of this report (July 1, 2018 to June 30, 2019) the City of Tualatin collected \$475,008.62 in Sewer SDC fees. Interest earned on the SDC fees was \$95,818.96.

Credits

\$440,650.00 in credits were used towards the payment of Sewer SDC in fiscal year 2018/19.

Expenditures

The Sewer SDC fees are determined by the Clean Water Services methodology and retained in the Sewer Development (Sewer SDC) Fund. Any unspent funds are available to be used on projects in the next fiscal year and will become part of the beginning fund balance.

Projects funded in fiscal year 2018/19 by the Sewer SDC revenues were as follows:

- | | |
|--|-------------|
| 1. Sewer Master Plan Update/SDC Rate Study | \$3,237.49 |
| 2. Transfer to General Fund (Costs associated with management of Sewer SDC) | \$15,220.00 |

| | |
|--------------------|-------------|
| Total Expenditures | \$18,457.49 |
|--------------------|-------------|

Attachment A

Recommendation

It is recommended the Council accept this report and have the City Engineer continue to monitor issues that may arise and review their impact on the Sewer SDCs. No change to methods, procedures or fees as outlined in Tualatin Municipal Code is recommended at this time; however, the City is conducting a SDC rate review as part of the Sewer Master Plan update and may have further recommendations in the next year.

CITY OF TUALATIN
TRANSPORTATION DEVELOPMENT TAX (TDT) REPORT
Annual Report for Fiscal Year 2018/19

Introduction

In 2010, the City of Tualatin adopted Ordinance 1301-10, which established a Transportation Development Tax (TDT) for which all development must pay to help fund transportation projects in the City of Tualatin. This is a direct adoption of Washington County's TDT and applies throughout the City, whether in Washington or Clackamas County. It is incorporated into the Tualatin Municipal Code in 2-8, Transportation Development Tax.

Purpose

The purpose of this report is to fulfill the requirements of ORS 223.311, which requires an annual accounting of system development charges to be performed (the TDT being a kind of system development charge), and to recommend any changes in the TDT as adopted by the City of Tualatin.

Revenue

During the period of this report (July 1, 2018 to June 30, 2019) the City of Tualatin collected \$868,600.64 in TDTs for Washington County and \$771,740.38 for Clackamas County for a total of \$1,640,341.02 in accordance with Ordinance 1301-10. Interest earned on the TDTs was \$246,655.59.

Credits

\$548,797.50 in TDT credits in Clackamas County were used towards the payment of TDTs in Fiscal Year 2018/19.

Expenditures

The TDTs were determined by the ordinance methodology and retained in the Transportation Development Tax Fund. Any unspent funds are available to be used on projects in the next fiscal year and will become part of the beginning fund balance.

Projects funded in fiscal year 2018/19 by TDT revenues were as follows:

| <u>Project Description</u> | <u>SDC Amount</u> |
|---|--------------------------|
| 1. Lou Ogden Bridge (formerly Myslony Bridge) | \$1,306,610.58 |
| <hr/> | |
| Total Expenditures | \$1,306,610.58 |

Attachment A

Recommendation

It is recommended the Council accept this report and have the City Engineer continue to monitor issues that may arise and review their impact on the TDT. No change to methods, procedures or fees as outlined in Ordinance 1301-10 is recommended at this time.

CITY OF TUALATIN
PARKS SYSTEM DEVELOPMENT CHARGE (SDC) REPORT
Annual Report for Fiscal Year 2018/19

Introduction

According to Tualatin Municipal Code, Chapter 2-6-060, System Development Charges (SDCs) for each type of capital improvement provided by the City may be created and shall be established by resolution of the Council. The Parks SDC fee was established in 1984, and updated as a part of the Parks and Recreation Master Plan and Park System Development Charge Methodology in 2019, with fees to be implemented in fiscal year 2019/20.

Purpose

The purpose of this report is to fulfill the requirements of ORS 223.311, which requires an annual accounting of SDCs to be performed, and to recommend any changes in the Parks SDC as adopted by the City of Tualatin.

Revenue

During the period of this report (July 1, 2018 to June 30, 2019) the City of Tualatin collected (\$70,240.47) in Park SDC fees. The negative SDC revenue is due to refunds for completed SDC projects. Interest earned on the SDC fees was \$12,350.53.

Credits

\$1,145,248.47 in credits were used towards the payment of Parks SDC in fiscal year 2018/19.

Expenditures

The Park SDC fees are determined by the ordinance methodology and retained in the Park Development (Parks SDC) Fund. Any unspent funds are available to be used on projects in the next fiscal year and will become part of the beginning fund balance.

| <u>Project Description</u> | <u>SDC Amount</u> |
|--|--------------------------|
| 1. Parks Master Plan Update/SDC Methodology | \$84,656.39 |
| 2. Transfer to General Fund (Costs associated with management of Parks SDC) | \$42,780.00 |
| 3. Jurgens Property Expansion Acquisition | \$313,628.34 |
| 4. Tualatin River Greenway Trail | \$62,318.51 |

Attachment A

| | |
|------------------------------|------------|
| 5. Saum Creek Greenway Trail | \$3,250.00 |
|------------------------------|------------|

| | |
|--------------------|--------------|
| Total Expenditures | \$506,633.24 |
|--------------------|--------------|

Recommendation

It is recommended the Council accept this report and have the Parks and Recreation Director continue to monitor issues that may arise and review their impact on the Park SDCs. No change to methods, procedures or fees as outlined in Tualatin Municipal Code is recommended at this time.



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Mayor and Members of the City Council
THROUGH: Sherilyn Lombos, City Manager
FROM: Don Hudson, Finance Director
DATE: December 9, 2019

SUBJECT:

Consideration of Resolution No. 5478-19 Amending the City of Tualatin Fee Schedule and Rescinding Resolution No. 5471-19

RECOMMENDATION:

Staff recommends adoption of the attached resolution amending the City of Tualatin Fee Schedule and rescinding Resolution No. 5471-19

EXECUTIVE SUMMARY:

The attached fee schedule adjusts fees for Parks & Recreation facilities and sports fields, as well as Engineering inspections related to erosion control, effective January 1, 2020. Attached is the updated Fee Schedule with their recommended fees. All other fees will remain the same.

ATTACHMENTS:

- Resolution No. 5478-19
- Fee Schedule

RESOLUTION NO. 5478-19

A RESOLUTION AMENDING THE CITY OF TUALATIN FEE SCHEDULE AND
RESCINDING RESOLUTION NO. 5471-19

WHEREAS, the Council has the authority to set fees for materials and services provided by the City; and

WHEREAS, the Council previously adopted the fee schedule by Resolution No. 5471-19; and

WHEREAS, the City Council wishes to amend fees for the rental of community facilities and erosion control inspections,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TUALATIN, OREGON, that:

Section 1. The City of Tualatin fee schedule is established and adopted as set forth in "Exhibit A," which is attached and incorporated by reference.

Section 2. This resolution is effective January 1, 2020.

Section 3. Resolution No. 5471-19 is rescinded effective January 1, 2020.

INTRODUCED AND ADOPTED this 9th Day of December, 2019.

CITY OF TUALATIN, OREGON

BY _____
Mayor

APPROVED AS TO FORM

BY _____
City Attorney

ATTEST:

BY _____
City Recorder

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| General Administrative Fees | |
|--|------------------------|
| Agenda Packet | same as photocopy rate |
| Ordinances or Portions Thereof | same as photocopy rate |
| Photocopies: | |
| Per page/side (up to 8.5"x14") | 0.25 |
| Per page/side (11"x17") | 0.50 |
| Color - per page/side (up to 8.5"x14") | 1.00 |
| Color - per page/side (11"x17") | 1.50 |
| Certified Copies - per document | \$5.00 plus postage |
| Copies of Audio CDs | 20.00 including CD |
| Copies of Video CDs | 20.00 including CD |
| Copies of Photographs on CD | 20.00 including CD |
| Thumb Drive (2 GB) | 10.00 |
| Storage Retrieval Fee | 30.00 |
| Staff Time: | |
| -Up to 30 minutes | no charge |
| -Over 30 minutes | employee cost |

| Development Fees | |
|---|-------------------------------------|
| Addressing Fees: | |
| Change of existing address | 216.00 |
| Assign single family | 54.00 + 7.00 per lot |
| Multi-Family - less than 50 units | 66.00 + 7.00 per unit |
| Multi-family - 50+ units | 66.00 + 4.00 per unit |
| Non-residential (suite assignment) | 66.00 for address + 44.00 per suite |
| Amendment to Comprehensive Plan Map | 2,320.00 |
| Amendment to Comprehensive Plan Text/Landmark Designation/Removal of Landmark Designation | 2,320.00 |
| Annexation | 1,580.00 |
| Appeal Proceeding to Council | 150.00 |
| Appeal Expedited Process to Referee, Deposit per ORS 197.375 | 336.00 |
| Architectural Review Application, Nonexpedited Process: | |
| Estimated Project Value: | |
| Under \$5,000 | 130.00 |
| \$5,000 - \$24,999.99 | 610.00 |
| \$25,000 - \$99,999.99 | 1,100.00 |
| \$100,000 - 499,999.99 | 1,825.00 |
| \$500,000 and greater | 2,675.00 |
| Architectural Review, Minor | 105.00 |
| Architectural Review, Single-family Level I (Clear & Objective) | 105.00 |

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| Development Fees (continued) | |
|---|--|
| Architectural Review, Single-family Level II (Discretionary) | 810.00 |
| Architectural Review, Accessory Dwelling Unit (ADU) | 105.00 |
| Conditional Use Permit | 1,580.00 |
| Conditional Use Permit Renewal | 1,580.00 |
| Extension Request Reviewed by Staff | 225.00 |
| Extension Request Reviewed by Architectural Review Board | 1,275.00 |
| Interpretation of Development Code | 105.00 |
| Industrial Master Plans | 2,020.00 |
| Landmark Alteration/New Construction Review | 124.00 |
| Central Urban Renewal Master Plan | 2,020.00 |
| Driveway Approach Permit | 300.00 |
| Engineering Copies: | |
| 18" x 24" | 3.00 |
| 24" x 36" | 4.00 |
| 36" x 48" | 5.00 |
| Erosion Control (EC) Fees: | |
| 1. Inspection Fees | |
| a. Non-Site Development | |
| 1. New construction | 400.00 |
| 2. Additions, remodels and demolitions disturbing less than 1,000 s.f. | 130.00 |
| b. Development Sites without infrastructure or vegetated corridor improvements (EC Only) | 400.00 plus 400.00 prorated for each acre over 1/2 acre |
| c. Subsequent Site Development (Early EC Inspection Fee) | 400.00 or 1/2 of the EC only Fee, whichever is greater |
| d. Re-inspection | 65.00/hr with a minimum of 130.00 |
| 2. Plan check fee | |
| a. commercial, industrial, multi-family or large homesites not in an existing subdivision | 1185.00 |
| Hydraulic Modeling for Commerical/Industrial Retail and Multi-family units | 300.00/bldg |
| Hydraulic Modeling for New Subdivisions with 50 or more lots | 1,000.00 |
| Landmark Demolition Review | 135.00 |
| Landmark Relocation Review | 62.00 |
| License to Keep Chickens | 50.00 |
| Mobile Food Unit Permit | 100.00 |
| Partition,* Nonexpedited & Expedited Processes | 440.00 |
| Partition,* Nonexpedited & Expedited Extension/Modification | 145.00 |
| Partition,* Nonexpedited, Appeal Proceeding to Council | 145.00 |
| Partition,* Expedited, Appeal to Referee, Deposit per ORS 197.375 | 325.00 |

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| Development Fees (continued) | |
|---|--|
| Partition,* Minor Variance included & primary use is a single family dwelling & not in RL or RML | Add 150.00 |
| Partition,* Minor Variance included & primary use is not a single family dwelling & not in RL or RM | Add 227.50 |
| Pre-Application Meeting | 227.50 |
| Property Line Adjustment,* primary use is a single family dwelling in RL or RML | 77.50 |
| Property Line Adjustment,* Minor Variance included & primary use is a single family dwelling in RL or RML | Add 150.00 |
| Property Line Adjustment,* primary use is not a single family dwelling in RL or RML | 335.00 |
| Property Line Adjustment,* Minor Variance included & primary use is not a single family dwelling in RL or RML | Add 150.00 |
| Property Line Adjustment,* Appeal Proceeding to Council | 150.00 |
| Public Works Construction Permit Deposit | 5% of est. value of work but not less than 500.00 |
| Public Works Construction Code | 55.00 + postage |
| Reinstatement of Nonconforming Use | 1,580.00 |
| Request for Council Rehearing | 186.00 |
| Sidewalk Permit | 150.00 |
| Sign Ordinance | 8.50 |
| Sign Code Variance | 750.00 |
| Sign Permit: | |
| New Sign or Structural Change to Existing Sign | 210.00 |
| Temporary Sign or Each Face Change to Existing Sign | 105.00 |
| Street Name Change | 150.00 |
| Street Vacation Application Deposit | 378.00 |
| Subdivision,* Nonexpedited and Expedited Processes | 3,000.00 |
| Subdivision,* Variance included & primary use is a single family dwelling in RL or RML | Add 300.00 |
| Subdivision,* Variance included & primary use is not a single family dwelling in RL or RML | Add 378.00 |
| Subdivision,* Minor Variance included & primary use is a single family dwelling in RL or RML | Add 150.00 |
| Subdivision,* Minor Variance included & primary use is not a single family dwelling in RL or RML | Add 227.50 |
| Subdivision,* Nonexpedited, Extension/Modification By Council | 687.00 |
| Subdivision,* Expedited, Extension/Modification By City Engineer | 175.00 |
| Subdivision,* Nonexpedited, Appeal Proceeding to Council | 150.00 |
| Subdivision,* Expedited Appeal to Referee, Deposit per ORS 197.375 | 335.00 |
| Temporary Certificate of Occupancy | 100.00 |
| Temporary Uses: | |
| 1 - 3 days | 55.00 |
| 4 - 180 days | 55.00 + 1.50/day |
| Over 3 days | not to exceed 200.00 total |
| Transportation Development Tax | Indexed annually per Washington County Code, Section 3.17 |

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| Development Fees (continued) | |
|---|--|
| Tree Removal Permit, 1 tree | 310.00 |
| each additional tree, \$10.00 not to exceed a total of | 340.00 |
| Variance: | |
| When primary use is a single family dwelling in RL or RML | 320.00 |
| When primary use is not a single family dwelling in RL or RML | 1,580.00 |
| Variance, Minor: | |
| When primary use is a single family dwelling in RL or RML | 320.00 |
| When primary use is not a single family dwelling in RL or RML | 1,085.00 |
| Water Quality Permit Deposit | 5% of est. value of work but not less than 500.00 |
| Zone of Benefit Application Fee | 750.00 |
| All Other Development Actions | Cost Recovery |

| Core Area Parking District | |
|---------------------------------------|--------|
| Core Area Parking District Tax Appeal | 135.00 |

| Finance Department | |
|--|--------|
| L.I.D. Assessment Apportionment Fee | 115.00 |
| Lien Search Fee (per tax lot) | 35.00 |
| Passport Photo | 17.00 |
| Recovery Charge Installment Payment Plan Application Fee | 235.00 |
| Returned Checks (per check for processing NSF check) | 37.50 |
| Zone of Benefit Recovery Charge Administration Fee | 125.00 |
| Social Gaming License | |
| Application Fee | 100.00 |
| Annual Renewal Fee | 100.00 |

| Geographic Information System | |
|--------------------------------------|----------------------------|
| Citywide aerial photo, 36" x 42" | 35.00 |
| Subdivision street map, 34" x 36" | 20.00 |
| Street map, 22" x 22" | 10.00 |
| Planning Districts, 34" x 44" | 20.00 |
| Planning Districts, 18" x 24" | 10.00 |
| Custom Mapping | \$60.00/hr, plus materials |
| Mailing Lists | 32.00 |

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| Legal Services Department | |
|---|------------------------------|
| Development Code (hard copy) | 70.00 each + postage |
| Updates (hard copy) | |
| 8.5" x 11" | 0.25 per page/side + postage |
| 11" x 17" | 0.50 per page/side + postage |
| Color - 8.5" x 11" | 1.00 per page/side + postage |
| Color - 11" x 17" | 1.50 per page/side + postage |
| Tualatin Municipal Code (hard copy) | 55.00 each + postage |
| Thumb Drive (2GB) containing electronic copies of Tualatin Municipal Code and/or Development Code | 10.00 + postage |
| Municipal Court | |
| Traffic School and Compliance Program Fees: | |
| Class A | 275.00 |
| Class B | 160.00 |
| Class C | 125.00 |
| Class D | 100.00 |
| Seat Belt Class | 70.00 |
| Vehicle Compliance Program | 35.00 |
| Collection Fee | 25% of ordered amount |
| License Restatement Fee | 70.00 |
| Overdue Payment Letter Fee | 10.00 |
| Failure to Appear – Arraignments | 40.00 |
| Failure to Appear – Trials | 100.00 |

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| Parks and Recreation | | | | | |
|------------------------------------|----------------|-------------|---------|----------|--------------|
| Browns Ferry Park Community Center | | | | | |
| Area | Time | Class 1 & 2 | Class 3 | Class 4 | |
| | | | | Resident | Non-Resident |
| Meeting Rooms | 1 hour | None | \$15.00 | 25.00 | 60.00 |
| Garage | 1 hour | None | \$15.00 | 25.00 | 60.00 |
| Studio Structure | 1 hour | None | \$15.00 | 25.00 | 60.00 |
| Sun Room | 1 hour | None | \$15.00 | 25.00 | 60.00 |
| River Shelter | 4 hour | None | \$15.00 | 25.00 | 60.00 |
| Alcohol Permit: | Group | | None | 25.00 | 50.00 |
| | Special Events | | None | 50.00 | 100.00 |

Reservations must be made for a minimum of two (2) hours.

\$10.00 handling fee for cancellations

Classification of Users

For the purpose of scheduling reservations and determining fees, groups will be classified as shown below:

Class 1: Activities sponsored by the City of Tualatin.

Class 2: Activities co-sponsored by the City of Tualatin.

Class 3: Non-profit organizations and public agencies serving the youth of Tualatin.

Class 4: All other groups, organizations and individuals are categorized by resident or non-resident for the purpose of determining fees.

| Cleaning & Security Deposit - Brown's Ferry Community Center | |
|--|--------|
| Groups for meeting only | 50.00 |
| Groups for kitchen storage and building use | 100.00 |
| Groups using full kitchen facilities | 285.00 |

The Parks and Recreation Director will determine the amount of the cleaning/security deposit to be refunded based on the building monitor's report.

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| Picnic Shelters | | | | | |
|-----------------|----------------|-------------|---------|----------|--------------|
| Area | Time | Class 1 & 2 | Class 3 | Class 4 | |
| | | | | Resident | Non-Resident |
| Rustic | 4 hours | None | \$15.00 | 30.00 | 65.00 |
| Patio | 4 hours | None | \$15.00 | 30.00 | 65.00 |
| Main-South | 4 hours | None | \$15.00 | 30.00 | 65.00 |
| Main-North | 4 hours | None | \$15.00 | 30.00 | 65.00 |
| Main-Full | 4 hours | None | \$30.00 | 61.00 | 130.00 |
| Trestle | 4 hours | None | \$15.00 | 30.00 | 65.00 |
| River Shelter | 4 hours | None | \$15.00 | 25.00 | 60.00 |
| Horseshoe Pits | 4 hours | None | None | 15.00 | 30.00 |
| Alcohol Permit: | Group | | None | 25.00 | 50.00 |
| | Special Events | | None | 50.00 | 100.00 |

\$10.00 handling fee for cancellations

Classification of Users

For the purpose of scheduling reservations and determining fees, groups will be classified as shown below:

Class 1: Activities sponsored by the City of Tualatin.

Class 2: Activities co-sponsored by the City of Tualatin.

Class 3: Non-profit organizations and public agencies serving the youth of Tualatin.

Class 4: All other groups, organizations and individuals are categorized by resident or non-resident for the purpose of determining fees.

| Sports Fields | | | | | | |
|------------------------------|--------|------------------|--------------------------|----------|--------------|------------|
| Area | Time | City of Tualatin | Youth Serving Non-Profit | Resident | Non-Resident | Commercial |
| Sports Fields | 1 hour | None | 5.00 | 10.00 | 22.50 | 50.00 |
| Sports Fields Lights | 1 hour | None | 1.00 | 10.00 | 22.50 | 50.00 |
| Artificial Turf Fields | 1 hour | None | 5.00 | 20.00 | 40.00 | 80.00 |
| Artificial Turf Field Lights | 1 hour | None | 1.00 | 40.00 | 40.00 | 40.00 |

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| Juanita Pohl Center | | | | | |
|--|----------------|-------------|---------|----------|--------------|
| Area | Time | Class 1 & 2 | Class 3 | Class 4 | |
| | | | | Resident | Non-Resident |
| East or West Dining Room | 1hour | None | 15.00 | 30.00 | 75.00 |
| Full Dining Room | 1 hour | None | 20.00 | 40.00 | 95.00 |
| Kitchen - Warming only | 1 hour | None | 15.00 | 10.00 | 35.00 |
| Kitchen - Full Service | 1 hour | None | 15.00 | 20.00 | 40.00 |
| Multipurpose Room | 1 hour | None | 15.00 | 25.00 | 65.00 |
| East or West Dining Room & West Activity | 1 hour | None | 15.00 | 40.00 | 95.00 |
| Small Classrooms | 1 hour | None | 5.00 | 10.00 | 20.00 |
| Alcohol Permit: | Group | | None | 25.00 | 50.00 |
| | Special Events | | None | 50.00 | 100.00 |

Reservations must be made for a minimum of two (2) hours. \$10.00 handling fee for cancellations.

Classification of Users

For the purpose of scheduling reservations and determining fees, groups will be classified as shown below:

Class 1: Activities sponsored by the City of Tualatin, City of Durham official meetings, and Meals on Wheels People, for official center functions.

Class 2: Activities co-sponsored by the City of Tualatin.

Class 3: Non-profit organizations and public agencies serving the youth and general public of Tualatin. Rosters of organization members and 501c3 information required.

Class 4: All other groups, including religious and political organizations and individuals are categorized by resident/non-resident for the purpose of determining fees.

| Cleaning & Security Deposit - Juanita Pohl Community Center | |
|---|--------|
| Groups for meeting only | 50.00 |
| Groups for kitchen storage and building use | 100.00 |
| Groups using full kitchen facilities | 285.00 |

The Parks and Recreation Director will determine the amount of the cleaning/security deposit to be refunded based on the building monitor's report.

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| Tualatin Library Community Room | | | | |
|---------------------------------|--------|---------|----------|--------------|
| Area | Time | Class 3 | Class 4 | |
| | | | Resident | Non-Resident |
| Community Room | 1 hour | 15.00 | 25.00 | 50.00 |

Class 1 & 2 - No Charge

\$10.00 handling fee for cancellations

Classification of Users

For the purpose of scheduling reservations and determining fees, groups will be given classified as shown below.

Class 1: Activities sponsored by the Tualatin Public Library and/or City of Tualatin

Class 2: Activities co-sponsored by the Tualatin Public Library and/or City of Tualatin

Class 3: Non-profit organizations

Class 4: All other orgs, including religious and political groups, are categorized by resident/nonresident for purpose of determining fees.

| Parks Maintenance | |
|---|--------|
| Street Tree and Installation (Single Family Only) | 225.00 |
| Street Tree Removal (excluding Stump Grinding) | 325.00 |
| Street Tree Stump Grinding | 150.00 |
| Tree-for-a-Fee Program | 175.00 |
| New Tree Grates – Full set of 2 halves | 400.00 |
| New Tree Grates – Half set | 200.00 |
| Tree Grates – Leveling Stone and fastening hardware | 25.00 |
| Tree Grates Improvements | 175.00 |

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| Police | |
|--|--|
| Copies of Police Reports (no charge to victims): 1 - 10 pages plus each page over 10 | 10.00 0.25 |
| Alarm Permits: Initial Application Annual Renewal 1st False Alarm 2nd False Alarm 3rd False Alarm 4th False Alarm 5th False Alarm 6 th and More False Alarms 10 or more False Alarms | 25.00 25.00 No charge No charge 90.00 120.00 175.00 235.00 per alarm 500.00 Civil Infraction |
| Release of Towed (impounded) Vehicles | 100.00 |
| Fingerprinting cards Each additional card | (first two) 25.00 each 2.00 |
| Good Conduct Letter | 10.00 |

City of Tualatin Fee Schedule

Fees Effective January 1, 2020

| Utilities in the Right-of-Way | |
|--|--|
| Annual Rights-of-Way Fee: Electric Natural Gas Communication Any Utility Operator that does not earn Gross Revenues within the City of Tualatin (Based on total Linear Feet of Utility Facilities in the Rights-of-Way): Up to 5,000 5,001 to 10,000 10,001 to 20,000 More than 20,000 * "Gross Revenue" means any and all revenue, of any kind, nature or form, without deduction for expenses, less net uncollectibles, derived from the operation of utility facilities in the City of Tualatin, subject to all applicable limitations in federal or state law. | 3.5% of Gross Revenue * 5.0% of Gross Revenue * 5.0% of Gross Revenue * 5,000.00 7,500.00 10,000.00 15,000.00 |
| Rights-of-Way License Application Fee (per TMC 3-6-205) | 250.00 |
| Rights-of-Way License Renewal Application Fee (per TMC 3-6-260) | 150.00 |
| Rights-of-Way Attachment Fees/Small Cell, DAS, etc. (TMC 3-6-120) Attachment Application Fees: Attachment Application Fee (one-time) Expedited Application Fee (voluntary one-time fee for expedited review; City may take of up to 30 days) Consultant Fee for Processing Application * Fee would be applied in the event the City does not have the capacity to process applications within the legally required timeframe Annual Attachment Fee The Rights-of-Way Attachment Fees do not apply to Utility Operators subject to and paying the Annual Rights-of-Way Fees in TMC 3-6-100 | 660.00 per attachment 1,160.00 per attachment Actual Cost, plus 25% for administration* 625.00 per attachment, per year |
| Water, Sewer, Surface Water Management and Road Utility Fee Rates | Resolution No. 5442-19 |



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Mayor and Members of the City Council
THROUGH: Sherilyn Lombos, City Manager
FROM: Nicole Morris, Deputy City Recorder
DATE: 12/9/2019

SUBJECT:

Consideration of Approval of a New Liquor License Application for Tualatin Station Bar and Grill

RECOMMENDATION:

Staff respectfully recommends the Council approve endorsement of the liquor license application for Tualatin Station Bar and Grill.

EXECUTIVE SUMMARY:

Tualatin Station Bar and Grill has submitted a change in application under the liquor license category of full on-premises. This would permit them to sell and serve distilled spirits, malt beverages, wine, and cider for consumption at their location. They would also be permitted to sell malt beverages for off-site consumption in securely covered containers provided by the customer. The business is located 18770 SW Boones Ferry Road. The application is in accordance with provisions of Ordinance No. 680-85 which establishes procedures for liquor license applicants. Applicants are required to fill out a City application form, from which a review by the Police Department is conducted, according to standards and criteria established in Section 6 of the ordinance. The Police Department has reviewed the new liquor license application and recommended approval. According to the provisions of Section 5 of Ordinance No. 680-85 a member of the Council or the public may request a public hearing on any of the liquor license requests. If such a public hearing request is made, a hearing will be scheduled and held on the license. It is important that any request for such a hearing include reasons for said hearing.

FINANCIAL IMPLICATIONS:

A fee has been paid by the applicant.

ATTACHMENTS:

- Application
- Vicinity Map
- License Types



REC'D
CITY OF TUALATIN
NOV 21 2019
CITY OF TUALATIN
LIQUOR LICENSE APPLICATION

return completed form to:
City of Tualatin
Attn: Deputy City Recorder
18880 SW Martinazzi Ave
Tualatin, OR 97062

Date 11/21/19

MAYOR _____ COUNCIL _____ POLICE _____ ADM _____
FINANCE _____ COMM/DEV _____ LEGAL _____ OPER _____
COMMS/SYCS _____ ENG & BLDG _____ LIBRARY _____

IMPORTANT: This is a three-page form. You are required to complete all sections of the form.
If a question does not apply, please indicate N/A. Please include full names (last, first middle) and full dates of birth (month/day/year). Incomplete forms shall receive an unfavorable recommendation.
Thank you for your assistance and cooperation.

SECTION 1: TYPE OF APPLICATION

- Original (New) Application - \$100.00 Application Fee.
- Change in Previous Application - \$75.00 Application Fee.
- Renewal of Previous License - \$35.00 Application Fee. Applicant must possess current business license. License # _____
- Temporary License - \$35.00 Application Fee.

SECTION 2: DESCRIPTION OF BUSINESS

Name of business (dba): Tualatin Station Bar & Grill

Business address 18770 SW Boones Ferry Rd City Tualatin State OR Zip Code 97062

Mailing address Same as above City _____ State _____ Zip Code _____

Telephone # (503) 855-3233 Fax # _____

Email tualatin.station.bar.grill@gmail.com

Name(s) of business manager(s) First Joanne Middle Faye Last Haney

Date of birth _____

Home address _____ City _____ State _____ Zip _____
(attach additional pages if necessary)

Type of business Full restaurant, Full bar, Lottery

Type of food served Burgers, brisket, pulled pork, salad, sandwiches

Type of entertainment (dancing, live music, exotic dancers, etc.) DS/KJ, pool tables

Days and hours of operation 11:00^{am} to 2:30 am

Food service hours: Breakfast _____ Lunch 11:00 am to 3:00 pm Dinner 3pm to 2 am

Restaurant seating capacity 60 Outside or patio seating capacity 70

How late will you have outside seating? 2:00 am How late will you sell alcohol? 1:30 am

How many full-time employees do you have? Part-time employees? 10-12

SECTION 3: DESCRIPTION OF LIQUOR LICENSE

Name of Individual, Partnership, Corporation, LLC, or Other applicants _____

Joanne's Place LLC

Type of liquor license (refer to OLCC form) _____

Form of entity holding license (check one and answer all related applicable questions):

INDIVIDUAL: If this box is checked, provide full name, date of birth, and residence address.

Full name _____ Date of birth _____

Residence address _____

PARTNERSHIP: If this box is checked, provide full name, date of birth and residence address for each partner. If more than two partners exist, use additional pages. If partners are not individuals, also provide for each partner a description of the partner's legal form and the information required by the section corresponding to the partner's form.

Full name _____ Date of birth _____

Residence address _____

Full name _____ Date of birth _____

Residence address _____

CORPORATION: If this box is checked, complete (a) through (c).

(a) Name and business address of registered agent.

Full name _____

Business address _____

(b) Does any shareholder own more than 50% of the outstanding shares of the corporation? If yes, provide the shareholder's full name, date of birth, and residence address.

Full name _____ Date of birth _____

Residence address _____

(c) Are there more than 35 shareholders of this corporation? Yes No. If 35 or fewer shareholders, identify the corporation's president, treasurer, and secretary by full name, date of birth, and residence address.

Full name of president: _____ Date of birth: _____

Residence address: _____

Full name of treasurer: _____ Date of birth: _____

Residence address: _____

Full name of secretary: _____ Date of birth: _____

Residence address: _____

LIMITED LIABILITY COMPANY: If this box is checked, provide full name, date of birth, and residence address of each member. If there are more than two members, use additional pages to complete this question. If members are not individuals, also provide for each member a description of the member's legal form and the information required by the section corresponding to the member's form.

Full name: Joanne Faye Haney Date of birth: 11/1/1981

Residence address: [REDACTED]

Fult name: _____ Date of birth: _____
Residence address: _____

OTHER: If this box is checked, use a separate page to describe the entity, and identify with reasonable particularity every entity with an interest in the liquor license.

SECTION 4: APPLICANT SIGNATURE

A false answer or omission of any requested information on any page of this form shall result in an unfavorable recommendation.

Signature of Applicant: _____ Date: 11/21/19

For City Use Only

Sources Checked:

- DMV by B
- LEDS by B
- TuPD Records by B
- Public Records by B

- Number of alcohol-related incidents during past year for location.
- Number of Tualatin arrest/suspect contacts for _____

It is recommended that this application be:

- Granted
- Denied

Cause of unfavorable recommendation: _____

Signature: Bill Steele

Date: 12-2-19

Bill Steele
Chief of Police
Tualatin Police Department



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Mayor and Members of the City Council

THROUGH: Sherilyn Lombos, City Manager

FROM: Karen Perl Fox, Senior Long-Range Planner
Jonathan Taylor, Economic Development Manager
Steve Koper, AICP, Planning Manager
Aquilla Hurd-Ravich, Community Development Director

DATE: December 9, 2019

SUBJECT:

Consideration of Resolution 5479-19, accepting the Tualatin 2040 work including the Policy Priorities, Housing Needs Analysis, Housing Strategy, Economic Opportunities Analysis, and Economic Development Strategy.

RECOMMENDATION:

At the City Council meeting of November 25, 2019, the Planning Commission Chair provided a recommendation that the Council acknowledge the Tualatin 2040 work and draft Policy Priorities. The Council accepted the Planning Commission's recommendation and directed staff to draft a resolution for acceptance at the December 9, 2019 City Council meeting.

Acceptance of the Resolution (5479-19) would finalize the policy priorities work from the Tualatin 2040 project and its associated documents (Policy Priorities, Housing Needs Analysis, Housing Strategy, Economic Opportunities Analysis, and Economic Development Strategy).

EXECUTIVE SUMMARY:

What is the Tualatin 2040 project?

The Tualatin 2040 project builds on the visioning of Tualatin Tomorrow and the success of the 2018 Development Code modernization project, with the goal of identifying community and City Council goals and desires for land development in the City of Tualatin over the next 20 years. Along with robust community engagement, four technical and policy documents were created in the areas of housing and the economy, which fed into a policy priorities document which summarizes the overall community and Council goals and desires for the future of Tualatin.

How was public engagement done?

Community engagement and input was sought from a representative cross-section of Tualatin's diverse community and included joint advisory groups, individual and group stakeholder interviews,

open houses and community events, a 16-member community advisory committee, a dedicated web site (www.tualatin2040.com), an online survey, and Spanish translation of key documents and a translator at events.

What are the Policy Priorities, Housing Needs Analysis, Housing Strategy, Economic Opportunities Analysis, and Economic Development Strategy and why are they being accepted?

The Policy Priorities document summarizes community and Council goals and desires for the future of Tualatin. The policy areas identified are organized around stakeholder feedback into the areas of: Community and Livability, Housing, and the Economy. Based on feedback from the community and Council that further study was needed in the areas of housing and the economy, the City hired a consultant (EcoNW) to prepare a Housing Needs Analysis and Economic Opportunities Analysis and associated strategies as supporting documents.

The Housing Needs Analysis provides data on land availability for residential population growth over the next 20 years in Tualatin. It also identifies gaps in housing affordability. The associated Housing Strategy document identifies potential strategies to mitigate for residential land and/or housing affordability deficits. The Economic Opportunities Analysis provides data on land availability for employment growth over the next 20 years in Tualatin. The associated Economic Development Strategy document identifies potential strategies to mitigate for deficits in commercial and industrial land and/or specific types of employment uses.

Once these documents are accepted by the Council, they will serve as a framework for a future work plan that will outline how best to meet the goals and desires identified by the community and the Council.

OUTCOMES OF DECISION:

Acceptance of Resolution 5479-19 by the City Council would finalize the policy priorities phase of the Tualatin 2040 project. Acceptance of the Resolution would also direct staff to begin preparation of a work plan to implement the Tualatin 2040 documents, including potential updates to the Comprehensive Plan, Development Code, and related plans.

ATTACHMENTS:

- Resolution 5479-19
- Exhibit 1: Tualatin Housing Needs Analysis Report, Final December 2019
- Exhibit 2: Tualatin Housing Strategy, Final December 2019
- Exhibit 3: Tualatin Economic Opportunities Analysis Report, Final December 2019
- Exhibit 4: Tualatin Economic Development Strategy, Final December 2019
- Exhibit 5: Tualatin 2040: Final Policy Priorities, Final December 2019

RESOLUTION NO. 5479-19

A RESOLUTION ACCEPTING THE HOUSING NEEDS ANALYSIS, HOUSING STRATEGY, ECONOMIC OPPORTUNITIES ANALYSIS, ECONOMIC DEVELOPMENT STRATEGY, AND FINAL POLICY PRIORITIES RELATED TO THE TUALATIN 2040 PROJECT.

WHEREAS, in early 2019, the Tualatin 2040 project began with the goal of identifying updates to Tualatin's land use policies for the next 20 years;

WHEREAS, as part of the Tualatin 2040 project, the City sought community engagement and input, including a joint advisory group, individual and group stakeholder interviews, open houses and community events, a 16 member community advisory committee, a web presence (www.tualatin2040.com), an online survey, and Spanish translation of key documents and a translator at events;

WHEREAS, as part of the Tualatin 2040 project, the City conducted a Housing Needs Analysis and Economic Opportunities Analysis, along with associated Housing Strategies and Economic Development Strategies; and

WHEREAS, based on the analysis, the City identified Policy Priorities to accomplish the goals of the Tualatin 2040 project.

NOW THEREFORE, be it resolved by the City Council of the City of Tualatin, Oregon, that:

Section 1. The Council accepts the *Housing Needs Analysis* for the Tualatin 2040 Project, which is attached as Exhibit 1 and incorporated by reference.

Section 2. The Council accepts the *Housing Strategy* for the Tualatin 2040 Project, which is attached as Exhibit 2 and incorporated by reference.

Section 3. The Council accepts the *Economic Opportunities Analysis* for the Tualatin 2040 Project, which is attached as Exhibit 3 and incorporated by reference.

Section 4. The Council accepts the *Economic Development Strategy* for the Tualatin 2040 Project, which is attached as Exhibit 4 and incorporated by reference:

Section 5. The Council accepts *Final Policy Priorities* for the Tualatin 2040 Project, which is attached as Exhibit 5 and incorporated by reference.

Section 6. The Council directs staff to begin preparing a work plan to implement the Tualatin 2040 documents accepted by this resolution.

Section 7. Nothing in this resolution is or shall be construed as a final decision by the Council that concerns the adoption, amendment or application of statewide planning goals, a Comprehensive plan provision, or land use regulation.

Section 8. This resolution is effective upon adoption.

INTRODUCED AND ADOPTED by the City Council this 9th day of December, 2019.

CITY OF TUALATIN, OREGON

BY _____
Mayor

APPROVED AS TO FORM

ATTEST:

BY _____
City Attorney

BY _____
City Recorder

City of Tualatin

Housing Needs Analysis

December 2019

Prepared for:

City of Tualatin

FINAL REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503.222.6060

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Acknowledgements

ECONorthwest prepared this report for the City of Tualatin. ECONorthwest and the City thank the many people who helped to develop the Tualatin Economic Opportunities Analysis.

Community Advisory Committee

- Alice Galloway Neely
- Angela Handran
- Bryce Payne
- Daniel Bachhuber
- Derek Reinke
- Joe Lipscomb
- Katherine Galian
- Kellye Aprati
- Ken Johnson
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- Susan Noack
- Manny Trujillo
- Cyndy Hillier

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- Jonathan Taylor, Economic Development Manager
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- Garet Prior, Policy Analyst
- Lauren Gonzalez, Permit Coordinator
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- Ross Hoover, Parks and Recreation Director
- Rich Mueller, Parks and Recreation Manager
- Mike McCarthy, Principal Transportation Engineer
- Sean Brady, City Attorney
- Anne Debbaut/Kirstin Greene, DLCD Representatives
- Hector Rodriguez, ODOT representative
- Stu Peterson, Macadam Forbes
- Ken Gertz, Gertz Fine Homes
- Jeff Raker, Metro
- Ezra Hammer, Home Builders Association
- Katrina Holland, Community Alliance of Tenants
- Komi Kalevor, Washington County Housing Authority
- Ken Rencher, Washington County
- Melissa Dailey, Washington County

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- Aquilla Hurd-Ravich, Community Development Director
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- Jonathan Taylor, Economic Development Manager
- Garet Prior, Policy Analyst

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Executive Summary

Planning Goal 10 and OAR 660-008. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The primary goals of the housing needs analysis were to (1) project the amount of land needed to accommodate the future housing needs of all types within the Tualatin Planning Area, (2) evaluate the existing residential land supply within the Tualatin Planning Area to determine if it is adequate to meet that need, (3) to fulfill state planning requirements for a twenty-year supply of residential land, and (4) identify policy and programmatic options for the City to meet identified housing needs.

What are the key housing needs in Tualatin?

Following are several key issues identified in the housing needs analysis:

- **Tualatin’s housing market is strongly impacted by the regional market in the Portland Region.** Tualatin is relatively small, accounting for 4.5% of Washington County’s population and 1.5% of the Portland Region’s population. Of the more than 23,800 people who work in Tualatin, 93% of workers commute into Tualatin from other areas, most notably Portland, Tigard, Beaverton, and Hillsboro. Nearly 11,000 residents of Tualatin commute out of the city for work, many of them to Portland.
- **Household incomes in Tualatin are similar to Washington County’s, and have not kept pace with housing prices.** Tualatin’s home sales and rental costs are comparable to other communities in the region. Tualatin has a larger share of multifamily housing compared to Washington County and the Portland Region (42% the City’s housing stock), and there are very few vacant units. Given these factors, Tualatin will continue to have demand for affordable, lower-income and middle-income housing.
- **Demographic and economic trends will drive demand for relatively affordable attached single-family housing and multifamily housing in Tualatin.** The key demographic trends that will affect Tualatin’s future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in the Latinx population.
 - As the Baby Boomers age, growth of retirees will drive demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted living facilities, or age-restricted developments.
 - Tualatin’s ability to retain Millennials will depend on whether the city has opportunities for housing that both appeals to and is affordable to Millennials.
 - Growth in the number of Latinx households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on

housing that is comparatively affordable. Latinx households are more likely to be larger than average, with more children and possibly with multigenerational households.

- **Tualatin has an existing lack of affordable housing.** Tualatin’s key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types of housing, from lower-cost single-family housing to market-rate multifamily housing.
 - About 26% of Tualatin’s households had incomes less than \$41,000 and cannot afford a two-bedroom apartment at Washington County’s Fair Market Rent (FMR) of \$1,330 without cost burdening themselves.
 - In 2018, a household needed to earn \$25.58 an hour to afford a two-bedroom rental unit in Washington County.
 - Tualatin currently has a deficit of housing units that are affordable to households earning less than \$35,000.
 - About 37% of Tualatin’s households are cost burdened, with 56% of renters and 22% of owners paying more than 30% of their income on housing.

How much growth is Tualatin planning for?

A 20-year household forecast (in this instance, 2020 to 2040) is the foundation for estimating the number of new dwelling units needed. Exhibit 1 shows a household forecast for Tualatin for the 2020 to 2040 period. It shows that Tualatin will grow by about 1,014 households over the 20-year period (with 44% of households projected to locate in Basalt Creek).

Exhibit 1. Forecast of Household Growth, Tualatin city limits, 2020 to 2040

Source: Metro 2040 Population Distributed Forecast, Exhibit A. July 12, 2016.

| | | | |
|--------------------|--------------------|-----------------------------|-------------------|
| 10,791 | 11,362 | 571 | 5.3% increase |
| Households in 2020 | Households in 2040 | New households 2020 to 2040 | 0.26% Growth Rate |

Exhibit 2. Forecast of Household Growth, Basalt Creek, 2020 to 2040

Source: Metro 2040 TAZ Forecast, Population Estimates (TAZ 980 and 981). November 6, 2015.

| | | | |
|--------------------|--------------------|-----------------------------|-------------------|
| 203 | 646 | 443 | 218% increase |
| Households in 2020 | Households in 2040 | New households 2020 to 2040 | 5.96% Growth Rate |

How much buildable residential land does Tualatin currently have?

Exhibit 3 shows buildable residential acres by Plan Designation, after excluding constrained and unbuildable land. The results show that Tualatin has about 244 net buildable acres in residential Plan Designations. Of the 244 net acres, about 62% are located in Basalt Creek.

Exhibit 3. Buildable acres in vacant and partially vacant tax lots by Plan Designation, Tualatin Planning Area, 2018

Source: Metro BLI, ECONorthwest Analysis. Note: The numbers in the table may not sum to the total as a result of rounding.

| Generalized Plan Designation | Total buildable acres | Buildable acres on vacant lots | Buildable acres on partially vacant lots |
|------------------------------------|-----------------------|--------------------------------|--|
| Residential | | | |
| Low Density Residential | 79 | 11 | 68 |
| Medium Low Density Residential | 1 | 0 | 1 |
| Medium High Density Residential | 1 | 1 | 0 |
| High Density High Rise Residential | 0 | 0 | 0 |
| High Density Residential | 12 | 12 | 0 |
| Commercial | | | |
| Mixed-Use Commercial Overlay Zone | 0 | 0 | 0 |
| Central Tualatin Overlay Zone | 0 | 0 | 0 |
| Basalt Creek Planning Area | | | |
| Low Density Residential | 76 | 2 | 74 |
| Medium Low Density Residential | 69 | 49 | 20 |
| High Density Residential | 5 | 0 | 5 |
| Neighborhood Commercial | 0 | 0 | 0 |
| Total | 244 | 75 | 168 |

Exhibit 3 shows that Tualatin has 150 buildable acres in the Basalt Creek Planning Area. To analyze housing capacity and land sufficiency, this report uses the Basalt Creek Concept Plan’s estimate of buildable acres (which is 88 buildable acres). The analysis uses the Basalt Creek Concept Plans estimate of buildable acres (rather than the buildable lands inventory estimate) to remain consistent with this recently adopted Concept Plan and the Comprehensive Plan amendment.

How much housing will Tualatin need?

Tualatin will need to plan for about 1,014 new dwelling units to accommodate forecasted household growth between 2020 and 2040. About 406 dwelling units will be single-family detached types (40%), 152 will be single-family attached (15%), and 456 will be multifamily (45%).

This mix represents a shift from the existing mix of housing, in which about 53% of the housing stock in the 2013-2017 period was single-family detached housing. The shift in mix is in response to the need for a broader range of housing types with a wider range of price points

than are currently available in Tualatin’s housing stock, including housing types such as duplexes, townhouses, triplexes, and quadplexes, and apartments / condominiums.

How much land will be required for housing?

Exhibit 4 shows that Tualatin’s 96 acres of buildable land in its city limits and 88 acres in Basalt Creek (per the Basalt Creek Concept Plan) has the capacity to accommodate 1,207 new dwelling units. While Tualatin’s forecast for demand is for 1,014 new dwelling units, Tualatin has a deficit of capacity for 109 dwelling units in the Median High Density Plan Designation and 101 dwelling units in the High Density High-Rise Plan Designation (over the 2020 to 2040 period). The following summarizes Tualatin’s land sufficiency results by Plan Designations:

- **Low Density:** Tualatin has a surplus of capacity for about 57 dwelling units, or 10 gross acres of land to accommodate growth.
- **Medium Low Density:** Tualatin has a surplus of capacity for about 315 dwelling units, or 27 gross acres of land to accommodate growth.
- **Medium High Density:** Tualatin has a deficit of capacity for about 109 dwelling units, or seven gross acres of land to accommodate growth.
- **High Density:** Tualatin has a surplus of capacity for about 31 dwelling units, or two gross acres of land to accommodate growth.
- **High Density High-Rise:** Tualatin has a deficit of capacity for about 101 dwelling units, or four gross acres of land to accommodate growth.

Exhibit 4. Comparison of capacity of existing residential land with demand for new dwelling units and land surplus or deficit, Tualatin City Limits and Basalt Creek, 2020 to 2040

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

| Residential Plan Designations | Capacity (Dwelling Units) | Demand for New Housing | Remaining Capacity (Supply minus Demand) | Land Surplus or (Deficit) Gross Acres |
|-------------------------------|---------------------------|------------------------|--|---------------------------------------|
| Low Density | 523 | 466 | 57 | 10 |
| Medium Low Density | 386 | 71 | 315 | 27 |
| Medium High Density | 13 | 122 | (109) | (7) |
| High Density | 285 | 254 | 31 | 2 |
| High Density High-Rise | - | 101 | (101) | (4) |

What are the Key Findings of the Housing Needs Analysis?

The key findings of the Tualatin's Housing Needs Analysis are that:

- **Tualatin is planning for 1,014 new dwelling units.** The growth of 1,014 households will result in demand for 1,014 new dwelling units over the 20-year planning period, averaging 51 new dwelling units annually.
- **Tualatin will plan for more single-family attached and multifamily dwelling units in the future to meet the City's housing needs.** Historically, about 53% of Tualatin's housing was single-family detached. While 40% of new housing in Tualatin is forecast to be single-family detached, the City will need to provide opportunities for development of new single-family attached (15% of new housing) and multifamily units (45% of new housing).
 - The factors driving the shift in types of housing needed in Tualatin include changes in demographics and decreases in housing affordability. The aging of the Baby Boomers and the household formation of the Millennials will drive demand for renter- and owner-occupied housing, such as single-family detached housing, townhouses, duplexes, triplexes, quadplexes, and apartments. Both groups may prefer housing in walkable neighborhoods, with access to services.
 - Tualatin's existing deficit of housing affordable for low- and high-income households indicates a need for a wider range of housing types, for renters and homeowners. About 37% of Tualatin's households are cost burdened (paying more than 30% of their income on housing), including a cost burden rate of 56% for renter households.
 - Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions, 307 of the forecasted new households will have incomes of \$40,700 (in 2018 dollars) or less. These households often cannot afford market-rate housing without government subsidy. More than 300 new households will have incomes between \$40,700 and \$97,680. These households will all need access to affordable housing, such as the housing types described above.
- **Tualatin has a small deficit of land for higher density single-family and multifamily housing.** Tualatin has a deficit of land for 109 dwelling units in the Medium High Density Plan Designation (about seven gross acres) and 101 units in the High Density High-Rise Plan Designation (about four gross acres).
- **Tualatin will need to meet the requirements of House Bill 2001.** The Legislature passed House Bill 2001 in the 2019 Legislative session. The bill requires cities within the Metro UGB to allow "middle" housing types in low-density residential zones. The bill defines middle housing types as: duplexes, triplexes, quadplexes, cottage clusters, and townhouses. To comply with House Bill 2001, Tualatin will need to:

- Allow cottage cluster as a housing type in the Residential Low Density zone. Tualatin may want to allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones. Tualatin will also need to include development standards in the Tualatin Development Code.
- Allow duplexes, townhouses, and multifamily housing as a permitted use in the Residential Low Density zone.

Following is a summary of ECONorthwest’s recommendations to Tualatin based on the analysis and conclusions in this report. The *Tualatin Housing Strategy* memorandum presents the full list of recommendations for Tualatin.

- **Ensure an adequate supply of land that is available and serviceable.** Tualatin should evaluate opportunities to increase residential development densities by modifying the Development Code, such as increasing densities and height limits in higher density zones. Tualatin should identify opportunities to re-zone land, from lower density usage to higher density usage, to provide additional opportunities for multifamily housing development. Tualatin should plan for long-term development of housing in Tualatin through 2040 and beyond by working with Metro on upcoming Growth Management reports.
- **Encourage development of a wider variety of housing types.** Tualatin should allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density zone and allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones (which already allow for the other housing types mentioned). These changes should be made in a way that makes the City’s zoning code compliant with House Bill 2001.
- **Support development and preservation of housing that is affordable for all households.** The City should develop policies to support development of housing affordable to people who live and work in Tualatin. The City should identify opportunities to leverage resources (including funding) from the Metro Bond to support development of housing affordable to households earning less than 60% of Median Family Income in Washington County (\$48,900 for a household size of four people). The City should develop policies to prevent and address homelessness, as well as to prevent and mitigate residential displacement resulting from redevelopment and increases in housing costs. These actions will require Tualatin to evaluate the adoption of a wide variety of housing policies such as creative financing opportunities for systems development charges, evaluating tax exemption programs, participating in a land bank, and other approaches to supporting development of housing affordable at all income levels.
- **Identify funding tools to support residential development.** The City should evaluate tools such as establishing a new Urban Renewal District and evaluate establishing a construction excise tax.
- **Identify redevelopment opportunities.** The City should identify districts within Tualatin with opportunities for redevelopment for both housing and employment

uses, as well as supporting redevelopment of underutilized commercial buildings for housing.

- **Ensure there are connections between planning for housing and other community planning.** Throughout the project, stakeholders emphasized the need to coordinate housing planning with economic development planning, transportation planning, and other community planning. Updates to the Tualatin Transportation System Plan should be coordinated with planning for housing growth. A key approach to accommodating new residential development is redevelopment that results in mixed-use districts, providing opportunities for more housing affordable to people working at businesses in Tualatin and living closer to work (thus reducing transportation issues). In addition, stakeholders would like to see the incorporation of services needed to meet daily needs of residents of neighborhoods without driving.

The *Tualatin Housing Strategy* memorandum presents more details about each of these topics and recommendations for specific actions to implement these recommendations.

1. Introduction

This report presents Tualatin's Housing Needs Analysis for the 2020 to 2040 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Tualatin has changed considerably in the last two decades. Tualatin grew from 22,791 people in 2000 to 27,135 people in the 2013-2017 period. This is an addition of 4,344 people, or 19% growth. In this time, rates of housing cost burden increased from 26% to 37%, with renter cost burdened rates increasing from 30% to 56%. Median gross rents increased by \$386 (from \$768 in 2000 to \$1,154 in 2013-2017) and median home values increased by \$83,168 (from \$282,532 in 2000 to \$365,700 in 2013-2017).

This report provides Tualatin with a factual basis to update the Housing Element of the City's Comprehensive Plan and Development Code, and to support future planning efforts related to housing and options for addressing unmet housing needs in Tualatin. This report provides information that informs future planning efforts, including development and redevelopment. It provides the City with information about the housing market in Tualatin and describes the factors that will affect future housing demand in Tualatin, such as changing demographics. This analysis will help decision makers understand whether Tualatin has enough land to accommodate growth over the next 20 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay: shelter certainly, but also proximity to other attractions (job, shopping, parks and recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to a range of services (i.e. medical, transportation) including public services (i.e. quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors like income, age of head of household, number of people and children in the household, number of workers and job locations, number of transportation vehicles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing market in Washington County and Tualatin are the result of the individual decisions of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in Tualatin between 2020 and 2040.

The complex nature of the housing market, demonstrated by the unprecedented boom and bust during the past decade, does not eliminate the need for some type of forecast of future housing

demand and need. This includes resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need. Thus, we start our housing analysis with a framework for thinking about housing and residential markets, and how public policy affects those markets.

Statewide Planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).¹ Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households. Jurisdictions located in the Metro UGB are also required to comply with Metropolitan Housing in OAR 660-007 and Title 7 of Metro’s Urban Growth Management Functional Plan in the Metro Code (3.07 Title 7).

Goal 10 defines needed housing types as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the city with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes.” ORS 197.303 defines needed housing types:

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy.
- (b) Government assisted housing.²
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.
- (e) Housing for farmworkers.

¹ ORS 197.296 only applies to cities with populations over 25,000.

² Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the Workbook.

Tualatin must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

The Metropolitan Housing Rule

OAR 660-007 (the Metropolitan Housing rule) is designed to “assure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land within the Metropolitan Portland (Metro) urban growth boundary.” OAR 660-0070-005(12) provides a Metro-specific definition of needed housing:

"Needed Housing" defined. Until the beginning of the first periodic review of a local government's acknowledged comprehensive plan, "needed housing" means housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.

The Metropolitan Housing Rule also requires cities to develop residential plan designations:

(1) Plan designations that allow or require residential uses shall be assigned to all buildable land. Such designations may allow nonresidential uses as well as residential uses. Such designations may be considered to be "residential plan designations" for the purposes of this division. The plan designations assigned to buildable land shall be specific so as to accommodate the varying housing types and densities identified in OAR 660-007-0030 through 660-007-0037.

OAR 660-007 also specifies the mix and density of new residential construction for cities within the Metro Urban Growth Boundary (UGB):

“Provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing or justify an alternative percentage based on changing circumstances” (OAR 660-007-0030 (1)).

OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Tualatin’s average density target is eight dwelling units per net buildable acre.³

Metro Urban Growth Management Functional Plan

The Metro Urban Growth Management Functional Plan describes the policies that guide development for cities within the Metro UGB to implement the goals in the Metro 2040 Plan.

³ OAR 660-024-0010(6) defines Net Buildable Acres as follows: “Net Buildable Acre” consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.

Title 1: Housing Capacity

Title 1 of Metro's Urban Growth Management Functional Plan is intended to promote efficient land use within the Metro UGB by increasing the capacity to accommodate housing capacity. Each city is required to determine its housing capacity based on the minimum number of dwelling units allowed in each zoning district that allows residential development and maintain this capacity.

Title 1 requires that a city adopt minimum residential development density standards by March 2011. If the jurisdiction did not adopt a minimum density by March 2011, the jurisdiction must adopt a minimum density that is at least 80% of the maximum density.

Title 1 provides measures to decrease development capacity in selected areas by transferring the capacity to other areas of the community. This may be approved as long as the community's overall capacity is not reduced.

Metro's 2017 Compliance Report concludes that Tualatin is in compliance for the City's Title 1 responsibilities.

Title 7: Housing Choice

Title 7 of Metro's Urban Growth Management Functional Plan is designed to ensure the production of affordable housing in the Metro UGB. Each city and county within the Metro region is encouraged to voluntarily adopt an affordable housing production goal.

Each jurisdiction within the Metro region is required to ensure that their comprehensive plans and implementing ordinances include strategies to:

- Ensure the production of a diverse range of housing types,
- Maintain the existing supply of affordable housing, increase opportunities for new affordable housing dispersed throughout their boundaries, and
- Increase opportunities for households of all income levels to live in affordable housing (3.07.730)

Metro's 2017 Compliance Report concludes that Tualatin is in compliance for the City's Title 7 responsibilities.

Title 11: Planning for New Urban Areas

Title 11 of Metro's Urban Growth Management Functional Plan provides guidance on the conversion of land from rural to urban uses. Land brought into the Metro UGB is subject to the provisions of section 3.07.1130 of the Metro Code, which requires lands to be maintained at rural densities until the completion of a concept plan and annexation into the municipal boundary.

The concept plan requirements directly related to residential development are to prepare a plan that includes:

- (1) A mix and intensity of uses that make efficient use of public systems and facilities,
- (2) A range of housing for different types, tenure, and prices that addresses the housing needs of the governing city, and
- (3) Identify goals and strategies to meet the housing needs for the governing city in the expansion area.

Organization of this Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Tualatin's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Tualatin's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Tualatin** presents factors that affect housing need in Tualatin, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Tualatin relative to the larger region.
- **Chapter 5. Housing Need in Tualatin** presents the forecast for housing growth in Tualatin, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within Tualatin** estimates Tualatin's residential land sufficiency needed to accommodate expected growth over the planning period.

2. Residential Buildable Lands Inventory

This chapter provides a summary of the residential buildable lands inventory (BLI) for the Tualatin Planning Area. This buildable lands inventory analysis complies with statewide planning Goal 10 policies that govern planning for residential uses. The detailed methodology used to complete the buildable lands inventory is presented in Appendix A.

First, the analysis established the residential land base (parcels or portion of parcels with appropriate zoning), classified parcels by buildable status, identified/deducted environmental constraints, and lastly summarized total buildable area by Plan Designation.

Definitions

ECONorthwest developed the buildable lands inventory with a tax lot database from Metro Regional Land Information Systems (RLIS). Maps produced for the buildable lands inventory used a combination of GIS data based on the Metro BLI for the 2018 Urban Growth Report, adopted maps, and visual verification to verify the accuracy of Metro data. The tax lot database is current as of 2016, accounting for changes and development updates through April 2019. The inventory builds from the database to estimate buildable land per plan designations that allow residential uses. The following definitions were used to identify buildable land for inclusion in the inventory:

- *Vacant land.* Tax lots designated as vacant by Metro based on the following criteria: (1) fully vacant based on Metro aerial photo; (2) tax lots with less than 2,000 square feet developed and developed area is less than 10% of lot; (3) lots 95% or more vacant from GIS vacant land inventory.
- *Partially vacant land.* Single-family tax lots that are 2.5 times larger than the minimum lot size with a building value less than \$300,000, or lots that are 5 times larger than the minimum lots size (no threshold for building value). These lots are considered to still have residential capacity. For this analysis, we classified these lots as Partially Vacant, and we assumed that 0.25 acres of the lot was developed, and the remaining land is available for development, less constraints.
- *Public or exempt land.* Lands in public or semi-public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. These lands are identified using the Metro's definitions and categories.
- *Developed land.* Lands not classified as vacant, partially vacant, or public/exempt are considered developed. Developed land includes lots with redevelopment capacity, which are also included in the BLI. The unit capacity of developed but redevelopable lots is based on Metro's estimates.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted the following constraints from the buildable lands inventory and classified those portions of tax lots that fall within the following areas as constrained, unbuildable land:

- *Lands within floodplains.* Flood Insurance Rate Maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways and 100-year floodplains, as well as lands identified in Metro’s Title 3 Stream and Floodplain Protection Plan.
- *Land within natural resource protection areas.* The Locally Significant Wetlands shapefile was used to identify areas within wetlands. Riparian corridors and other natural resource areas identified in Tualatin’s Natural Resource Protection Overlay District were all considered undevelopable. These areas are consistent with the City’s Development Code Chapter 72.
- *Land with slopes over 25%.* Lands with slopes over 25% are considered unsuitable for residential development.

Buildable Lands Inventory Results

Land Base

Exhibit 5 shows residential land in Tualatin by classification (development status). The results show that the Tualatin Planning Area has 2,556 total acres in residential Plan Designations. (This includes the areas of the Mixed-Use Commercial Overlay Zone and Central Tualatin Overlay Zone that allow residential uses). Of these 2,556 acres, about 2,193 acres (86%) are classified as Developed or Public (or Exempt) and do not have development capacity, and the remaining 364 acres (14%) are Vacant or Partially Vacant and have development capacity (not including development constraints).⁴

⁴ The buildable lands inventory results in Exhibit 5 does not account for development constraints (yet). Land with development constraints are not classified as buildable; we remove development constraints in Exhibit 6 and we present final buildable land results in Exhibit 7.

Exhibit 5. Residential acres by classification and Plan Designation, Tualatin Planning Area, 2019

Source: Metro BLI, ECONorthwest Analysis. *Note: The numbers in the table may not sum to the total as a result of rounding.*

| Generalized Plan Designation | Vacant | Partially Vacant | Developed | Public or Exempt | Total Acres | Percent of Total |
|------------------------------------|-----------|------------------|--------------|------------------|--------------|------------------|
| Residential | | | | | | |
| Low Density Residential | 26 | 138 | 1,063 | 510 | 1,737 | 68% |
| Medium Low Density Residential | - | 2 | 168 | 68 | 238 | 9% |
| Medium High Density Residential | 1 | - | 125 | 31 | 158 | 6% |
| High Density High Rise Residential | - | - | 6 | 9 | 15 | 1% |
| High Density Residential | 15 | - | 117 | 21 | 153 | 6% |
| Commercial | | | | | | |
| Mixed-Use Commercial Overlay Zone | - | - | 25 | - | 25 | 1% |
| Central Tualatin Overlay Zone | 3 | - | 29 | 6 | 37 | 1% |
| Basalt Creek Planning Area | | | | | | |
| Low Density Residential | 2 | 99 | 11 | - | 113 | 4% |
| Medium Low Density Residential | 49 | 23 | - | - | 72 | 3% |
| High Density Residential | - | 5 | - | - | 5 | 0% |
| Neighborhood Commercial | - | 1 | 4 | - | 4 | 0% |
| Total | 95 | 268 | 1,548 | 645 | 2,556 | 100% |

Exhibit 6 shows land in all residential Plan Designations by development and constraint status. After development constraints have been applied, about 68% of Tualatin’s total residential land (1,747 acres) has no development capacity (i.e., committed), 22% (566 acres) is constrained, and 10% (244 acres) are unconstrained and buildable.

Exhibit 6. Residential land by comprehensive Plan Designation and constraint status, Tualatin Planning Area, 2019

Source: Metro BLI, ECONorthwest Analysis. *Note: The numbers in the table may not sum to the total as a result of rounding.*

| Generalized Plan Designation | Total acres | Committed acres | Constrained acres | Buildable acres |
|------------------------------------|--------------|-----------------|-------------------|-----------------|
| Residential | | | | |
| Low Density Residential | 1,737 | 1,292 | 365 | 79 |
| Medium Low Density Residential | 238 | 190 | 47 | 1 |
| Medium High Density Residential | 158 | 128 | 29 | 1 |
| High Density High Rise Residential | 15 | 4 | 11 | 0 |
| High Density Residential | 153 | 77 | 64 | 12 |
| Commercial | | | | |
| Mixed-Use Commercial Overlay Zone | 25 | 20 | 5 | 0 |
| Central Tualatin Overlay Zone | 37 | 16 | 21 | 0 |
| Basalt Creek Planning Area | | | | |
| Low Density Residential | 113 | 13 | 23 | 76 |
| Medium Low Density Residential | 72 | 2 | 1 | 69 |
| High Density Residential | 5 | 0 | 0 | 5 |
| Neighborhood Commercial | 4 | 4 | 0 | 0 |
| Total | 2,556 | 1,747 | 566 | 244 |

Vacant Buildable Land

Exhibit 7 shows buildable acres (e.g., acres in tax lots after constraints are deducted) for vacant and partially vacant land by Plan Designation. Of Tualatin’s 244 unconstrained buildable residential acres, about 31% are in tax lots classified as vacant, and 69% are in tax lots classified as partially vacant. About 32% of Tualatin’s buildable residential land is in the Low Density Residential Plan Designation and about 62% of Tualatin’s buildable residential land is located in the Basalt Creek Planning Area.

Exhibit 7. Buildable acres in vacant and partially vacant tax lots by Plan Designation and zoning, Tualatin Planning Area, 2019

Source: Metro BLI, ECONorthwest Analysis. Note: The numbers in the table may not sum to the total as a result of rounding.

| Generalized Plan Designation | Total buildable acres | Buildable acres on vacant lots | Buildable acres on partially vacant lots |
|------------------------------------|-----------------------|--------------------------------|--|
| Residential | | | |
| Low Density Residential | 79 | 11 | 68 |
| Medium Low Density Residential | 1 | 0 | 1 |
| Medium High Density Residential | 1 | 1 | 0 |
| High Density High Rise Residential | 0 | 0 | 0 |
| High Density Residential | 12 | 12 | 0 |
| Commercial | | | |
| Mixed-Use Commercial Overlay Zone | 0 | 0 | 0 |
| Central Tualatin Overlay Zone | 0 | 0 | 0 |
| Basalt Creek Planning Area | | | |
| Low Density Residential | 76 | 2 | 74 |
| Medium Low Density Residential | 69 | 49 | 20 |
| High Density Residential | 5 | 0 | 5 |
| Neighborhood Commercial | 0 | 0 | 0 |
| Total | 244 | 75 | 168 |

Exhibit 8 and 5 (upcoming pages) show the results of Tualatin’s residential BLI.

Exhibit 8. Residential Land by Development Status with Constraints, Tualatin Planning Area, 2019

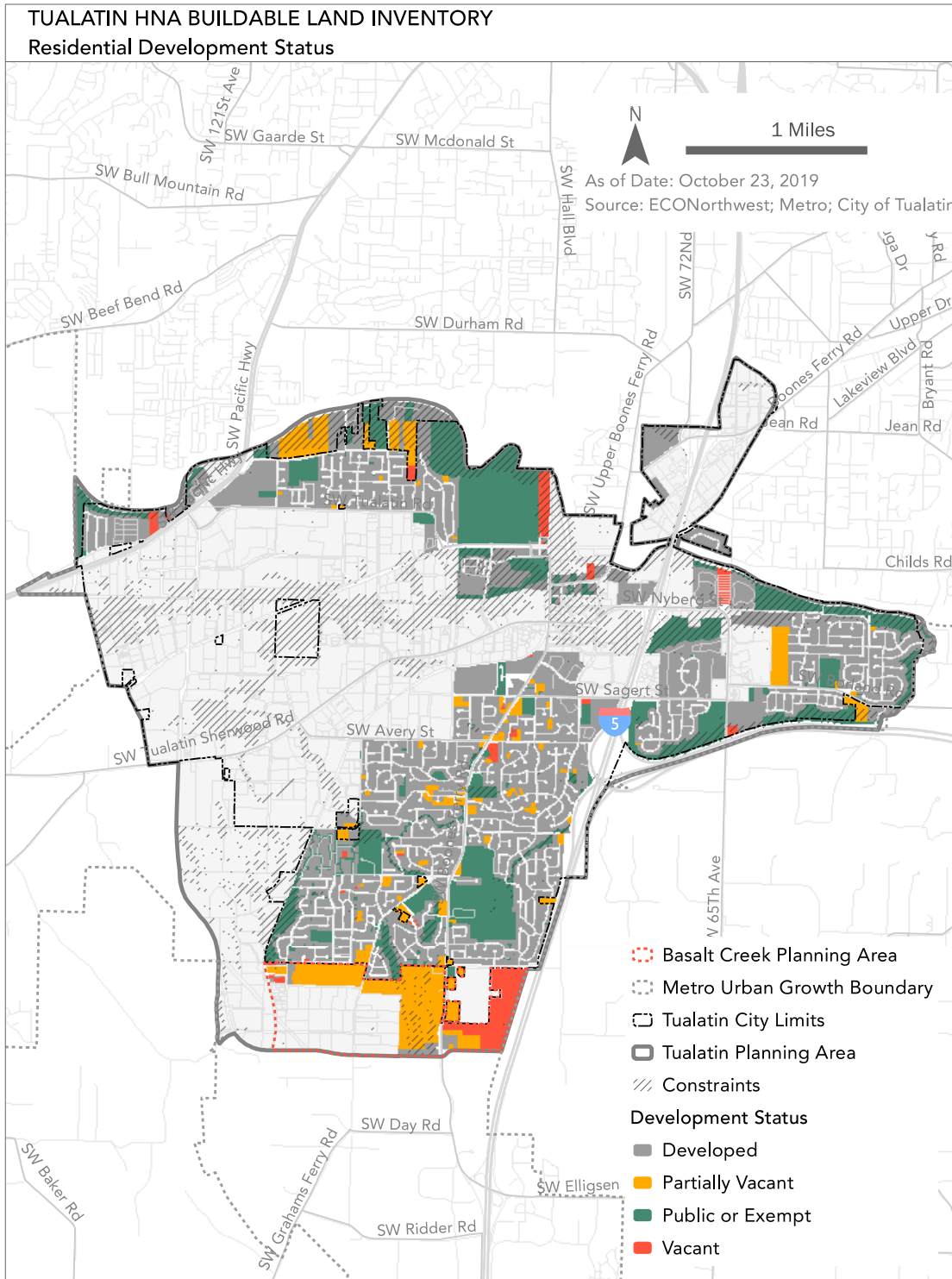
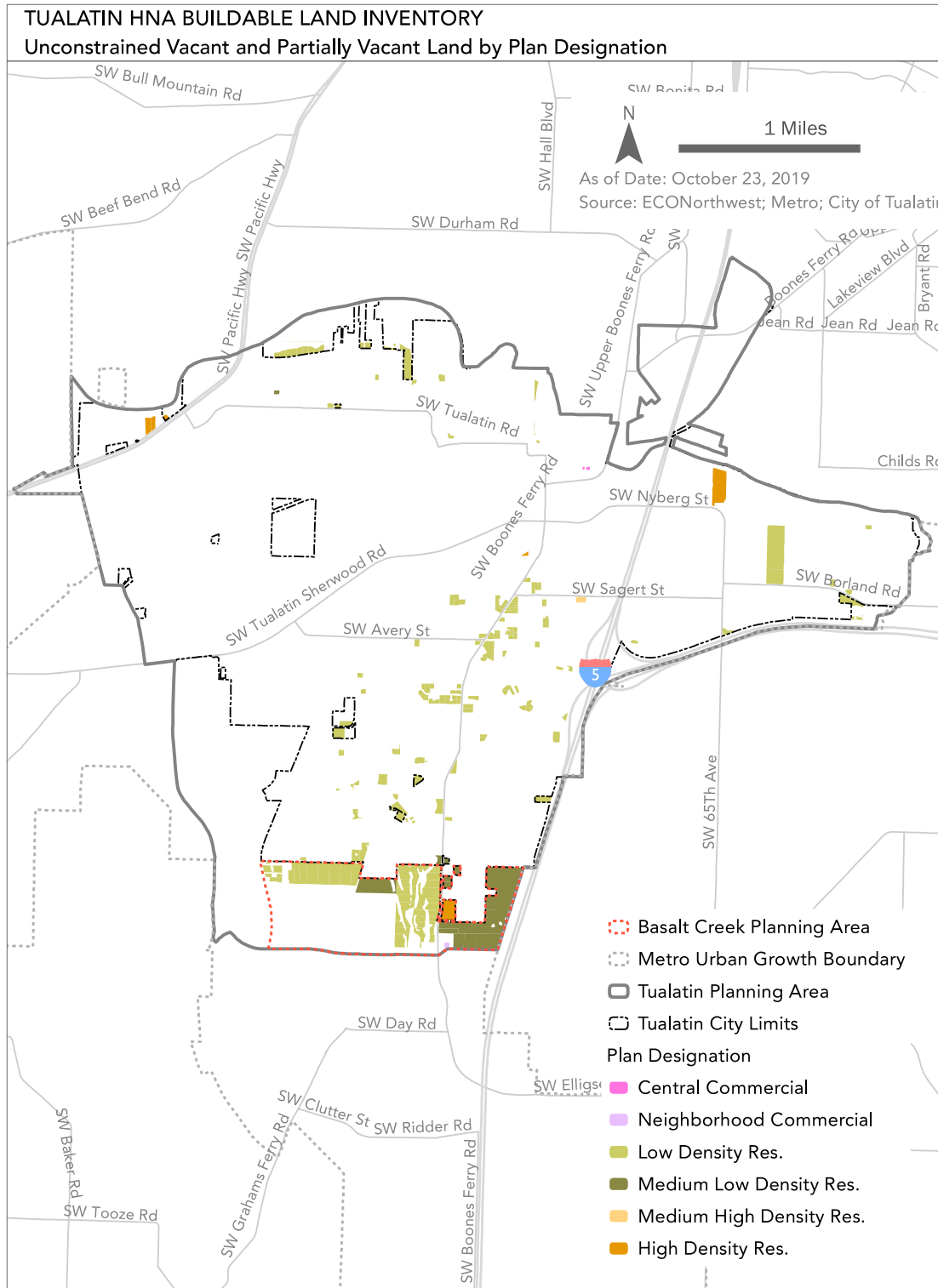


Exhibit 9. Unconstrained Vacant and Partially Vacant Residential Land, Tualatin Planning Area, 2019



3. Historical and Recent Development Trends

Analysis of historical development trends in Tualatin provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the *DLCD Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

This Housing Needs Analysis examines changes in Tualatin's housing market from 2000 to 2017, as well as residential development from 2002 to 2017. We selected this time period because (1) the period provides information about Tualatin's housing market before and after the national housing market bubble's growth, deflation, and the more recent increase in housing costs and (2) data about Tualatin's housing market during this period is readily available from sources such as the Census and RLIS.

The Housing Needs Analysis presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, apartments, etc.).
2. Tenure (e.g., distinguishing unit type by owner or renter units).
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels).
4. Some combination of these categories.

For the purposes of this study, we grouped housing types based on: (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In Tualatin, government-assisted housing (ORS 197.303(b)) and housing for farmworkers (ORS 197.303(e)) can be any of the housing types listed above.

Data Used in this Analysis

Throughout this analysis (including the subsequent Chapter 4), we used data from multiple sources, choosing data from well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from two Census sources, the Decennial and the American Community Survey:

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. From 2013 to 2017, the ACS sampled an average of 3.5 million households per year, or about 2.9% of the households in the nation. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2013-2017 ACS for Tualatin. Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points, this report includes population, income, and housing price data from Redfin, the Bureau of Labor Services, and the United States Department of Housing and Urban Development. It uses the Oregon Department of Housing and Community Services affordable housing inventory and Oregon's Manufactured Dwelling Park inventory. It uses Metro's Regional Land Information System (RLIS) database, which provides tax lot data for jurisdictions within the three-county Metro Area (Clackamas County, Multnomah County, and Washington County).⁵

The foundation of the housing needs analysis is the population forecast for Tualatin from Metro's *2040 Household Distributed Forecast*.

⁵ We use RLIS tax lot data as a proxy for building permit data for Tualatin. The analysis period is 2000-2017, unless otherwise noted.

It is worth commenting on the methods used for the American Community Survey.⁶ The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as “sampling error” and is expressed as a band or “margin of error” (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Tualatin and compares Tualatin to Washington County and to Oregon. These trends demonstrate the types of housing developed in Tualatin historically. Unless otherwise noted, this chapter and the next chapter uses data from the 2000 and 2010 Decennial Census and the 2013-2017 American Community Survey 5-Year Estimates.

This section shows the following trends in housing mix in Tualatin:

- **About half (53%) of Tualatin’s housing stock is single-family detached housing units.** Forty-one percent of Tualatin’s housing stock is multifamily and 6% is single-family attached (e.g., townhouses, rowhouses, duplexes).
- **Since 2000, Tualatin’s housing mix has remained relatively static.** Tualatin’s housing stock grew by about 23% (about 2,112 new units) between 2000 and the 2013-2017 period.
- **Single-family housing accounted for the majority of new housing growth in Tualatin between 2000 and 2017.** Sixty percent of new housing built between 2000 and 2017 was single-family housing (detached and attached).

⁶ A thorough description of the ACS can be found in the Census Bureau’s publication “What Local Governments Need to Know.” <https://www.census.gov/library/publications/2009/acs/state-and-local.html>

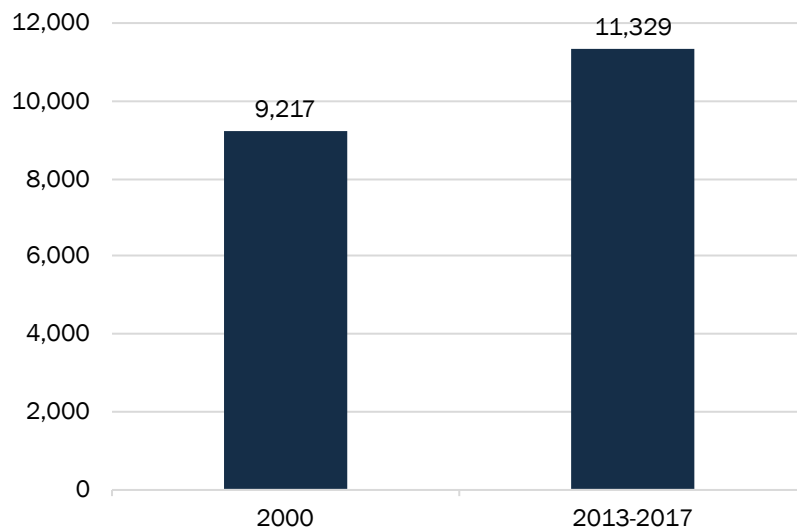
Housing Mix

The total number of dwelling units in Tualatin increased by 23% from 2000 to 2013-2017.

Tualatin added 2,112 units since 2000.

Exhibit 10. Total Dwelling Units, Tualatin, 2000 and 2013-2017

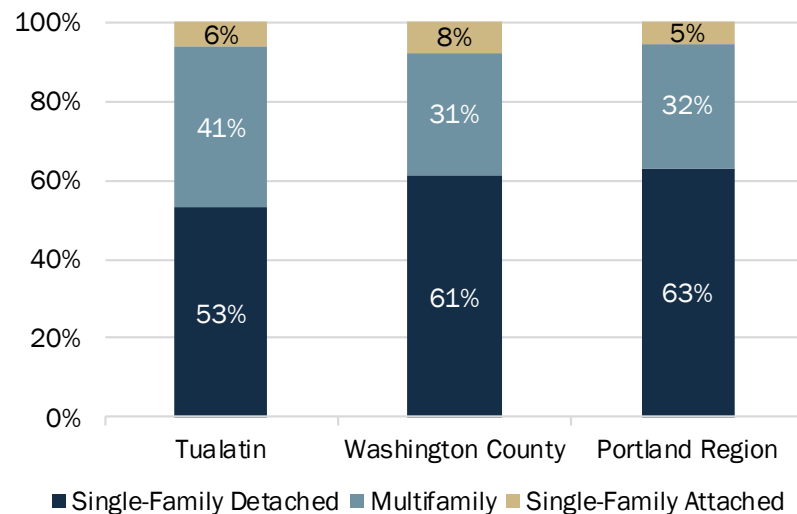
Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013-2017 ACS Table B25024.



Tualatin had a smaller share of single-family detached housing and a larger share of multifamily housing than Washington County and the Portland Region.

Exhibit 11. Housing Mix, Tualatin, Washington County, Portland Region, 2013-2017

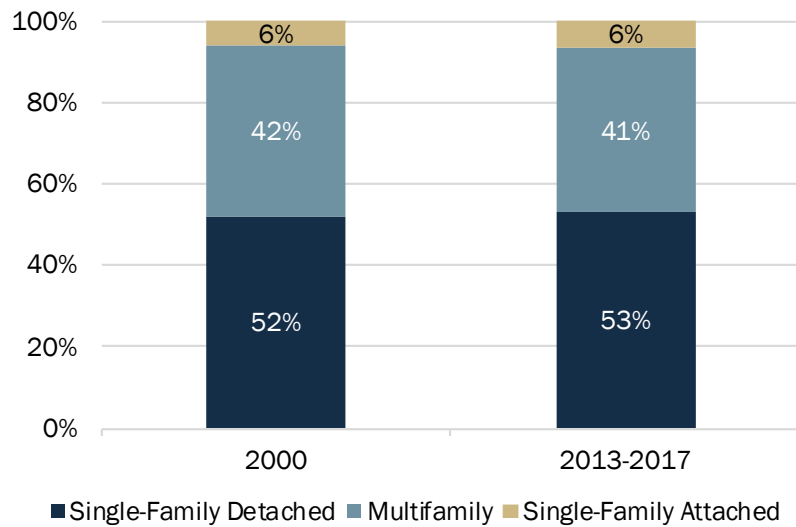
Source: U.S. Census Bureau, 2013-2017 ACS Table B25024.



From 2000 to 2013-2017, Tualatin's housing mix stayed about the same.

Exhibit 12. Change in Housing Mix, Tualatin, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013-2017 ACS Table B25024.



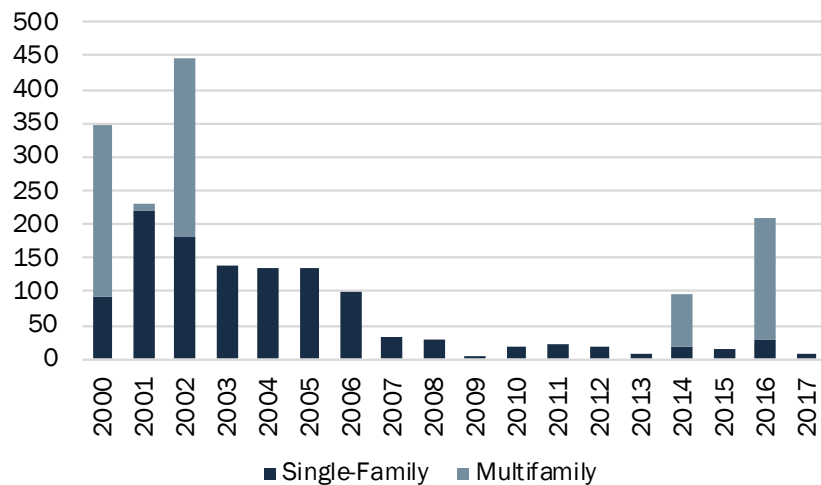
Dwelling Units Built

Over the 2000 to 2017 period, Tualatin added 1,996 dwelling units, with an annual average of 111 dwelling units.

Of these 1,996 units, about 60% were single-family units and 40% were multifamily units.

Exhibit 13. Units Built by Year and Type of Unit, Tualatin, 2000 through 2017

Source: RLIS.



Size of Units

This section provides an overview of dwelling unit size in Tualatin.

In 2000, a larger share of dwelling units in Tualatin were three-bedroom units. As of the 2013-2017 period, this trend continues to persist.

Exhibit 14. Share of Units by Number of Bedrooms, Tualatin, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H041, and 2013-2017 ACS Table B25041. Note: The total number of units in 2000 is 9,217; the total number of units in the 2013-17 period is 11,329.

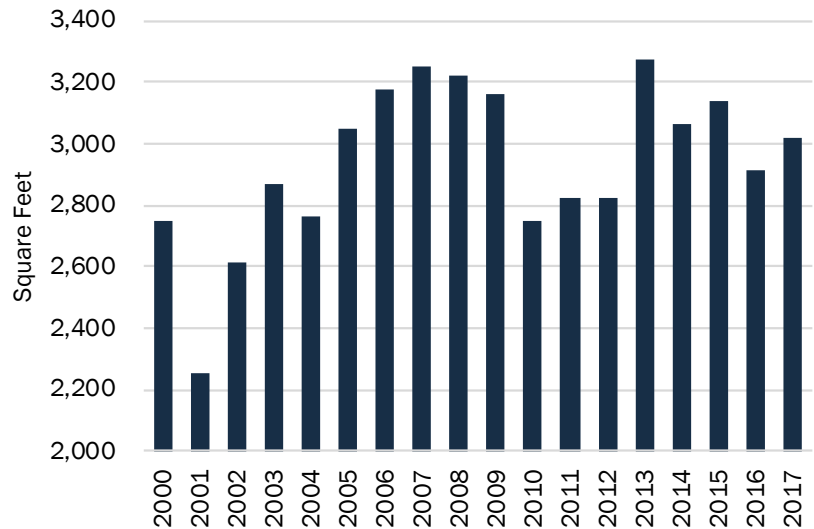


Single-family units built in Tualatin since 2000, averaged 2,773 sq. ft. per unit.

Single-family units built in Tualatin since 2014, averaged 3,015 sq. ft. per unit.

Exhibit 15. Average Size of Single-Family Units Built by Year, Tualatin, 2010 through 2017

Source: RLIS. Note: Single-family units include single-family detached and attached units.



Based on historical trends, condominiums in Tualatin were slightly smaller than single-family dwellings (Exhibit 15) and slightly larger than apartments.

Exhibit 16. Average Size of Multifamily Units Built by Year (including housing description), Tualatin, 2000, 2001, 2002, 2014, and 2016

Source: RLIS, Costar, and Washington County Assessor.

| | |
|--------------|---|
| 2000: | 1,172 Sq. Ft. Condominium |
| 2001: | 1,562 Sq. Ft. Condominium |
| 2002: | 892 Sq. Ft. Apartment |
| 2014: | 1,322 Sq. Ft. Retirement Facility |
| 2016: | 977 Sq. Ft. Apartment |

On average, a 2-bedroom multifamily unit in Tualatin is about 928 sq. ft.

Exhibit 17. Average Square Feet of Multifamily Units, Tualatin, 2019

Source: Costar. Note: "All Beds" represent the aggregate of multifamily units in Tualatin (recognizing that bedroom counts are unknown for some units).

| Multifamily Unit by Bedroom Count | Average Sq. Ft. (2019) | Inventory (Units) |
|-----------------------------------|------------------------|-------------------|
| All Beds | 856 | 3,905 |
| Studio | 445 | 249 |
| 1-Bedroom | 649 | 1,206 |
| 2-Bedrooms | 928 | 1,739 |
| 3-Bedrooms | 1,144 | 608 |
| 4+ Bedrooms | 1,255 | 4 |

Trends in Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre. The U.S. Census does not track residential development density thus, this study analyzes housing density based on Metro’s RLIS database for development between 2000 and 2017.

Between 2000 and 2017, Tualatin permitted 1,996 new dwelling units. Of the 1,996 new units, 1,207 units were single-family (60%) and 789 units were multifamily (40%). During this time, housing in Tualatin developed at an average net density of 8.7 dwelling units per net acre. Exhibit 18 shows average net residential development by structure type for the historical analysis period. Single-family housing (detached and attached) developed at 6.4 units per net acre and multifamily housing developed at 19.9 units per net acre.

Exhibit 18. Net Density by Unit Type and Zone, Tualatin, 2000 through 2017

Source: RLIS.

Note: Single-family includes single-family detached and single-family attached units because RLIS data does not distinguish between the type of single-family unit.

| | Single-family (Detached and Attached) | | | Multifamily | | | Total, combined | | |
|--------------------------------|--|------------|----------------|-------------|-----------|----------------|-----------------|------------|----------------|
| | Units | Acres | Net Density | Units | Acres | Net Density | Units | Acres | Net Density |
| Low Density Residential | 976 | 172 | 5.7 | | | | 976 | 172 | 5.7 |
| Medium Low Density Residential | 79 | 10 | 8.0 | 90 | 5 | 19.5 | 169 | 14 | 11.7 |
| High Density Residential | 152 | 6 | 23.4 | 699 | 35 | 19.9 | 851 | 42 | 20.5 |
| Total | 1,207 | 189 | 6.4 | 789 | 40 | 19.9 | 1,996 | 228 | 8.7 |

Trends in Tenure

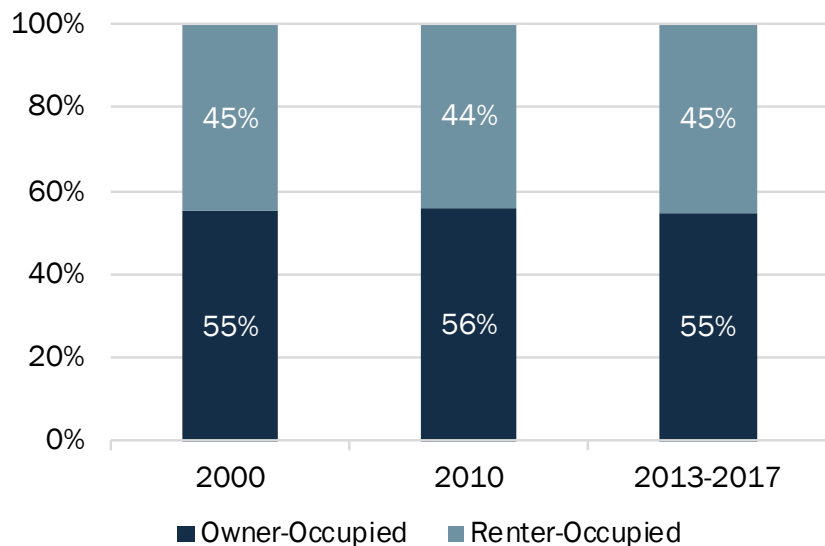
Housing tenure describes whether a dwelling unit is owner- or renter-occupied. This section shows:

- **Homeownership in Tualatin is lower than Washington County's and Oregon's rate.** About 55% of Tualatin's households own their own home. In comparison, 61% of Washington County households and 60% of Oregon households are homeowners.
- **Homeownership in Tualatin stayed about the same between 2000 and 2013-2017.** Homeownership hovered around 55% in 2000, 2010, and the 2013-2017 period.
- **Most of Tualatin homeowners (88%) live in single-family detached housing, while most of Tualatin's renters (82%) live in multifamily housing.**

The homeownership rate in Tualatin stayed about the same since 2000.

Exhibit 19. Tenure, Occupied Units, Tualatin, 2000, 2010, and 2013-2017

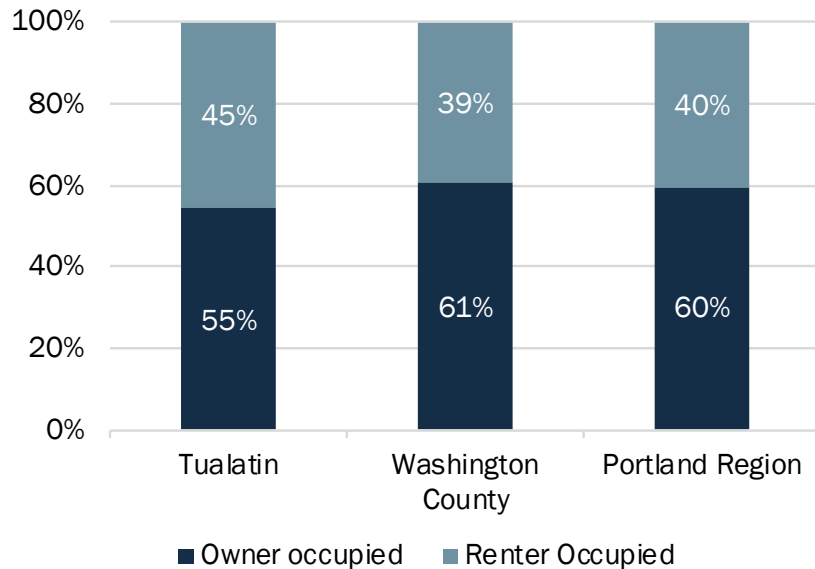
Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2013-2017 ACS Table B24003.



Tualatin had a lower homeownership rate than Washington County and the Portland Region.

Exhibit 20. Tenure, Occupied Units, Tualatin, Washington County, and Portland Region, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-Year Estimates, Table B24003.

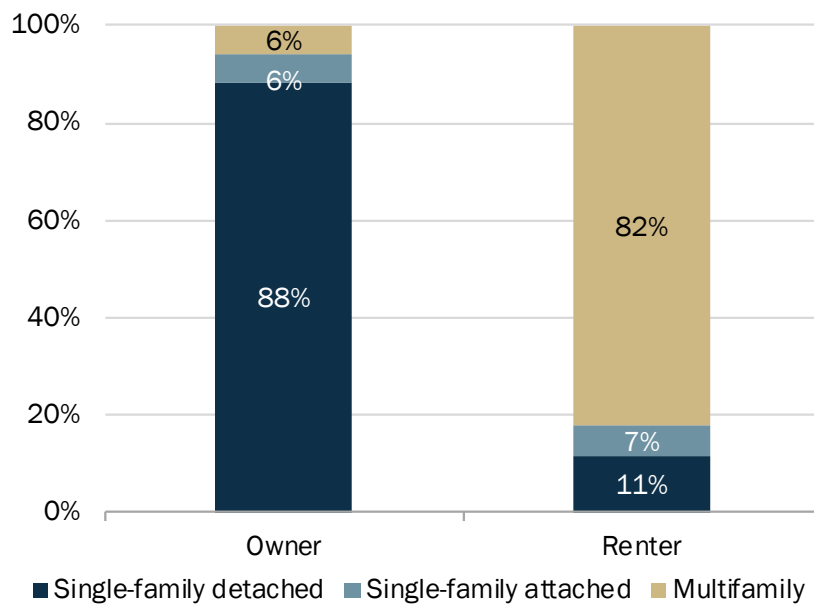


Most of Tualatin homeowners (88%) lived in single-family detached housing.

In comparison, most of Tualatin renters lived in multifamily housing.

Exhibit 21. Housing Units by Type and Tenure, Tualatin, 2013-2017

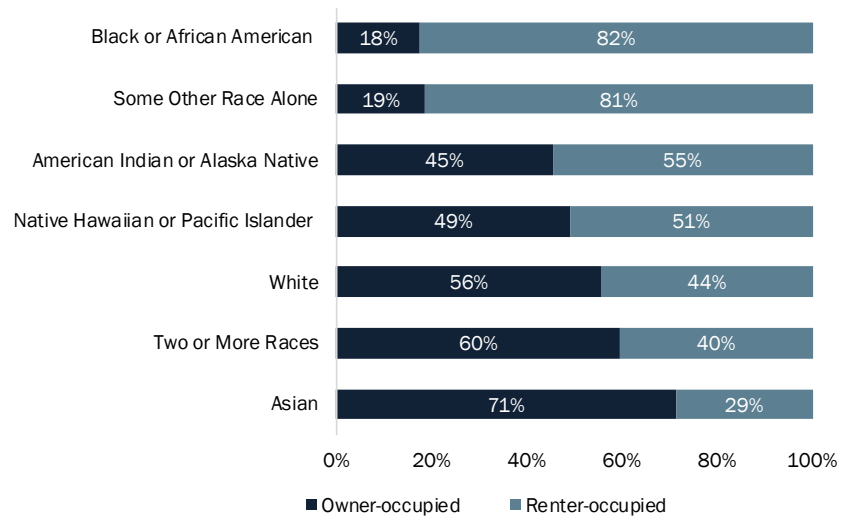
Source: U.S. Census Bureau, 2013-2017 ACS Table B25032.



A proportionately smaller share of households with an African American head of household were homeowners.

Exhibit 22. Tenure by Race of the Head of Household, Tualatin, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B25003A-G.



Most households with a Latinx head of household were renters.

Exhibit 23. Tenure by Latinx Head of Household, Tualatin, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B250031.



Vacancy Rates

Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as: "Unoccupied housing units...determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. Enumerators are obtained using information from property owners and managers, neighbors, rental agents, and others.

According to the 2013-2017 Census, the vacancy rate in Tualatin was 4.3%, compared to 4.8% for Washington County and 5.5% for the Portland Region.

Tualatin's vacancy rate declined from 2000 to the 2013-2017 period.

Exhibit 24. Vacancy Rate, Tualatin, 2000 and 2013-2017

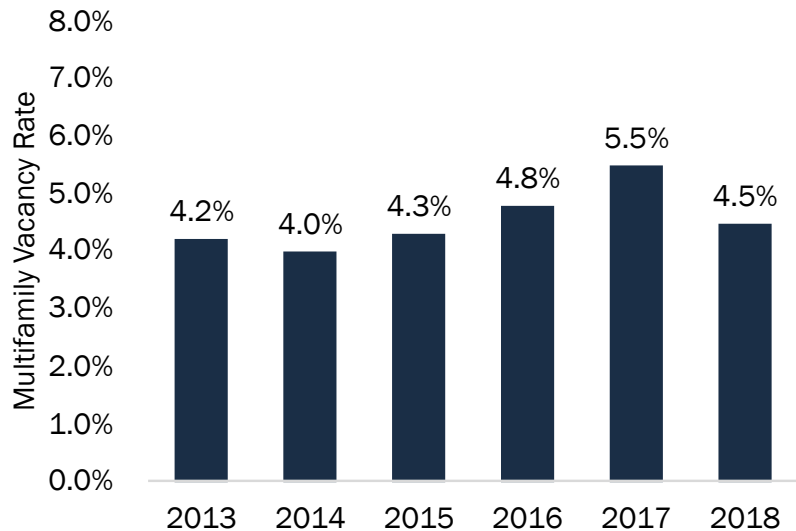
Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H005, 2013-2017 ACS Table B25004.

| | |
|------------------|--|
| 2000 | 6.2% Of Total Dwelling Units |
| 2013-2017 | 4.3% Of Total Dwelling Units |

Tualatin's average multifamily vacancy rate dipped to a low of 4% in 2014. In 2018, Tualatin's multifamily vacancy rate was 4.5%.

Exhibit 25. Average Multifamily Vacancy Rate, Tualatin, 2013 through 2018

Source: CoStar.



As of 2013-2017, less than half a percent of Tualatin's dwelling units were vacant for seasonal, recreational, or occasional use (e.g. short-term rentals or vacation homes).

Exhibit 26. Vacancy for Seasonal, Recreational, or Occasional Use, Tualatin, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H005, 2013-2017 ACS Table B25004.

| | | |
|------------------|-----------------|-------------------------------|
| 2000 | 43 Units | 0.5% |
| | | Share of Total Dwelling Units |
| 2013-2017 | 44 Units | 0.4% |
| | | Share of Total Dwelling Units |

Rent-Restricted Housing

Governmental agencies offer subsidies to support housing development for low- and moderate-income households. Tualatin has three rent-restricted housing developments, with 604 subsidized units.

Exhibit 27. Government-Assisted Housing, Tualatin, December 2019

Source: Oregon Housing and Community Services, Affordable Housing Inventory in Oregon (data pulled December 2019).

| Housing Developments | Total Units | Affordable Units | Population Served | Government Subsidy Type | Affordability Contract Expiration |
|----------------------|-------------|------------------|-------------------|-------------------------|-----------------------------------|
| Terrace View | 100 | 100 | Family | LIHTC 4% | January 2028 |
| Tualatin Meadows | 240 | 240 | Family | LIHTC 4% | January 2031 |
| Woodridge | 264 | 264 | Family | OHCS Grants | March 2049 |
| Total | 604 | 604 | | | |

In addition to these rent-restricted units, and as of August 5, 2019, households in Tualatin utilized 113 of Washington County Housing Authority's Housing Choice Vouchers.⁷

⁷ More information about Housing Choice Vouchers: https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/about/fact_sheet

Manufactured Homes

Manufactured homes provide a source of affordable housing in Tualatin. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Homeowners living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development.⁸ Exhibit 28 presents the inventory of mobile and manufactured home parks within Tualatin as of early 2019.

Tualatin has two manufactured housing parks, with a total of 178 spaces within its city limits.

Exhibit 28. Inventory of Mobile/Manufactured Home Parks, Tualatin City Limits, March 2019

Source: Oregon Manufactured Dwelling Park Directory.

| Name | Location | Type | Total Spaces | Vacant Spaces | Plan Designation |
|--------------|---------------------|--------|--------------|---------------|------------------|
| Angel Haven | 18485 SW Pacific Dr | Senior | 129 | 2 | RML |
| Willow Glen | 9700 SW Tualatin Rd | Family | 49 | 1 | RML |
| Total | | | 178 | 3 | |

⁸ ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord do the following for manufactured dwelling park tenants before closure of the park: give at least one year's notice of park closure, pay the tenant between \$5,000 to \$9,000 for each manufactured dwelling park space, and refrain from charging tenants demolition costs of abandoned manufactured homes.

4. Demographic and Other Factors Affecting Residential Development in Tualatin

Demographic trends are important for a thorough understanding of the dynamics of the Tualatin housing market. Tualatin exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Tualatin at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare Tualatin to Washington County and Oregon. We also compare Tualatin to nearby cities where appropriate. Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next 20 years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each Plan Designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4 in this list. Chapter 5 presents data to address steps 1, 5, and 6 in this list.

Demographic and Socioeconomic Factors Affecting Housing Choice⁹

Analysts typically describe housing demand as the *preferences* for different types of housing (e.g., single-family detached or apartment), and *the ability to pay* for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of Baby Boomers, people born from about 1946 to 1964, and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children).
- **Household income** is the household income. Income is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached, duplex, triplex, quadplex, or a building with more than five units) and to household tenure (e.g., rent or own).

⁹ The research in this chapter is based on numerous articles and sources of information about housing, including:

Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

D. Myers and S. Ryu, *Aging Baby Boomers and the Generational Housing Bubble*, Journal of the American Planning Association, Winter 2008.

George Galster. *People Versus Place, People and Place, or More? New Directions for Housing Policy*, Housing Policy Debate, 2017.

Herbert, Christopher and Hrabchak Molinsky. "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade*, Urban Land Institute, 2010.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave*, Urban Land Institute, 2010.

Schuetz, Jenny. *Who is the new face of American homeownership?* Brookings, 2017.

The American Planning Association, "Investing in Place; Two generations' view on the future of communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Tualatin over the next 20 years.

National Trends¹⁰

This brief summary on national housing trends builds on previous work by ECONorthwest, the Urban Land Institute (ULI) reports, and conclusions from *The State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

“By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns.”

However, challenges to a strong domestic housing market remain. High housing costs make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. *The State of the Nation's Housing* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for sale homes in 2017 averaged 3.9 months, below what is considered balanced (six months) and lower-cost homes are considered especially scarce. The State of the Nation's Housing report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a 50-year low of 62.9% in 2016 (Q2) to 63.7% in 2017 (Q2). Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year,

¹⁰ These trends are based on information from: (1) The Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2018," (2) Urban Land Institute, "2018 Emerging Trends in Real Estate," and (3) the U.S. Census.

bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. With such a large share of households exceeding the traditional standards for affordability, policymakers are focusing efforts on the severely cost-burdened. Among those earning less than \$15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that nationally, demand for new homes could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,¹¹ and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.
- **Growth in rehabilitation market.**¹² Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (40% at least 50 years old), Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended — generating 2.2% of national economic activity (in 2017).

Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of the Baby Boomers, housing demand from Millennials, and growth of immigrants.
 - *Baby Boomers.* The housing market will be affected by continued aging of the Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their 60s, 70s, and 80s (and beyond) will require a

¹¹ According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

To generalize, and because there is no official generation of millennial, we define this cohort as individuals born between 1980 and 2000.

¹² These findings are copied from: Joint Center for Housing Studies. (2019). Improving America's Housing, Harvard University. https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

range of housing opportunities. For example, “the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector” while new or near-retirees may prefer aging in place or active, age-targeted communities.¹³ Characteristics like immigration and ethnicity play a role too as “older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households.”¹⁴ Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households. Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.¹⁵ A broader definition exists which explains that aging in place also means “remaining in the current community and living in the residence of one’s choice.”¹⁶ Therefore, some Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multifamily housing or age-restricted housing developments, before they move into to a dependent living facility or into a familial home. Moreover, “the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses.”¹⁷

- *Millennials*. Over the last several decades, young adults increasingly lived in multi-generational housing – and increasingly more so than older demographics.¹⁸ Despite this trend, as Millennials age over the next 20 years, they will be forming households and families. In 2018, the oldest Millennials were in their late-30s and the youngest were in their late-teens. By 2040, Millennials will be between 40 and 60 years old.

At the beginning of the 2007-2009 recession, Millennials only started forming their own households. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017,

¹³ Urban Land Institute. Emerging Trends in Real Estate, United States and Canada. 2018.

¹⁴ Herbert, Christopher and Hrabchak Molinsky (2015). Meeting the Housing Needs of an Aging Population. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

¹⁵ Vanleerberghe, Patricia, et al. The quality of life of older people aging in place: a literature review. 2017.

¹⁶ Ibid.

¹⁷ American Planning Association. Making Space for Tiny Houses, Quick Notes.

¹⁸ According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multi-generational family household and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multi-generational family household and by 2008, 20% did (18% change).

millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

Millennials' average wealth may remain far below Boomers and Gen Xers and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennial's comprised 28% of active home buyers, while Gen Xers comprised 32% and Boomers 31%.¹⁹ That said, "over the next 15 years, nearly \$24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations find that immigrants, more than native-born populations, prefer to live in multi-generational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was stunted by the effects of the Great Recession. After a period of declines, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the U.S. from abroad, down from 1.3 million immigrants in 2016-2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent Federal policies about immigration are successful, growth in undocumented and documented immigration could slow and cause a drag on household growth in the coming years.
- *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks rose by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Latinx homeownership rates and white and Asian homeownership rates both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households,

¹⁹ Srinivas, Val and Goradia, Urval (2015). The future of wealth in the United States, Deloitte Insights. <https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html>

leads to higher rates of cost burden for minorities—47% for blacks, 44% for Latinx, 37% for Asians/others, and 28% for whites in 2015.

- **Changes in housing characteristics.** The U.S. Census Bureau’s Characteristics of New Housing Report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:²⁰
 - *Larger single-family units on smaller lots.* Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally, from 2,028 sq. ft. to 2,426 sq. ft., and 20% in the western region from 2,001 sq. ft. in 1999 to 2,398 sq. ft. in 2017. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally, decreased by more than half, from 15% in 1999 to 6% in 2017. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 25% of new one-family homes completed in 2017. In addition to larger homes, a move towards smaller lot sizes is seen nationally. Between 2009 and 2017, the percentage of lots less than 7,000 sq. ft. increased from 25% to 31% of lots.
 - *Larger multifamily units.* Between 1999 and 2017, the median size of new multiple family dwelling units increased by 5.3% nationally and 2.4% in the Western region. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 33% in 2017 and increased from 25% to 28% in the Western region.
 - *Household amenities.* Across the U.S. and since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. The share of new multifamily units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the U.S. had one or more garages (from 69% in 2000).
 - *Shared amenities.* Housing with shared amenities are growing in popularity as it may improve space efficiencies and reduce per-unit costs / maintenance costs. Single-Room Occupancies (SROs)²¹, Cottage Clusters, co-housing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared: bathrooms; kitchens and other home appliances (e.g. laundry facilities, outdoor grills);

²⁰ U.S. Census Bureau, Highlights of Annual 2017 Characteristics of New Housing. Retrieved from: <https://www.census.gov/construction/chars/highlights.html>.

²¹ Single-room occupancies are residential properties with multiple single room dwelling units occupied by a single individual. From: U.S. Department of Housing and Urban Development. (2001). *Understanding SRO*. <https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf>

security systems; outdoor areas (e.g. green space, pathways, gardens, rooftop lounges); fitness rooms, swimming pools, and tennis courts; and free parking.²²

State Trends

Oregon's 2016-2020 Consolidated Plan includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that “a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon.”

It identified the following issues that describe housing need statewide:²³

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, one in two Oregon households pays more than one-third of their income toward rent, and one in three pays more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K-12 homeless children increased by 12% from the 2013-2014 school year to the 2014-2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.

²² Urbsworks. (n.d.). Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

Saiz, Albert and Salazar, Arianna. (n.d.). Real Trends: The Future of Real Estate in the United States. Center for Real Estate, Urban Economics Lab.

²³ These conclusions are copied directly from the report: Oregon's 2016-2020 Consolidated Plan <http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf>.

- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinx, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of 20, many of whom have earned a college degree, or some level of higher education.
- In 2019, minimum wage in Oregon²⁴ was \$11.25, \$12.50 in the Portland Metro, and \$11.00 for non-urban counties.

Oregon’s 2018 *Statewide Housing Plan* identified six housing priorities to address in communities across the State over 2019 to 2023, summarized below. It includes relevant data to help illustrate the rationale for each priority. The 2018 *Statewide Housing Plan* describes the Oregon Housing and Community Services’ (OHCS) goals and implementation strategies for achieving the goals.²⁵

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*
 - Summary of the issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the White population.
 - 2019-2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon’s children and veterans.*
 - Summary of the issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon’s unsheltered population increased faster than the sheltered population, and the state’s rate of unsheltered homelessness is the third highest in the nation, at 57%. The state’s rate of unsheltered homelessness among people in families with children is the second highest in the nation, at 52%.

²⁴ The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016 through July 1, 2022. <https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx>

²⁵ Priorities and factoids are copied directly from the report: Oregon Housing and Community Services (November 2018). *Breaking New Ground, Oregon’s Statewide Housing Plan, Draft*. <https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf>

- 2019-2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. We will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
 - Summary of the issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
 - 2019-2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*
 - Summary of the issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of Median Family Income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
 - 2019-2023 Goal: OHCS will triple the existing pipeline of affordable rental housing — up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.
- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
 - Summary of the issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For White non-Latinx Oregonians, the home ownership rate is 63%. For Latinx and non-White Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
 - 2019-2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

- Summary of the issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is \$42,750 for rural counties versus \$54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States and median rents are 16% higher.
- 2019-2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry and local governments will flourish, leading to improved capacity, leveraging of resources and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that may affect housing need in Tualatin.

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are: (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

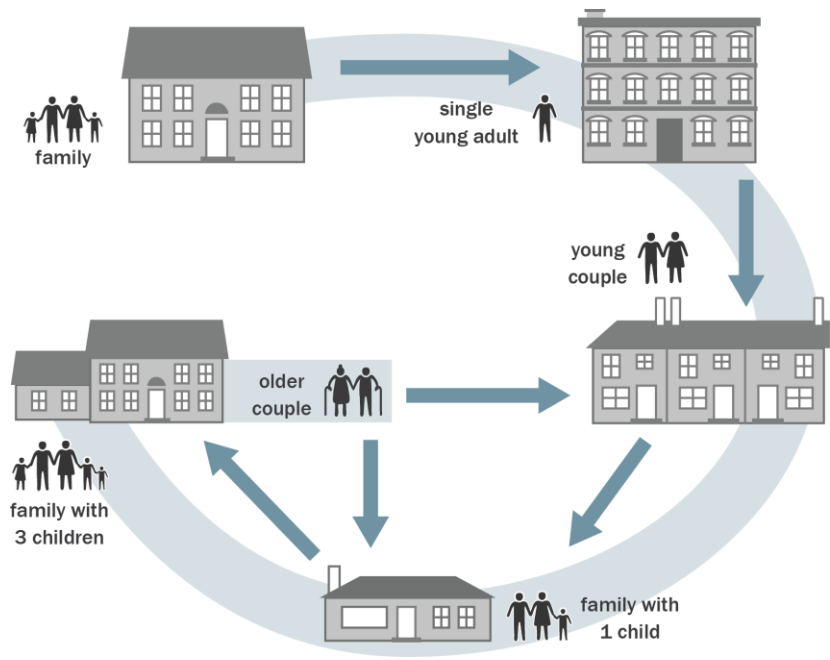
An individual’s housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Tualatin’s population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Tualatin.

Housing needs and preferences change in predictable ways over time, such as with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 29. Effect of demographic changes on housing need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

Tualatin’s population growth will drive future demand for housing in the City over the planning period. The population forecast in Exhibit 31 is Tualatin’s official population forecast, from the Oregon Population Forecast Program. Tualatin must use this forecast as the basis for forecasting housing growth over the 2020 to 2040 period.

Tualatin’s population grew by 81% between 1990 and the 2013-2017 period. Tualatin added 12,122 new residents, at an average annual growth rate of 2.2%.

Exhibit 30. Population Growth and Change, Tualatin, Washington County, Portland Region, Oregon, and the United States, 1990, 2000, 2010, and 2018

Source: U.S. Decennial Census 1990, 2000, 2010, and 2018 Quick Facts. Portland State University 2018 Certified Population Estimates. Note: the Portland Region is the aggregate of Clackamas, Multnomah, and Washington Counties.

| | 1990 | 2000 | 2010 | 2018 | Change 1990 to 2018 | | |
|-------------------|-------------|-------------|-------------|-------------|---------------------|---------|------|
| | | | | | Number | Percent | AAGR |
| U.S. | 248,709,873 | 281,421,906 | 308,745,538 | 327,167,434 | 78,457,561 | 32% | 1.0% |
| Oregon | 2,842,321 | 3,421,399 | 3,831,074 | 4,195,300 | 1,352,979 | 48% | 1.5% |
| Portland Region | 1,174,291 | 1,444,219 | 1,641,036 | 1,839,005 | 664,714 | 57% | 1.7% |
| Washington County | 311,554 | 445,342 | 529,710 | 606,280 | 294,726 | 95% | 2.5% |
| Tualatin | 15,013 | 22,791 | 26,054 | 27,055 | 12,042 | 80% | 2.2% |

Tualatin city limits is projected to grow by 627 people between 2020 and 2040, at an average annual growth rate of 0.12%.²⁶

Exhibit 31. Forecast of Population Growth, Tualatin city limits, 2020 to 2040

Source: Metro 2040 Population Distributed Forecast, Exhibit A. July 12, 2016.

| | | | |
|-------------------|-------------------|----------------------------|-------------------|
| 26,745 | 27,372 | 627 | 2.3% increase |
| Residents in 2020 | Residents in 2040 | New residents 2020 to 2040 | 0.12% Growth Rate |

Tualatin’s Basalt Creek is project to grow by 1,080 people between 2020 and 2040, at an average annual growth rate of 5.68%.²⁷

Exhibit 32. Forecast of Population Growth, Basalt Creek, 2020 to 2040

Source: Metro 2040 TAZ Forecast, Population Estimates (TAZ 980 and 981). November 6, 2015.

| | | | |
|-------------------|-------------------|----------------------------|-------------------|
| 535 | 1,616 | 1,080 | 202% increase |
| Residents in 2020 | Residents in 2040 | New residents 2020 to 2040 | 5.68% Growth Rate |

²⁶ This forecast of population growth is based on Tualatin’s (city limits) official population forecast from Metro 2040 Population Distributed Forecast (2016). ECONorthwest extrapolated the population forecast for 2015 (to 2020) using an average annual growth rate.

²⁷ This forecast of population growth is based on Basalt Creek’s official population forecast from Metro 2040 TAZ Population Forecast (2015). ECONorthwest extrapolated the population forecast for 2015 (to 2020) using an average annual growth rate.

Aging Population

This section shows two key characteristics of Tualatin’s population, with implications for future housing demand in Tualatin:

- **Seniors.** Tualatin currently has a smaller share of people over 60 years old than Washington County. As Tualatin’s senior population grows, it will have increasing demand for housing that is suitable for older demographics.

Demand for housing for seniors will grow over the planning period, as the Baby Boomers continue to age and retire. The Washington County forecast share of residents aged 60 years and older will account for 24% of its population in 2040, compared to around 18% in the 2013-2017 period.

The impact of growth in seniors in Tualatin will depend, in part, on whether older people already living in Tualatin continue to reside there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.²⁸ Tualatin may be attractive to newly retiring seniors because of its location within the Portland Metro region.

Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including: remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving in with family, or moving into group housing (such as assisted living facilities or nursing homes), as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.²⁹

- **Tualatin has a slightly larger share of younger people than the Portland Region.** About 26% of Tualatin’s population and Washington County’s population is under 20 years old, compared to 24% of the Portland Region’s population. The forecast for population growth in Washington County shows the percent of people under 20 years staying static at 24% of the population in 2013-2017 to 2040.

People currently aged 20 to 40 are referred to as the Millennial generation and account for the largest share of population in Oregon.³⁰ By 2040, they will be about 40 to 60 years of age. The forecast for Washington County shows a slight shift in Millennials from about 29% of the population in 2020 to about 25% of the population in 2040.

²⁸ A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See <http://www.aarp.org/research>.

²⁹ “Aging in Place: A toolkit for Local Governments” by M. Scott Ball.

³⁰ Pew Research Center. (March 2018). “Defining generations: Where Millennials end and post-Millennials begin” by Michael Dimock. Retrieved from: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

Tualatin's ability to attract people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to and is affordable to Millennials. Again, Tualatin is attractive because of the amenities of the Portland Metro region.

The long-term housing preference of Millennials is uncertain. Research suggests that Millennials' housing preferences may be similar to the Baby Boomers, with a preference for smaller, less costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.³¹

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.³² The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center.

Growth in Millennials in Tualatin will result in increased demand for both affordable single-family detached housing (such as small single-family detached units like cottages), as well as increased demand for affordable townhouses and multifamily housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

³¹ The American Planning Association, "Investing in Place; Two generations' view on the future of communities." 2014.

"Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," Transportation for America.

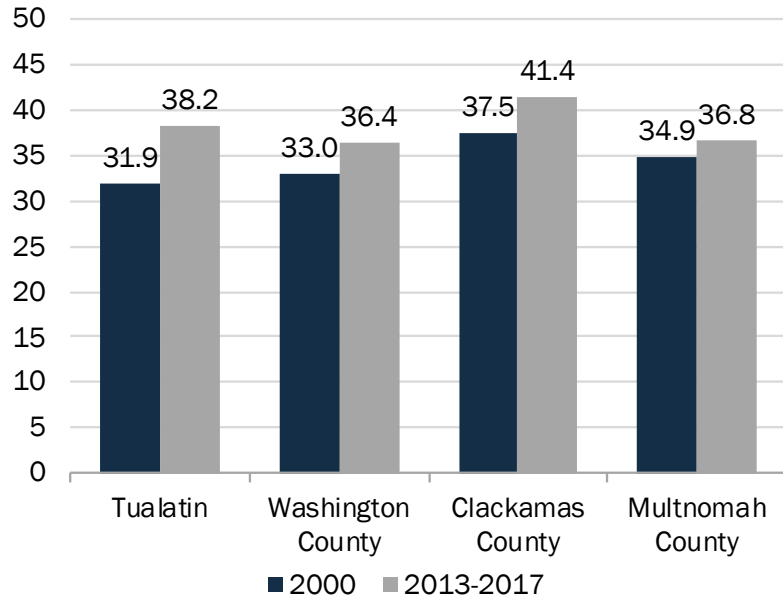
"Survey Says: Home Trends and Buyer Preferences," National Association of Home Builders International Builders

³² Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

From 2000 to 2013-2017, Tualatin's population grew older on average.

Exhibit 33. Median Age, Tualatin, Washington County, Clackamas County, and Multnomah County, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2013-2017 ACS, Table B01002.

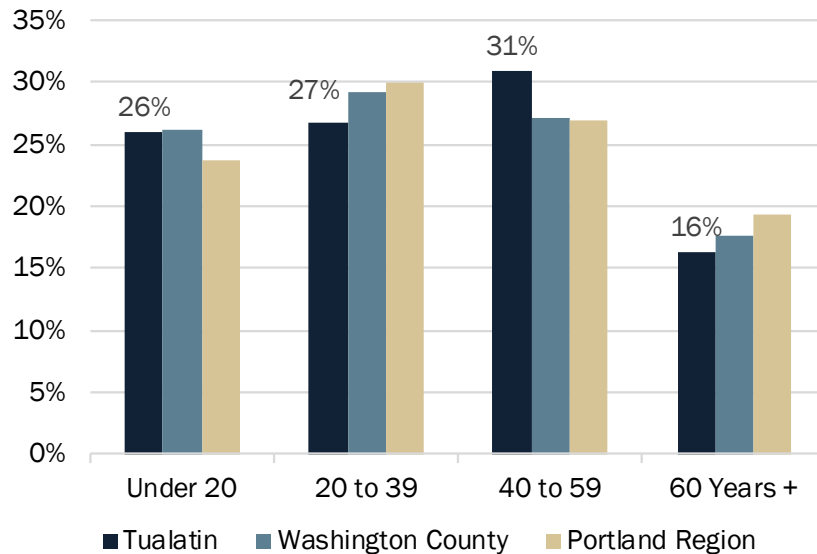


In the 2013-2017 period, about 58% of Tualatin's residents were between the ages of 20 and 59 years.

Tualatin had a slightly smaller share of people over the age of 60 than Washington County and Portland Region.

Exhibit 34. Population Distribution by Age, Tualatin, Washington County, and Portland Region, 2013-2017

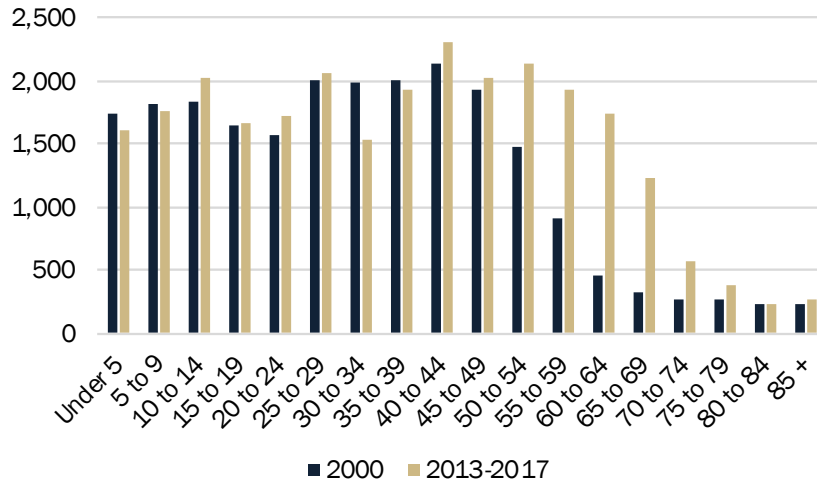
Source: U.S. Census Bureau, 2013-2017 ACS, Table B01001.



The number of senior residents in Tualatin grew between 2000 and the 2013-2017 period.

Exhibit 35. Population Distribution by Age, Tualatin, 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2013-2017 ACS, Table B01001.



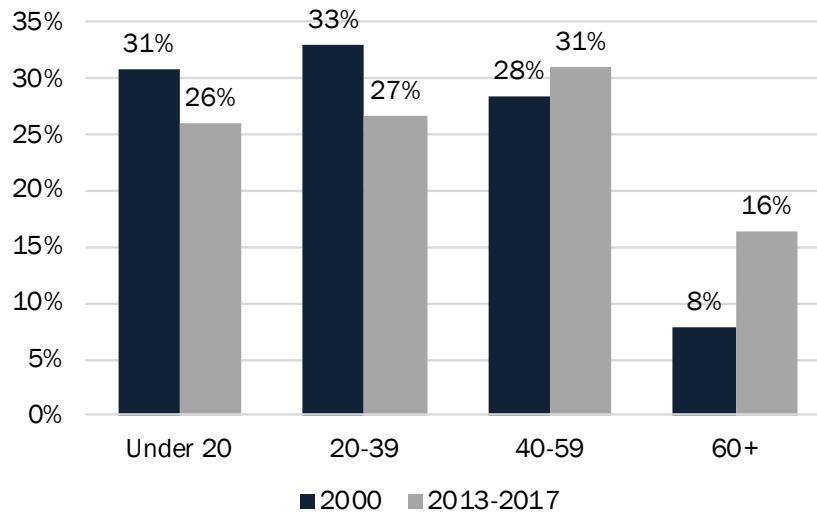
Between 2000 and 2013-2017, the share of Tualatin’s population aged 60 years and older doubled.

Tualatin’s population aged 60 years and older grew by 2,643 people between 2000 and 2013-2017.

This increase can be explained in part through aging of the Baby Boomers across the Portland Region. Development of senior housing in Tualatin likely attracted seniors to Tualatin, increasing the percentage of people over 60 years old in the city.

Exhibit 36. Population Composition by Age, Tualatin, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2013-2017 ACS, Table B01001.



Between 2020 and 2040, Washington County’s population over 60 years old is forecast to grow the fastest, by 62%.

Exhibit 37. Fastest-growing Age Groups, Washington County, 2020 to 2040

Source: Portland State University, Population Research Center, Washington County Forecast, June 2017.

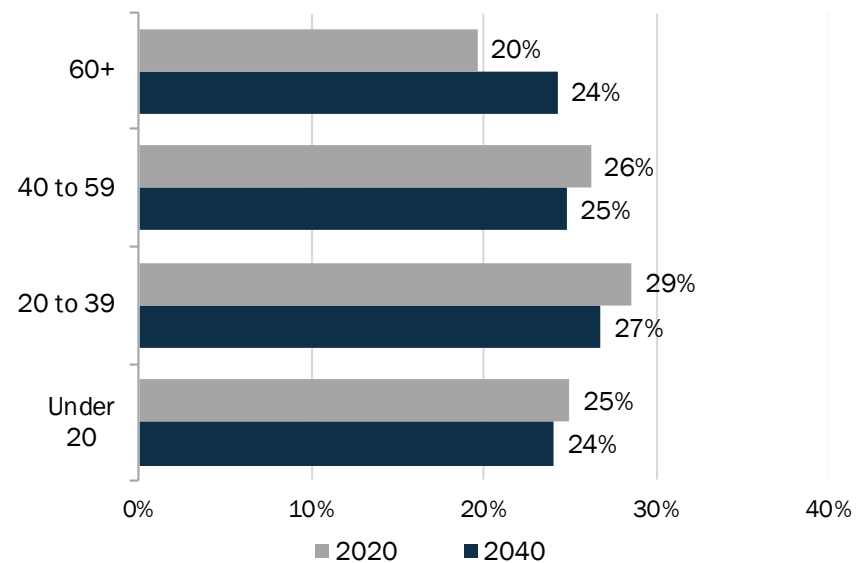
| | | | |
|-----------------|------------------|------------------|----------------|
| 23% | 23% | 24% | 62% |
| 36,773 | 40,023 | 38,953 | 75,217 |
| People | People | People | People |
| Under 20 | 20-39 Yrs | 40-59 Yrs | 60+ Yrs |

Between 2020 and 2040, the share of Washington County residents over the age of 40 will make up 49% of the county's total population.

Of the age cohorts shown in Exhibit 38, the share of residents over 60 years of age will increase by 2040, while the share of all other age cohorts will decrease.

Exhibit 38. Population Growth by Age Group, Washington County, 2020 to 2040

Source: Portland State University, Population Research Center, Washington County Forecast, June 2017.



Increased Ethnic Diversity

Tualatin is becoming more ethnically diverse. The Latinx population grew from 12% of Tualatin's population in 2000 to 16% of the population in the 2013-2017 period, adding about 1,774 new Latinx residents. Tualatin is more ethnically diverse than the Portland Region.

The U.S. Census Bureau forecasts that at the national level, the Latinx population will continue growing faster than most other non-Latinx population between 2020 and 2040. The Census forecasts that the Latinx population will increase 93% from 2016 to 2060 and foreign-born Latinx population will increase by about 40% in that same time.³³

Continued growth in the Latinx population will affect Tualatin's housing needs in a variety of ways.³⁴ Growth in first and, to a lesser extent, second and third generation Latinx immigrants, will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. Foreign-born households, including Latinx immigrants, are more likely to include multiple generations, requiring more space than smaller household

³³ U.S. Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7, https://www.census.gov/content/dam/Census/library/publications/2018/demo/P25_1144.pdf

³⁴ Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2013, Appendix 8, <http://www.pewsocialtrends.org/2013/02/07/appendix-1-detailed-demographic-tables/>. National Association of Hispanic Real Estate Professionals. *2017 State of Hispanic Homeownership Report*, 2017.

sizes. As Latinx households integrate over generations, household size typically decreases, and housing needs become similar to housing needs for all households.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals³⁵, Latinx accounted for 28.6% of the nation’s household formation in 2017. Household formations, for Latinx homeowners specifically, accounted for 15% of the nation’s net homeownership growth. The rate of homeownership for Latinx increased from 45.4% in 2014³⁶ to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was for Latinx households.

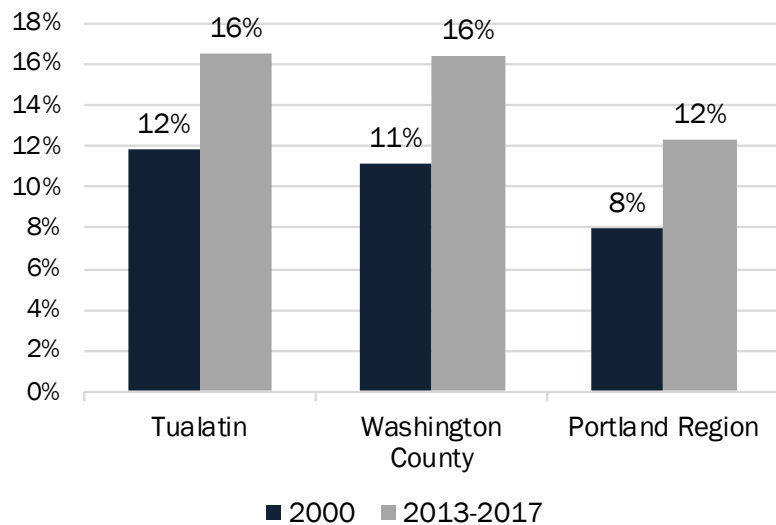
The *State of Hispanic Homeownership* report also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Latinx households are more likely than non-Latinx households to be nuclear households, comprised of married couples with children, and multiple-generation households in the same home, such as parents and adult children living together. These housing preferences—affordability and larger household size—will influence the housing market as the Latinx population continues to grow.³⁷ Accordingly, growth in Latinx households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable.

The share of Tualatin’s population that is Latinx increased by 4% (1,774 people) from 2000 to 2013-2017.

Tualatin was more ethnically diverse than the Portland Region.

Exhibit 39. Latinx Population as a Percent of the Total Population, Tualatin, Washington County, Portland Region, 2000, 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2013-2017 ACS Table B03002.



³⁵ National Association of Hispanic Real Estate Professionals (2017). *2017 State of Hispanic Homeownership Report*.

³⁶ Ibid.

³⁷ Ibid.

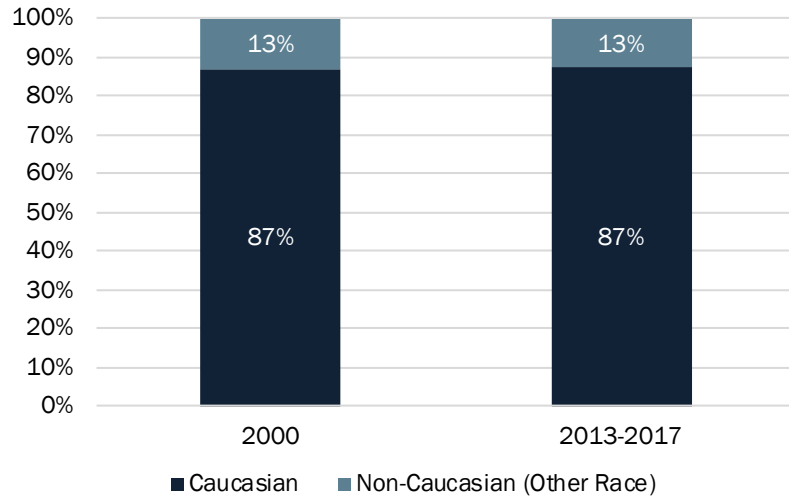
Racial Diversity³⁸

The non-Caucasian population is defined as the share of the population that identifies as a race other than “White alone” according to Census definitions. Racial diversity in Tualatin did not increase between 2000 and the 2013-2017 period and. In the 2013-2017 period, Tualatin was less racially diverse than both the county and region.

The share of the non-white population in Tualatin stayed the same from 2000 to 2013-2017.

Exhibit 40. Non-Caucasian Population as a Percent of Total Population, Tualatin, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2013-2017 ACS Table B02001.

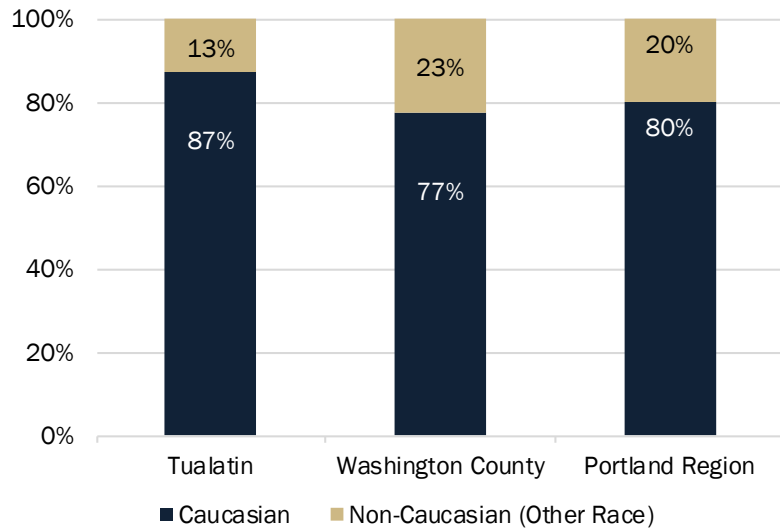


³⁸ The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino (i.e., Latinx) and Not Hispanic or Latino (i.e., Non-Latinx). Latinx is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories.

In the 2013-2017 period, Tualatin was less racially diverse than Washington County and the Portland Region.

Exhibit 41. Non-Caucasian Population as a Percent of Total Population, Tualatin, Washington County, and the Portland Region 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B02001.



Homelessness

Washington County's point-in-time homeless count decreased by about 4% (22 people) from 2017 to 2018.

Between 2015 and 2018, individuals who were homeless (and sheltered) decreased 17%. Individuals who were homeless (and unsheltered) decreased 9%.

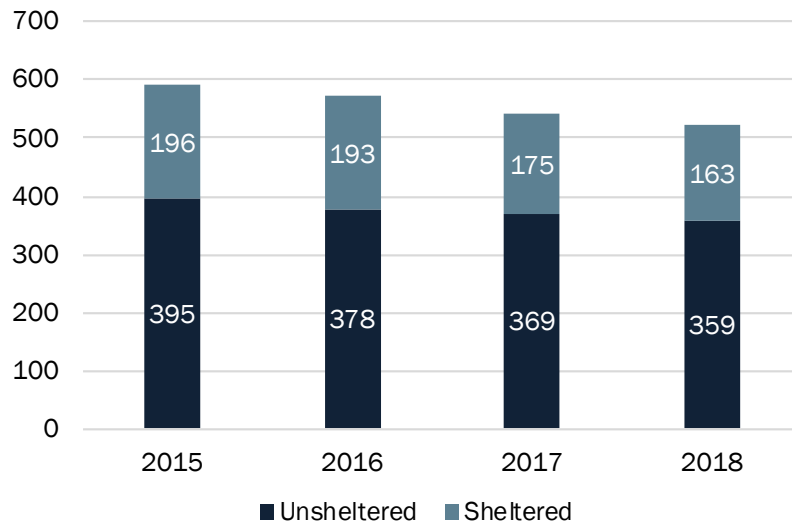
Exhibit 42. Number of Persons Homeless, Washington County, Point-in-Time Count, 2017 and 2018

Source: Washington County, Point in Time Count, January 2017, 2018

544 Persons **522 Persons**
2017 2018

Exhibit 43. Number of Persons Homeless by Living Situation, Washington County, Point-in-Time Count, 2015 through 2018

Source: Washington County, Point in Time Count, January 2015, 2016, 2017, 2018



Household Size and Composition

Tualatin’s households are smaller than Washington County’s households. Tualatin’s household composition shows that households in Tualatin are similar to Washington County and Portland Region averages.

Tualatin’s average household size was smaller than Washington County’s and Clackamas County’s, but larger than Multnomah County’s.

Exhibit 44. Average Household Size, Tualatin, Washington County, Clackamas County, Multnomah County, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25010.



According to the two most recent Decennial Censuses, Tualatin’s average household size (for householder identifying as Latinx) decreased by 0.27 person.

Exhibit 45. Average Household Size for Latinx Householder, Tualatin, 2000 and 2010

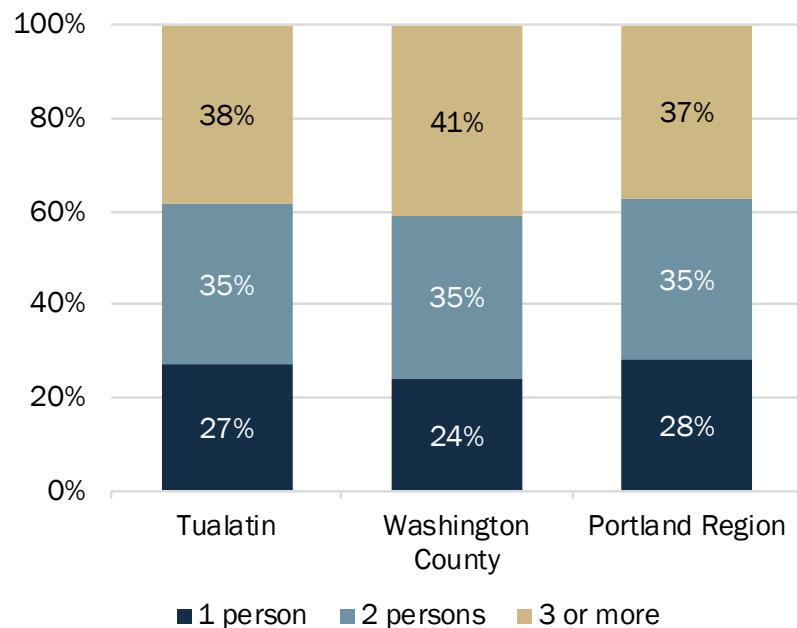
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25010.



About 62% of Tualatin’s households were 1- or 2-person households, compared to 59% of Washington County’s and 63% of the Portland Region’s households.

Exhibit 46. Household Size, Tualatin, Washington County, and Portland Region, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25010.

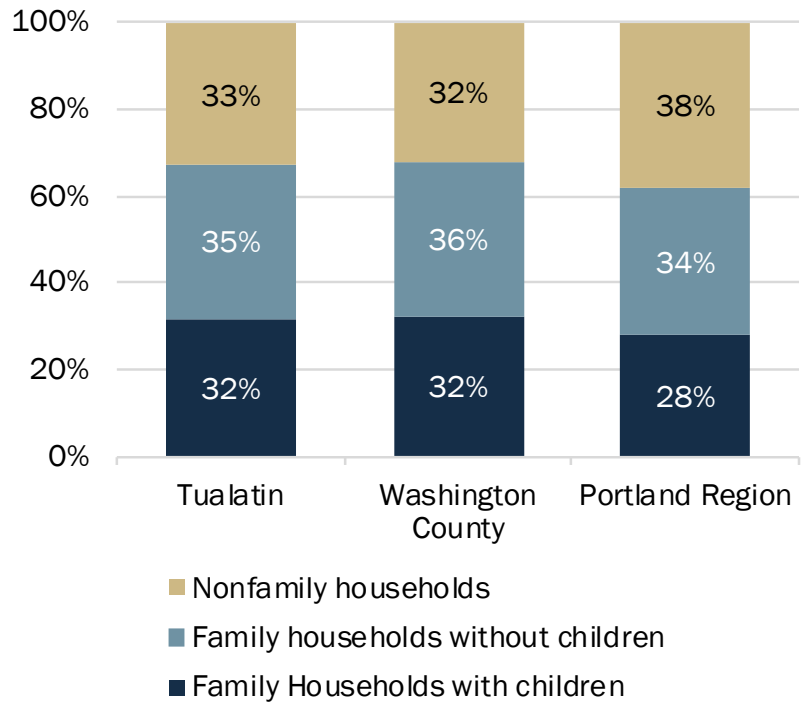


Tualatin had a similar household composition to Washington County. Compared to the Portland Region, Tualatin had a smaller share of nonfamily households and a larger share of family households with children.

About a third of Tualatin's households were non-family households (i.e. 1-person households and households composed of roommates).

Exhibit 47. Household Composition, Tualatin, Washington County, and Portland Region, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table DP02.



Households, with a Latinx head of household, were more likely to have more than one occupant per room in the 2013-2017 period, compared to all households and households with a Caucasian head of household.

Exhibit 48. Occupants per Room, Tualatin, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25014.

2.2%

All Households

1.8%

Households, with White (alone) head of household

11.3%

Households, with Latinx head of household

Income of Tualatin Residents

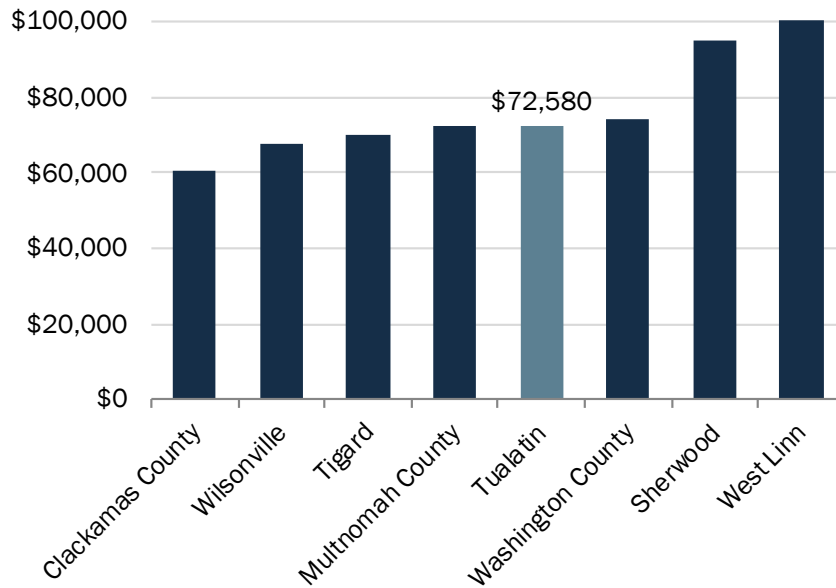
Income is one of the key determinants in housing choice and households' ability to afford housing. Income for residents living in Tualatin was lower than the Washington County median income and the state's.

Over the 2013-2017 period, Tualatin's median household income (MHI) was below that of Washington County's.

Tualatin's MHI was \$1,453 lower than Washington County's MHI (\$74,033).

Exhibit 49. Median Household Income, Tualatin, Washington County, and Comparison regions, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25119.



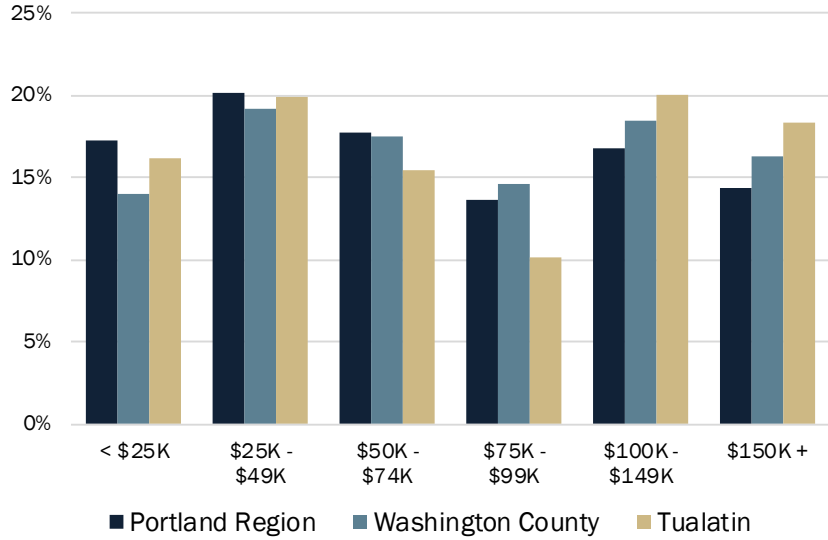
Tualatin had a larger share of higher-earning households.

About 38% of Tualatin’s households earned more than \$100,000 per year, compared to 35% of Washington County households and 31% of the Portland Region’s households.

About 36% of Tualatin’s households earned \$50,000 or less per year, compared to 33% of Washington County’s households and 37% of the Portland Region’s households.

Exhibit 50. Household Income, Tualatin, Washington County, and Portland Region, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19001.

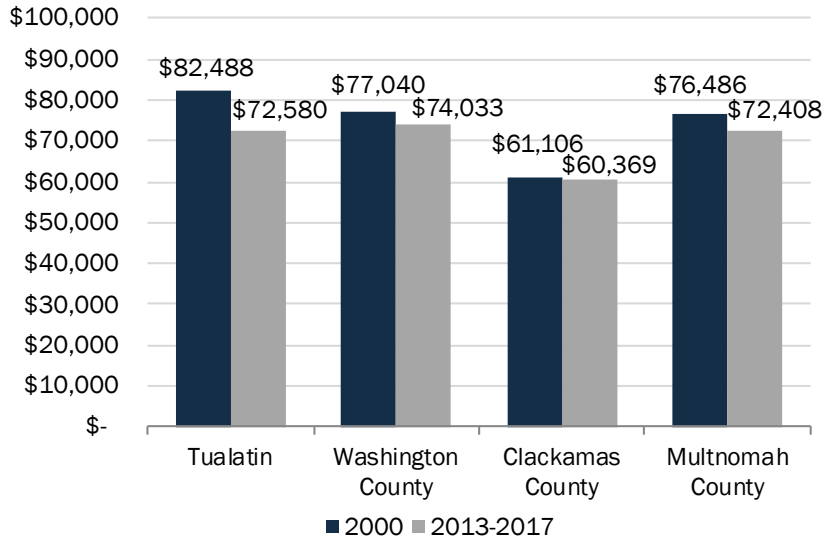


After adjusting for inflation, Tualatin’s median household income (MHI) decreased by 12%, from \$82,488 in 2000 to \$72,580 in 2013-2017.

In this same time, Washington County’s MHI decreased by 4%, Clackamas County’s MHI decreased by 1%, and Multnomah County’s MHI decreased by 5%.

Exhibit 51. Change in Median Household Income (Inflation-adjusted 2017 dollars), Tualatin, Washington County, Clackamas County, and Multnomah County, 2000 and 2013-2017

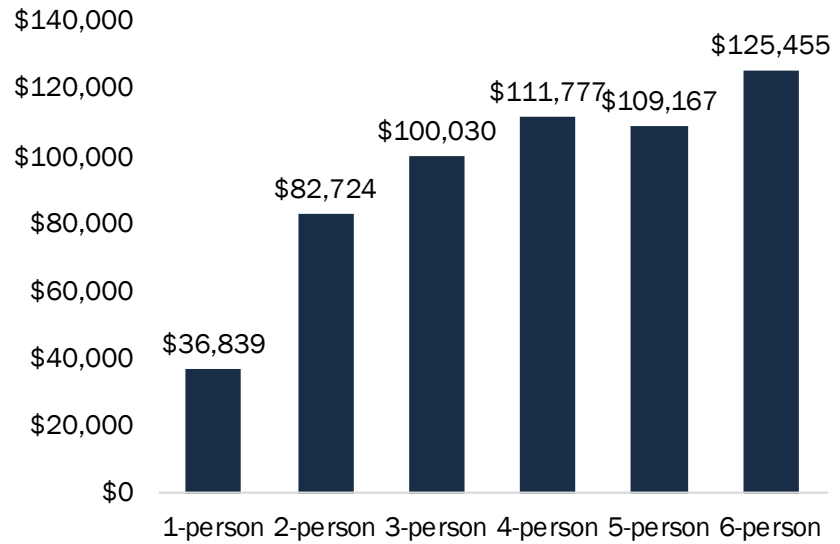
Source: U.S. Census Bureau, 2000 Decennial Census, Table HCT012; 2013-2017 ACS 5-year estimate, Table B25119; Bureau of Labor Statistics Inflation Calculator.



The median household income for a 4-person household was 3x the median household income for a 1-person household.

Exhibit 52. Median Household Income by Household Size, Tualatin, 2013-2017

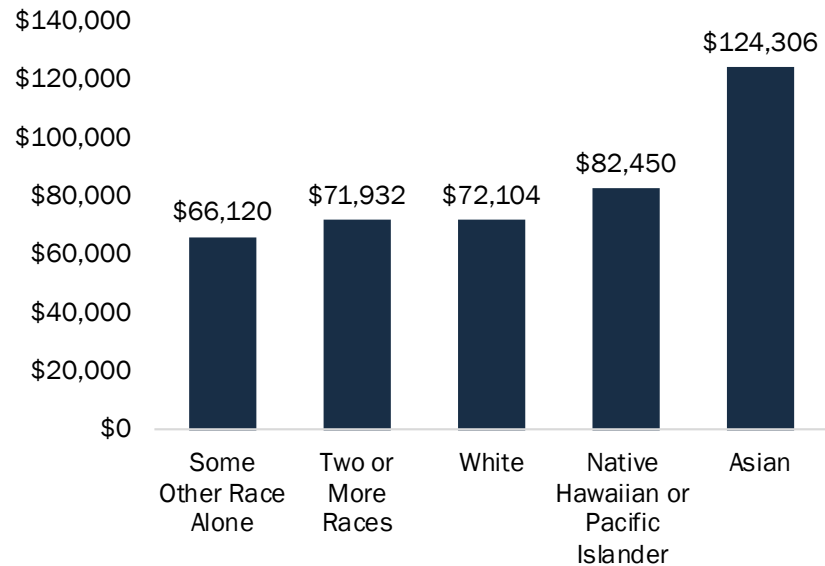
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25119.



Median household income, of households with an Asian head of household, were proportionately higher in Tualatin.

Exhibit 53. Median Household Income by Race of the Head of Household, Tualatin, 2013-2017

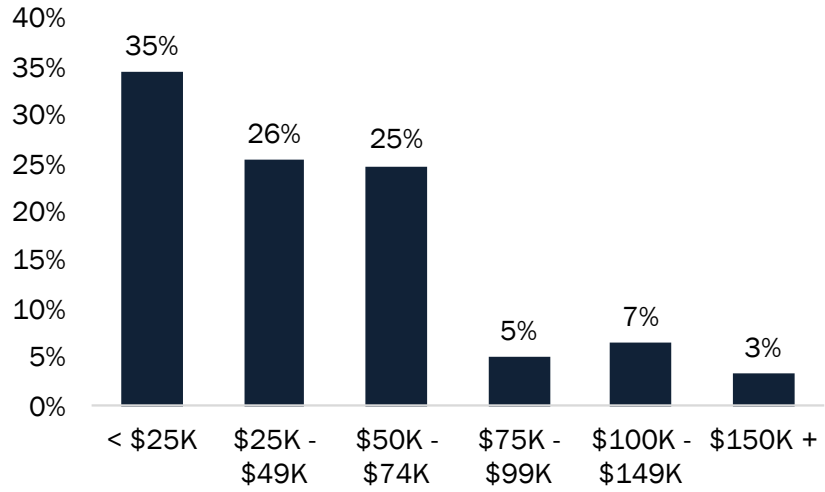
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19013A-G. Note: data was not available for heads of households identifying as a Black / African American or as American Indian and Alaska Native.



Most households with a Latinx head of household earned less than \$50,000 per year.

Exhibit 54. Household Income by Latinx Head of Household, Tualatin, 2013-2017

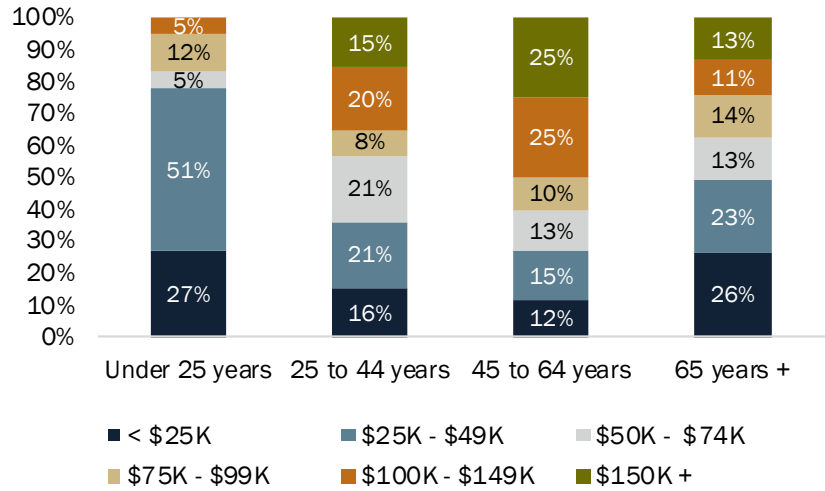
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19001I.



In the 2013-2017 period, 78% of households with a householder 25 and younger and 49% of households with a householder 65 years and older earned less than \$50,000 per year.

Exhibit 55. Household Income by Age of Householder, Tualatin, 2013-2017

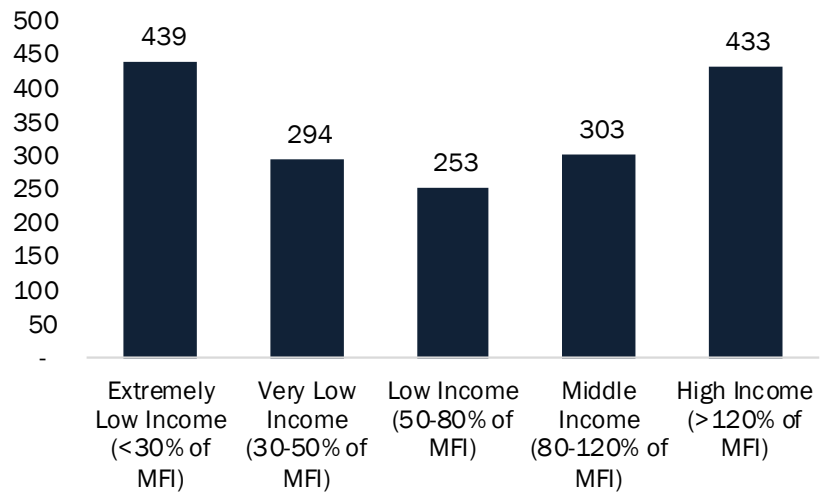
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19037.



About a quarter of households with a householder aged 65 years and older) were extremely low income in the 2013-2017 period. About a quarter of those households were high income.

Exhibit 56. Median Family Income (\$81,400) by Age of Householder (Aged 65 Years and Older), Tualatin, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table XXXX. Note: Median Family Income for Washington County was \$81,400 (U.S. Department of Housing and Urban Development).



Commuting Trends

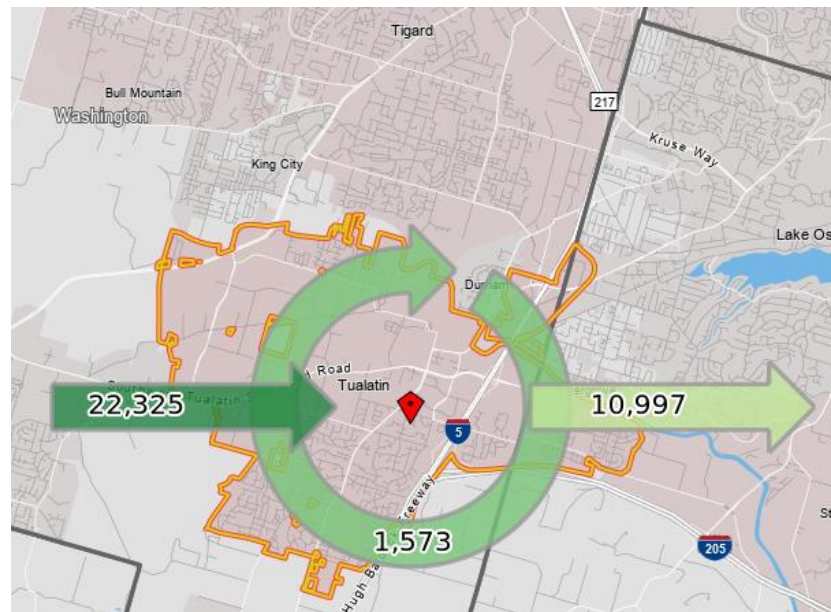
Tualatin is part of the complex, interconnected economy of the Portland Region. Of the more than 23,800 people who work in Tualatin, 93% of workers commute into Tualatin from other areas, most notably Portland, Tigard, Beaverton, and Hillsboro. Almost 11,000 residents of Tualatin commute out of the city for work, many of them to Portland.

Tualatin is part of an interconnected regional economy.

More than 22,000 people commuted into Tualatin for work, and nearly 11,000 people living in Tualatin commuted out of the city for work.

Exhibit 57. Commuting Flows, Tualatin, 2015

Source: U.S. Census Bureau, Census On the Map.



About 7% of people who worked at businesses located in Tualatin also lived in Tualatin.

The remainder commuted from Portland and other parts of the Region.

Exhibit 58. Places Where Workers at Businesses in Tualatin Live, 2015

Source: U.S. Census Bureau, Census On the Map.



About 27% of Tualatin residents worked in Portland.

A little over 12% of Tualatin residents lived and worked in Tualatin.

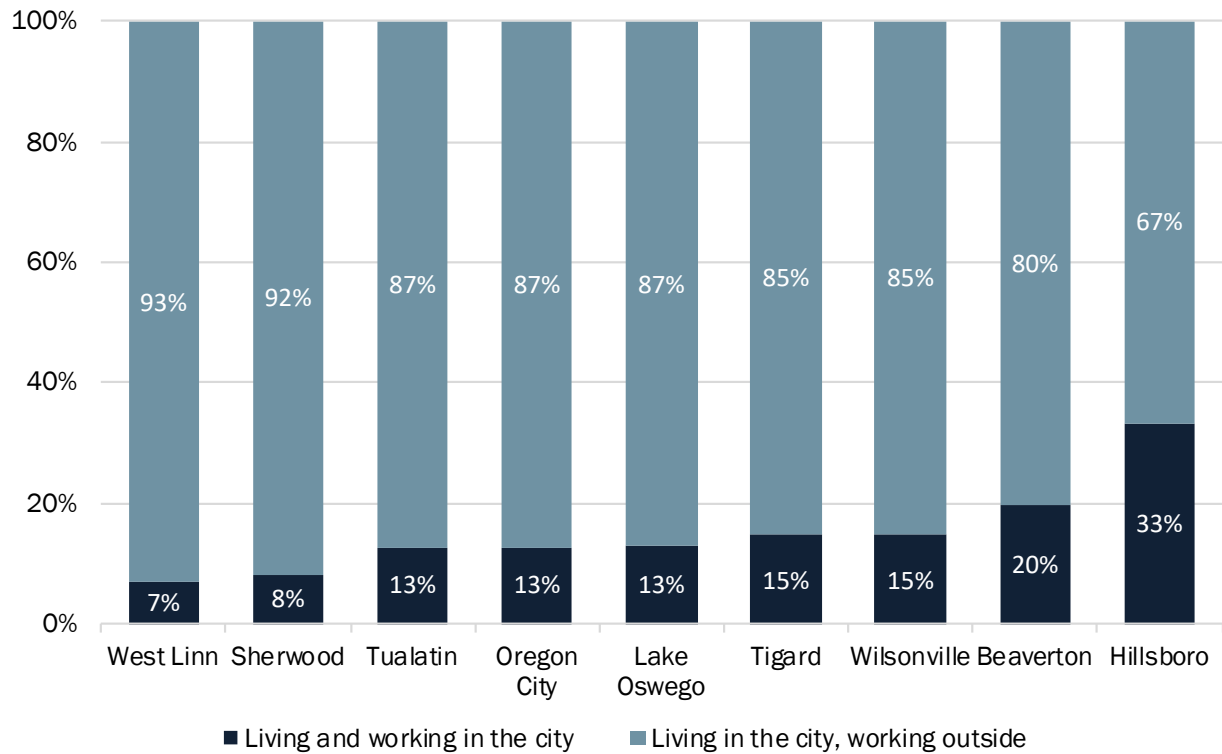
Exhibit 59. Places Where Tualatin Residents were Employed, 2015

Source: U.S. Census Bureau, Census On the Map.



Exhibit 60. Commuting Flows of Residents, Tualatin Relative to Comparison Geographies, 2015

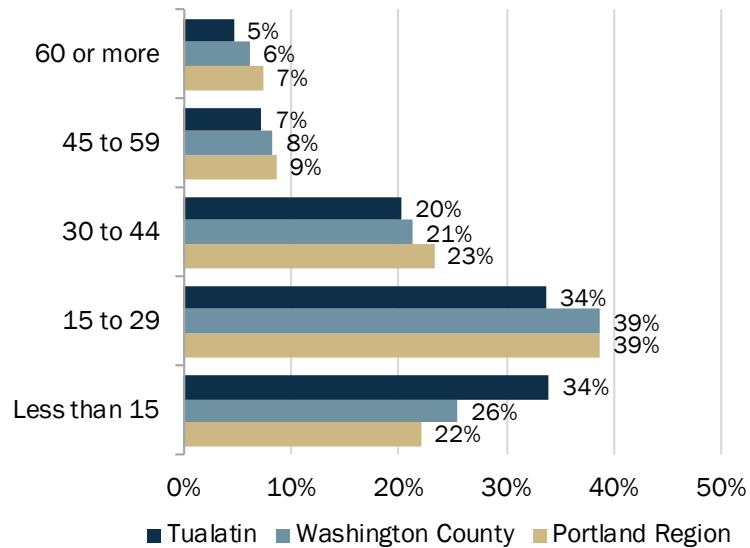
Source: U.S. Census Bureau, Census On the Map.



Most of Tualatin residents (68%) had a commute time that took less than 30 minutes.

Exhibit 61. Commute Time by Place of Residence, Tualatin, Washington County, and Portland Region, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B08303.



Regional and Local Trends Affecting Affordability in Tualatin

This section describes changes in sales prices, rents, and housing affordability in Tualatin. It uses cities in the region, as well as Washington County and Oregon, as comparisons.

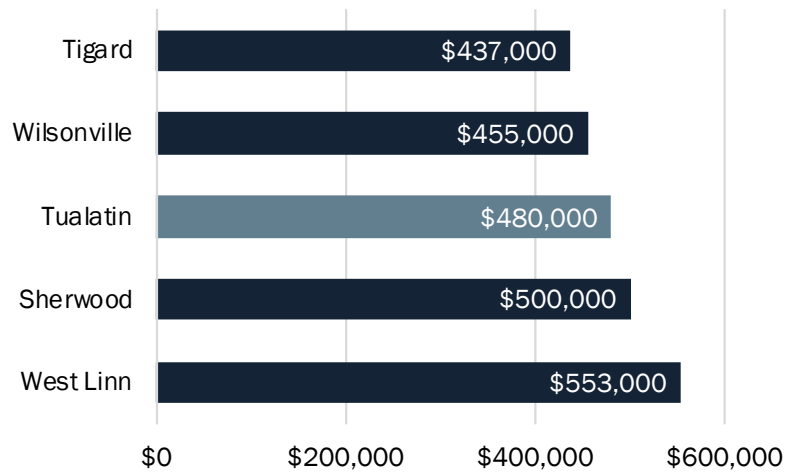
Changes in Housing Costs

With a median sale price of \$480,000 in February 2019, Tualatin’s housing sales were slightly higher than some comparison cities in this analysis, but below sale prices of other cities. Tualatin’s housing prices grew along with comparison cities over the January 2015 to February 2019 analysis period.

Tualatin’s median home sale price was within range of comparison cities.

Exhibit 62. Median Home Sale Price, Tualatin and Comparison Cities, February 2019

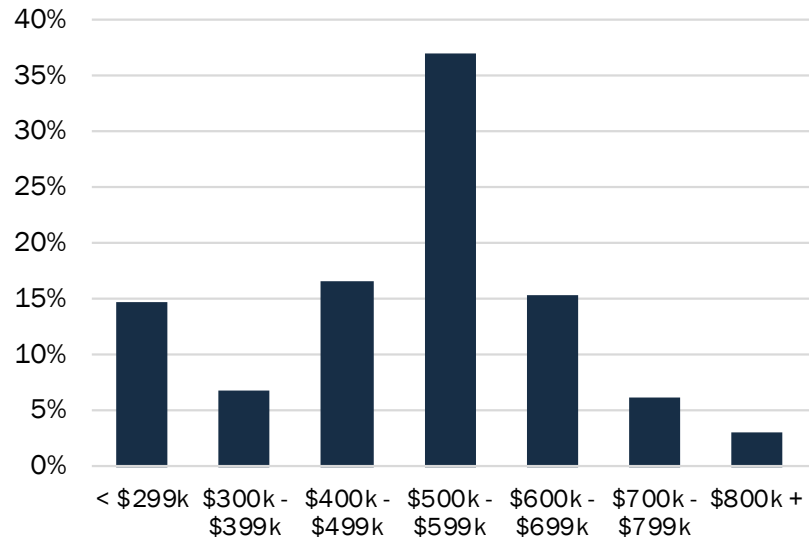
Source: Redfin.



In 2017 through 2018, more than half of the homes (62%) in Tualatin sold for more than \$500,000.

Exhibit 63. Distribution of Home Sale Prices, Tualatin, 2017–2018

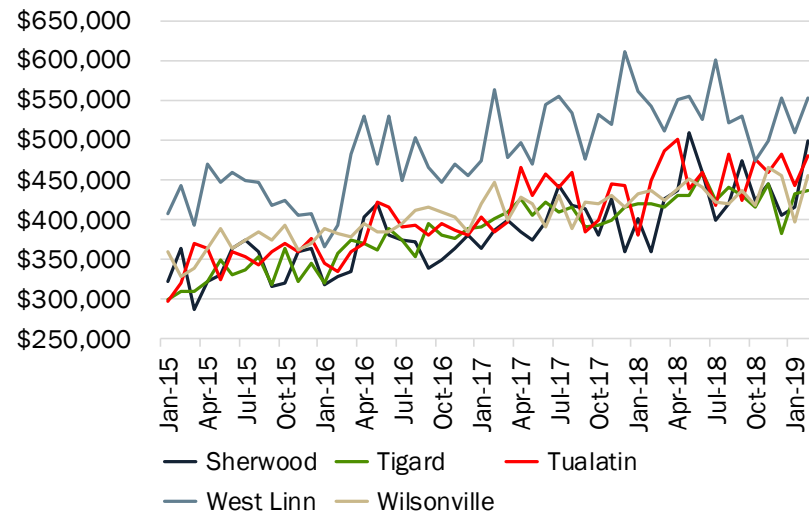
Source: RLIS.



Between January 2015 and February 2019, home sale prices in Tualatin followed similar trends to other nearby cities (with West Linn as an outlier).

Exhibit 64. Median Sale Price, Tualatin and Comparison Cities, January 2016–February 2019

Source: Redfin.



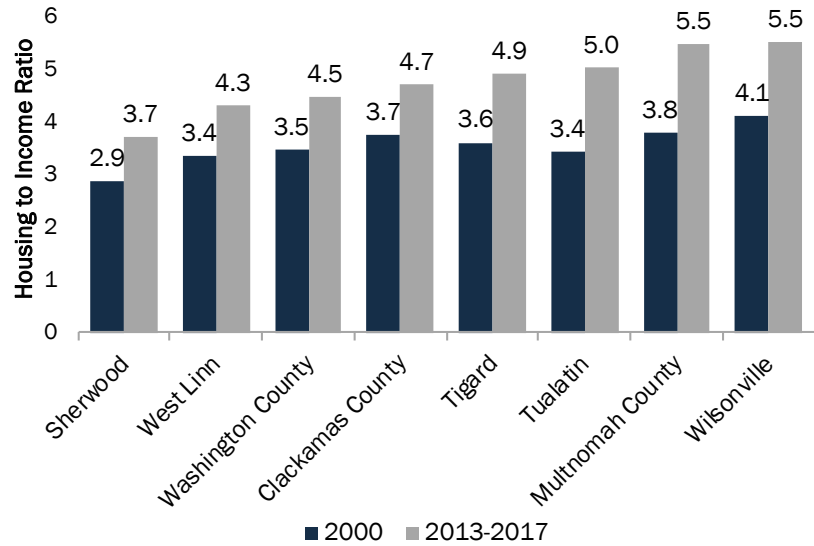
Since 2000, housing costs in Tualatin increased faster than incomes.

The household reported median value of a house in Tualatin was 3.4 times the median household income (MHI) in 2000 and 5.0 times MHI in 2016.

The decline of housing affordability was more extreme than in Washington County overall.

Exhibit 65. Ratio of Median Housing Value to Median Household Income, Tualatin, Washington County, and Comparison Jurisdictions, 2000 to 2013–2017³⁹

Source: U.S. Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



³⁹ This ratio compares the median value of housing in Tualatin (and other places) to the median household income. Inflation-adjusted median owner values in Tualatin increased from \$282,532 in 2000 to \$365,700 in 2013–2017. Over the same period, inflation-adjusted median income decreased from \$82,488 to \$72,580.

Rental Costs

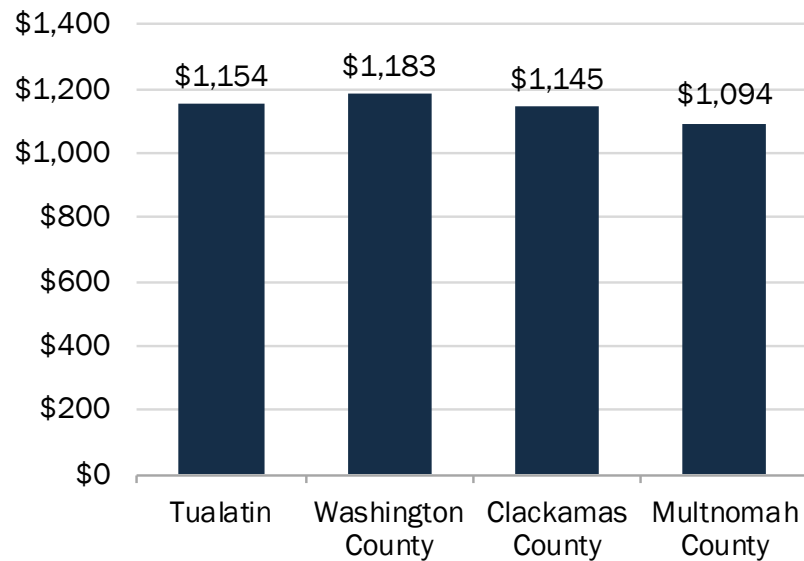
Median multifamily rents in Tualatin and Washington County are about \$1,200. The following charts show gross rent (which includes the cost of rent plus utilities) for Tualatin in comparison to Washington County and the Portland Region.

The median gross rent in Tualatin was \$1,154 in the 2013-2017 period.

Rent in Tualatin was comparable to that of comparison regions.

Exhibit 66. Median Gross Rent, Tualatin, Washington County, Clackamas County, and Multnomah County, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25064.

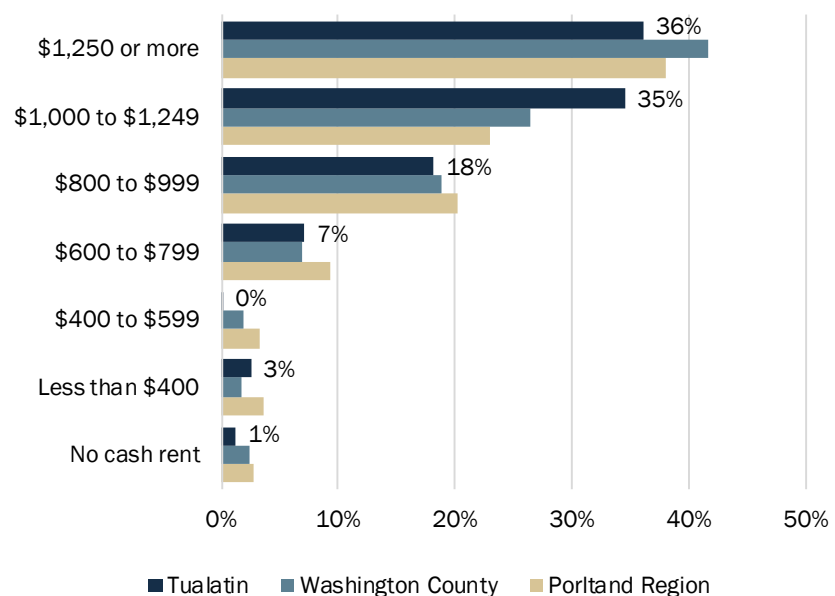


Most renters in Tualatin paid more than \$1,000 per month in rent.

About 36% of Tualatin's renters paid \$1,250 or more in gross rent per month, a smaller share than renters across Washington County (42%) and the Portland Region (38%).

Exhibit 67. Gross Rent, Tualatin, Washington County, and Portland Region, 2013-2017

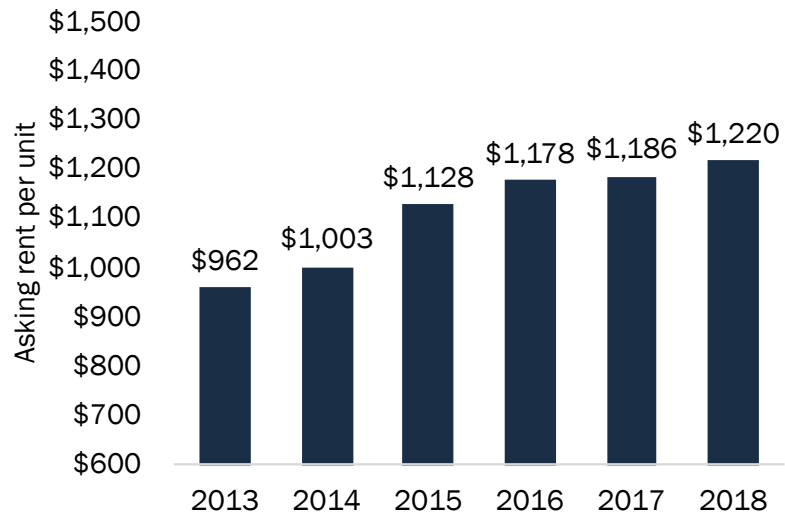
Source: U.S. Census Bureau, 2013-2017 ACS Table B25063.



Tualatin's average asking multifamily rent per unit increased by \$372, from \$848 in 2010 to \$1,220 in 2018.

Exhibit 68. Average Asking Multifamily Rent Per Unit, Tualatin, 2013 through 2018

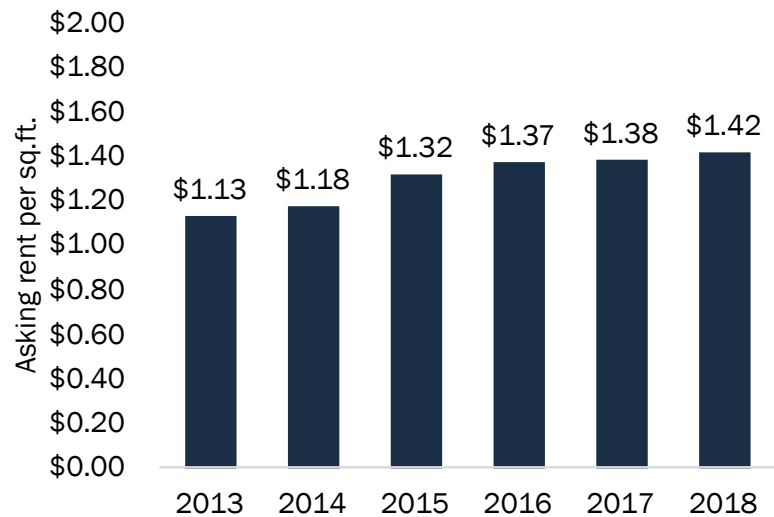
Source: CoStar.



Tualatin's average asking multifamily rent per square foot had increased since 2013.

Exhibit 69. Average Asking Multifamily Rent per Square Foot, Tualatin, 2013 through 2018

Source: CoStar.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden,” and households paying more than 50% of their income on housing experience “severe cost burden.” Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

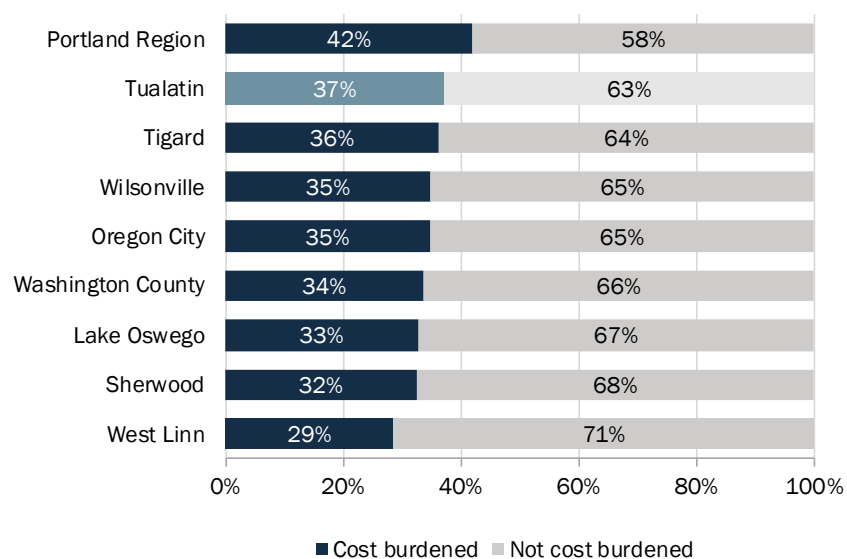
About 37% of Tualatin’s households (renters and homeowners) are cost burdened, of which 16% are severely cost burdened. About 56% of renter households (households who rent) are cost burdened, compared with 22% of homeowners (households who own their own home). Twenty-five percent of households in Tualatin are rent burdened households.⁴⁰ Overall, Tualatin has a slightly larger share of cost-burdened households than Washington County but a lower share of cost-burdened households than the Portland Region.

Overall, about 37% of all households in Tualatin were cost burdened.

In the 2013-2017 period, Tualatin had one of the highest rates of cost burdened households relative to other comparison areas.

Exhibit 70. Housing Cost Burden, Tualatin, Washington County, and Comparison Areas, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Tables B25091 and B25070.

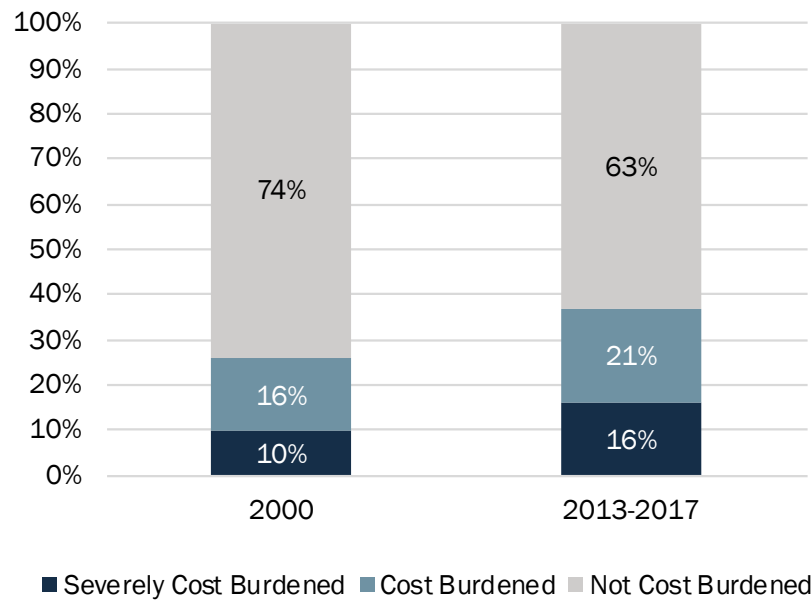


⁴⁰ Cities with populations >10,000 are required, per HB 4006, to assess “rent burden” if more than 50% of renters are cost burdened. In Tualatin as of the 2013-2017 period, 56% of total renter households were cost burdened. Upon further assessment, we find that a quarter (25%) of Tualatin’s households (renters and homeowners) were cost burdened renters (households that rent housing and pay more than 30% of their income on housing).

From 2000 to the 2013-2017 period, the share of cost burdened and severely cost burdened households in Tualatin grew by 11%.

Exhibit 71. Change in Housing Cost Burden, Tualatin, 2000 to 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, Tables H069 and H094 and 2013-2017 ACS Tables B25091 and B25070.

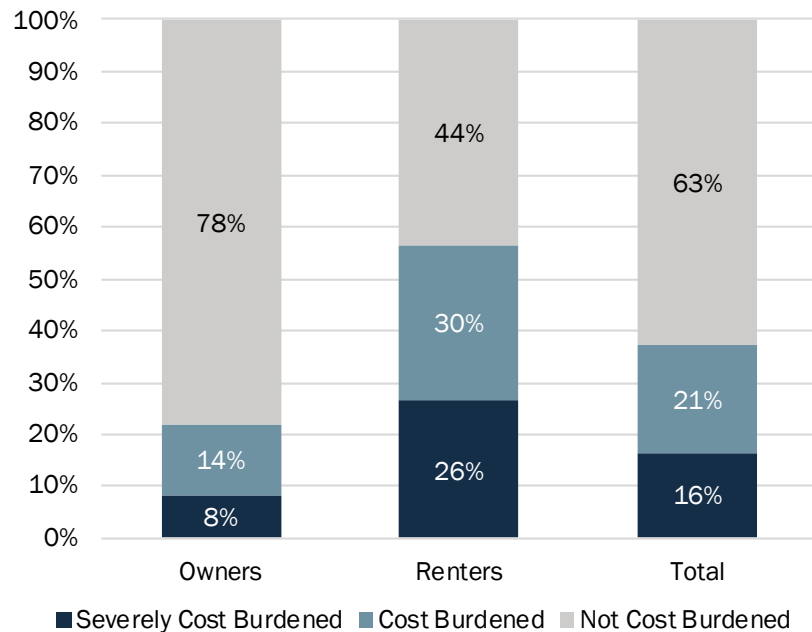


Renters were more likely to be cost burdened than homeowners.

In the 2013-2017 period, about 56% of Tualatin’s renters were cost burdened or severely cost burdened, compared to 22% of homeowners.

Exhibit 72. Housing Cost Burden by Tenure, Tualatin, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Tables B25091 and B25070.

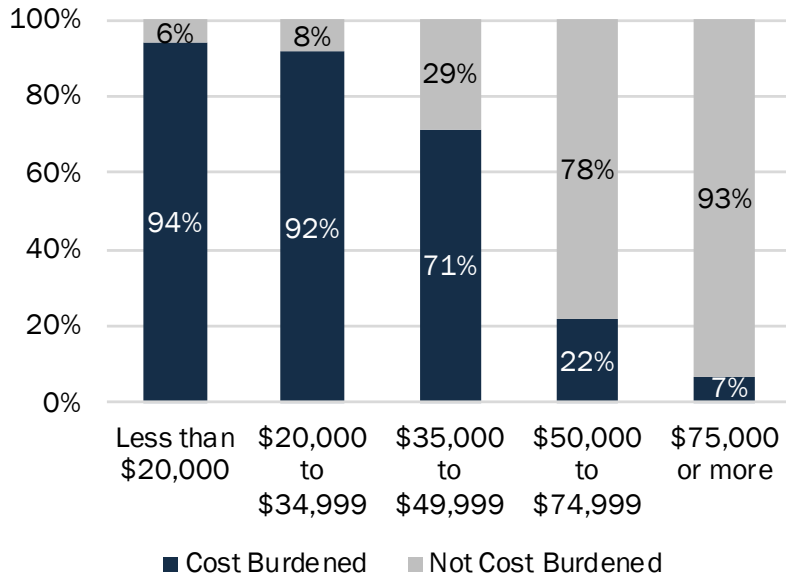


Nearly all renter households earning less than \$35,000 per year were cost burdened.

Most households earning between \$35,000 and \$50,000 per year were cost burdened.

Exhibit 73. Cost Burdened Renter Households, by Household Income, Tualatin, 2013-2017

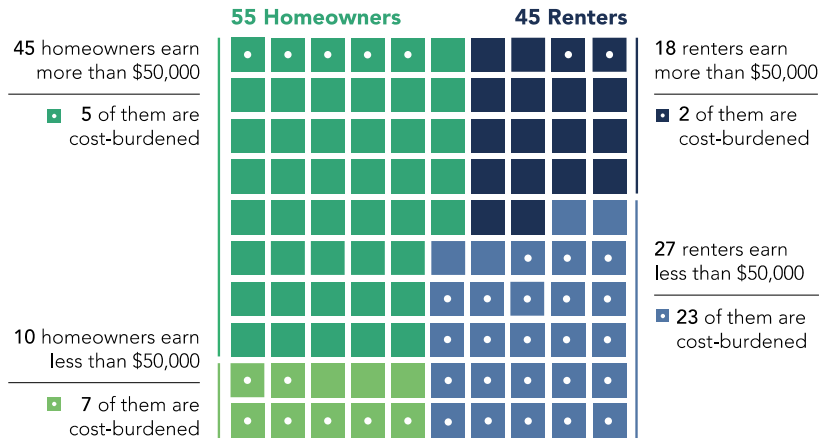
Source: U.S. Census Bureau, 2013-2017 ACS Table B25074.



If all of Tualatin's households were 100 residents, 27 households would be renters earning \$50,000 or less per year; 23 of these households (85%) would be cost burdened.

Exhibit 74. Illustration of Cost Burden: If all of Tualatin's Households were 100 Residents

Source: U.S. Census Bureau, 2013-2017 ACS Table S2503.



Another measure of cost burden is considering housing costs plus transportation costs. When examining housing and transportation cost burden, a household is considered cost burdened if they spend more than 45% of gross income on housing and transportation costs combined. Metro's 2014 *Metro Urban Growth Report* contains extensive documentation of housing and transportation cost burden.

Tualatin residents spend between 34% and 40% of their income on housing plus transportation costs.

Compared to the Metro Region, Tualatin residents spend a similar percentage of their income on housing and transportation costs.

Exhibit 75. Average Cost of Transportation and Housing as a Percent of Income, Tualatin and the Metro Region, 2010 and 2035⁴¹

Source: 2014 Metro Urban Growth Report, Appendix 12.

| | | |
|-------------|---|--|
| 2010 | 40% \$2,541 per month Tualatin | 39% \$2,300 per month Metro UGB |
| | 2035 | 34% \$2,723 per month Tualatin |

Using Metro's definition for cost burdened, about 15% of households in Tualatin are forecast to be cost burdened by 2035, comparable with the region.

Exhibit 76. Percent of Households with Housing and Transportation Cost Burden, Tualatin and the Metro Region, 2010 and 2035

Source: 2015 Metro Urban Growth Report, Appendix 12.

| | | |
|-------------|--|---|
| 2010 | 20% 2,046 households Tualatin | 17% 104,100 households Metro UGB |
| | 2035 | 15% 1,838 households Tualatin |

⁴¹ 2035 estimates use Metro's Medium Growth forecast.

While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on non-discretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household’s ability to pay for necessary non-discretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household’s accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost burden indicator.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair Market Rent for a 2-bedroom apartment in Washington County was \$1,330 in 2018.

Exhibit 77. HUD Fair Market Rent (FMR) by Unit Type, Washington County, 2018

Source: U.S. Department of Housing and Urban Development.

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| \$1,026 | \$1,132 | \$1,330 | \$1,935 | \$2,343 |
| Studio | 1-Bedroom | 2-Bedroom | 3-Bedroom | 4-Bedroom |

A household must earn at least \$25.58 per hour to afford a two-bedroom unit at Fair Market Rent (\$1,330) in Washington County.

Exhibit 78. Affordable Housing Wage, Washington County, 2018

Source: U.S. Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

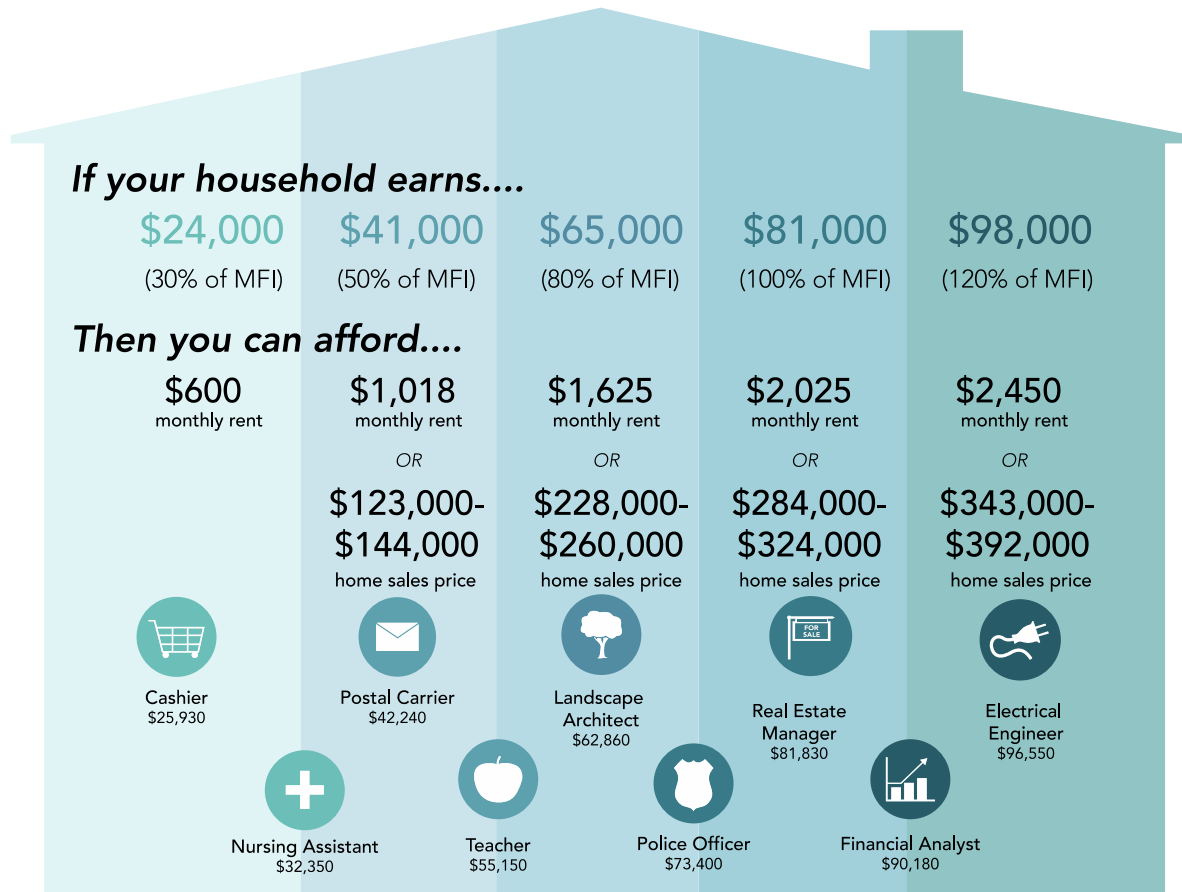
\$25.58 per hour

Affordable Housing Wage for two-bedroom Unit in Washington County

Illustrated in Exhibit 79, a household earning median family income in Washington County (about \$81,000 per year) can afford a monthly rent of about \$2,025 or a home roughly valued between \$284,000 and \$324,000.

Exhibit 79. Financially Attainable Housing, by Median Family Income (MFI) for Washington County (\$81,400), Tualatin, 2018

Source: U.S. Department of Housing and Urban Development, Washington, 2018. Bureau of Labor Services, 2017, for Portland MSA.



About 26% of Tualatin's households had incomes less than \$41,000 and cannot afford a two-bedroom apartment at Washington County's Fair Market Rent (FMR) of \$1,330.

Exhibit 80. Share of Households, by Median Family Income (MFI) for Washington County (\$81,400), Tualatin, 2018

Source: U.S. Department of Housing and Urban Development, Washington County, 2018. U.S. Census Bureau, 2013-2017 ACS Table 19001.

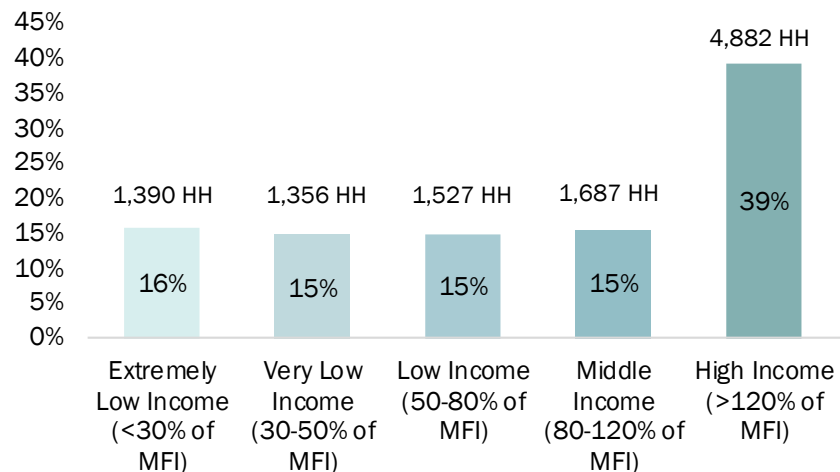
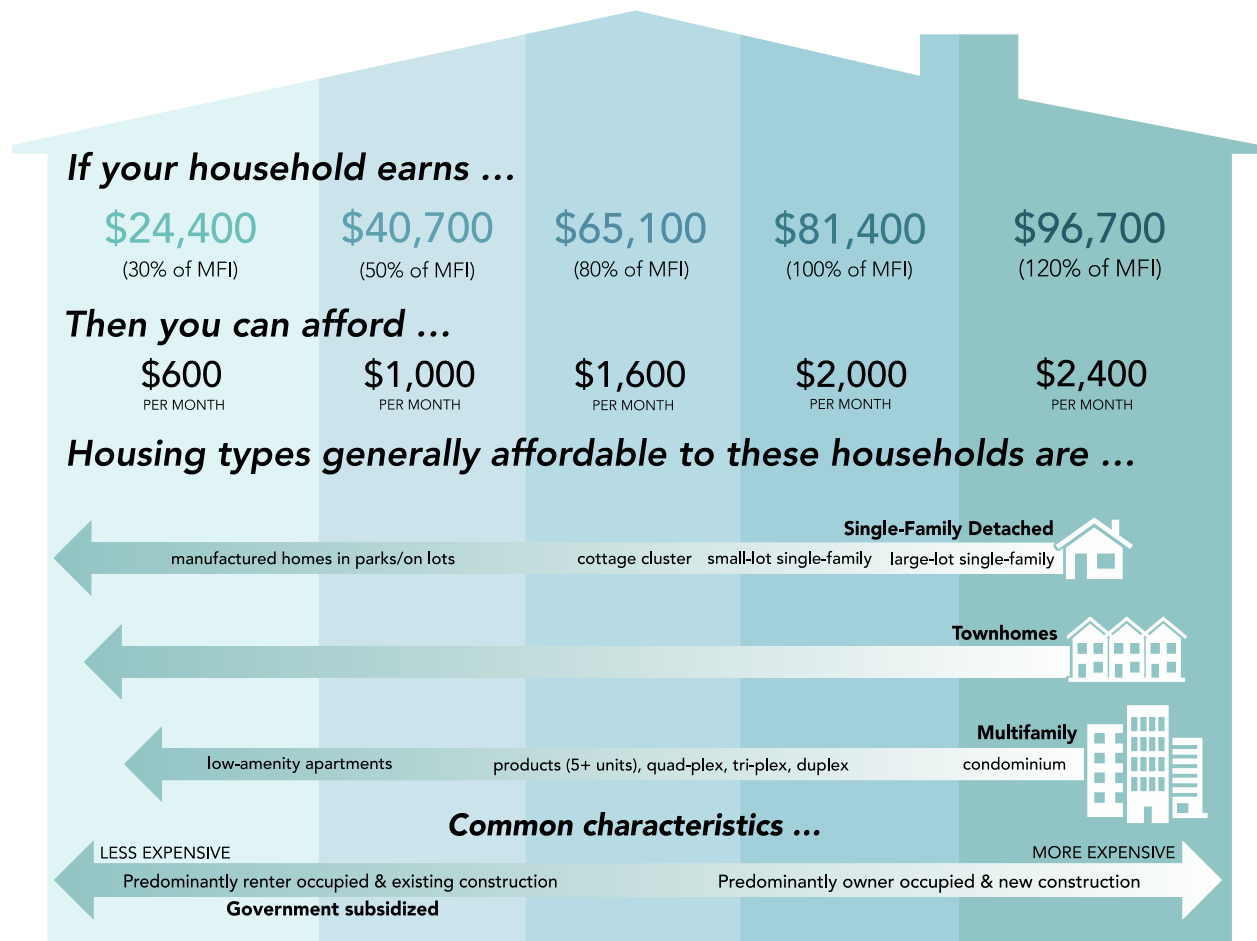


Exhibit 81 illustrates the types of financially attainable housing by income level in Washington County. Generally speaking, lower-income households will be renters occupying existing housing. Newly built housing will be a combination of renters (most likely in multifamily housing) and homeowners. The types of housing affordable for the lowest income households is limited to subsidized housing, manufactured housing, lower-cost single-family housing, and multifamily housing (apartments). The range of financially attainable housing increases with increased income.

Exhibit 81. Types of Financially Attainable Housing by Median Family Income (MFI) for Washington County (\$81,400), Tualatin, 2018

Source: U.S. Department of Housing and Urban Development, Washington County, 2018.



While Exhibit 63 presented a distribution of home sale prices in Tualatin from homes sold in 2017–2018, Exhibit 82 presents a distribution of home sale prices by affordability range for Tualatin in 2016–2018. Most housing sold in Tualatin in 2016, 2017, 2018 these years were affordable to households earning between 150% and 200% of the Median Family Income (MFI), or a household income of about \$122,100 to \$162,800. If housing prices continue to rise as they have in Exhibit 82, Tualatin may need to consider policies to support development of housing affordable for homeownership for households earning 80% to 150% of MFI, such as allowing smaller lot and smaller unit single-family detached housing or townhouses or policies to lower the costs of housing development such as SDC waivers or other financial support for development of housing affordable for homeownership.

Exhibit 82. Distribution of Home Sale Prices by Affordability Range, Tualatin, 2016, 2017, 2018

Source: RLIS. Note: 2018 data is through September 2018.

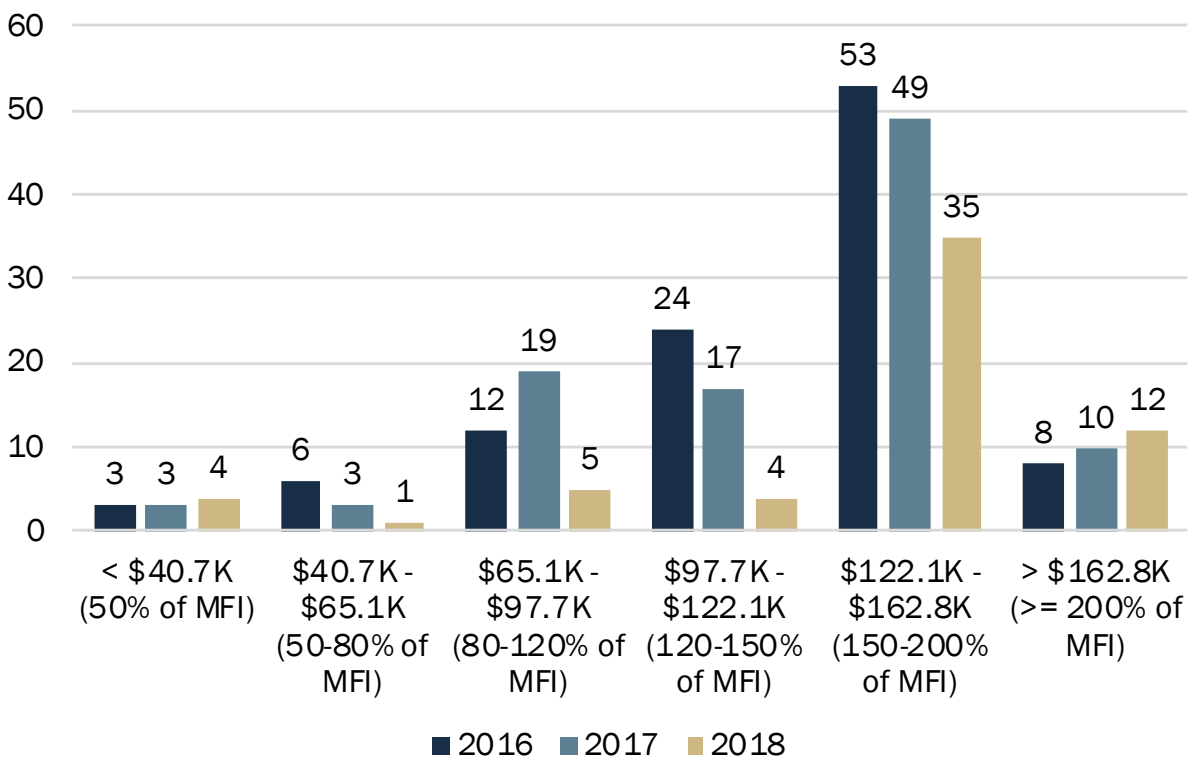
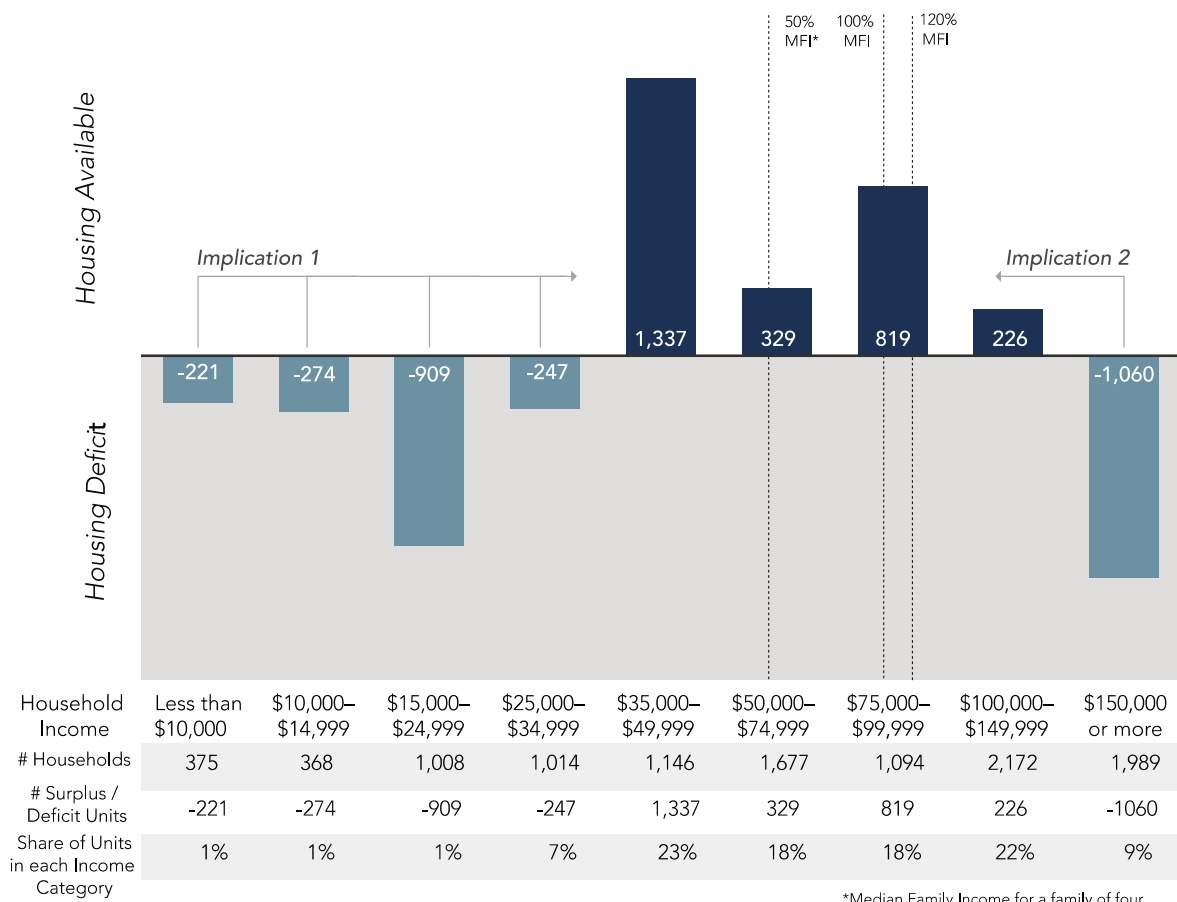


Exhibit 83 compares the number of households by income with the number of units affordable to those households in Tualatin. Tualatin currently has a deficit of housing affordable to households earning less than \$35,000. The types of housing that Tualatin has a deficit of are more affordable housing types such as: government-subsidized housing, multifamily products, and more affordable single-family homes (e.g. tiny homes, cottages, manufactured housing). Tualatin also shows a need for higher amenity housing types for households earning more than \$150,000 per year or more. Higher amenity housing types include single-family detached housing, single-family attached housing (e.g. townhomes and rowhouses), and higher-end multifamily products (including condominiums).

Exhibit 83. Affordable Housing Costs and Units by Income Level, Tualatin, 2018

Source: U.S. Census Bureau, 2013-2017 ACS. Note: MFI is Median Family Income, determined by HUD for the Portland MSA. Portland MSA's MFI in 2018 was \$81,400.



*Median Family Income for a family of four.

Implication 1

Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened.

Implication 2

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of a lack of higher-cost and higher-amenity housing that would better suit their preferences.

Exhibit 58 shows that 7% of the people who work in Tualatin also live in Tualatin. One of the key questions for Tualatin is whether people who work at businesses in Tualatin can afford housing in Tualatin.

Tualatin has 0.7 residents for every job (Exhibit 84).⁴² In comparison, Washington County has 1.6 residents for every job and the Portland Region (Clackamas, Multnomah, and Washington County) has 1.4 residents for every job. The large number of jobs relative to the number of residents in Tualatin was an important part of the discussion in the development of the Housing Needs Analysis, with concerns focusing on the impacts of commuting on Tualatin’s transportation system and negative impacts on quality of life in Tualatin (such as heavy traffic congestion).

Tualatin has more jobs per capita than Washington County and the Portland Region.

Exhibit 84. Ratio of Residents to Jobs, Tualatin, 2017

Source: Bureau of Labor Services, Quarterly Census of Employment and Wages.

| | Employees | Residents | Residents for every Job |
|--------------------------|------------------|------------------|-------------------------|
| Tualatin | 38,838 | 26,960 | 0.7 |
| Washington County | 595,860 | 337,127 | 1.6 |
| Portland Region | 1,811,860 | 1,259,773 | 1.4 |

Exhibit 85 shows affordable housing costs for workers at businesses in Tualatin. For example, a household with one individual employed in furniture manufacturing (earning about \$39,000 per year) can afford neither the average multifamily rents in Tualatin (\$1,220 per month) nor the median housing sale price in Tualatin (about \$480,000 as of February 2019) is affordable.

However, Exhibit 85 reflects housing affordability costs for one worker per household. This analysis recognizes that most multi-person households have more than one person employed, and many have dual incomes. According to Census and Oregon Employment Department data, Washington County and Tualatin both have about 1.4 jobs per household, including both full-time and part-time jobs. This shows that most multi-person households in Tualatin have more than one worker. **It is not necessarily reasonable to expect one worker to be able to afford housing costs in Tualatin alone (or any other city in the Portland region), given the prevalence of dual-income households.**

⁴² Ratios rely on population estimates from Portland State University’s Population Research Center (2017) and Bureau of Economic Analysis (2017).

Exhibit 85. Housing affordability for workers at existing jobs in Tualatin, 2017

Source: Oregon Employment Department. Note: Average multifamily rent in Tualatin is \$1,220 (Costar, 2018) and median housing price is \$480,000 (Redfin, February 2019).

| Industry / Sector | Average Wage per Employee (Tualatin) | Affordable Average Monthly Rent | Can a person in this industry afford average multifamily rent in Tualatin? | Affordable Housing Price (Approximate) | Can a person in this industry afford the median housing price in Tualatin? |
|---|--------------------------------------|---------------------------------|--|--|--|
| Agriculture, Forestry, & Mining | \$58,960 | \$1,474 | Yes | \$206,359 | No |
| Construction | \$67,726 | \$1,693 | Yes | \$237,039 | No |
| Manufacturing (Mfg.) | \$76,654 | \$1,916 | Yes | \$268,287 | No |
| Food, Beverage, & Apparel Mfg. | \$105,489 | \$2,637 | Yes | \$369,211 | No |
| Wood, Paper, & Material Product Mfg. | \$55,784 | \$1,395 | Yes | \$195,242 | No |
| Metal Mfg. | \$51,311 | \$1,283 | Yes | \$179,587 | No |
| Machinery Mfg. | \$105,837 | \$2,646 | Yes | \$370,430 | No |
| Computer & Electronic Product Mfg. | \$60,545 | \$1,514 | Yes | \$211,908 | No |
| Electrical Equipment, Appliance, & Component Mfg. | \$70,665 | \$1,767 | Yes | \$247,328 | No |
| Transportation Equipment Mfg. | \$69,047 | \$1,726 | Yes | \$241,665 | No |
| Furniture & Related Product Mfg. | \$39,324 | \$983 | No | \$137,634 | No |
| Miscellaneous Mfg. | \$59,538 | \$1,488 | Yes | \$208,384 | No |
| Wholesale Trade | \$60,767 | \$1,519 | Yes | \$212,683 | No |
| Retail Trade | \$28,260 | \$707 | No | \$98,911 | No |
| Transportation, Warehousing & Utilities | \$61,459 | \$1,536 | Yes | \$215,108 | No |
| Information | \$93,233 | \$2,331 | Yes | \$326,315 | No |
| Finance & Insurance | \$79,155 | \$1,979 | Yes | \$277,042 | No |
| Real Estate, Rental & Leasing | \$52,102 | \$1,303 | Yes | \$182,357 | No |
| Professional, Scientific, & Technical Services | \$66,277 | \$1,657 | Yes | \$231,969 | No |
| Management of Companies & Enterprises | \$73,374 | \$1,834 | Yes | \$256,808 | No |
| Administrative & Waste Management Services | \$34,561 | \$864 | No | \$120,964 | No |
| Private Educational Services | \$24,952 | \$624 | No | \$87,334 | No |
| Health Care & Social Assistance | \$62,746 | \$1,569 | Yes | \$219,610 | No |
| Arts, Entertainment, & Recreation | \$18,144 | \$454 | No | \$63,504 | No |
| Accommodation & Food Services | \$20,334 | \$508 | No | \$71,170 | No |
| Other Services, Except Public Administration | \$40,441 | \$1,011 | No | \$141,543 | No |
| Government | \$55,058 | \$1,376 | Yes | \$192,703 | No |

Exhibit 86 displays housing affordability of workers in Tualatin’s current target industries. Tualatin’s target industries were identified in their Economic Opportunities Analysis (2019). These industries may change as the Economic Opportunities Analysis is revised.

Exhibit 86. Housing Affordability for workers at target industries in Washington County, 2017

Source: Oregon Employment Department. Note1: Average multifamily rent in Tualatin is \$1,220 (Costar, 2018) and median housing price is \$480,000 (Redfin, February 2019). Note2: Advanced manufacturing uses the average wage for all manufacturing subsectors and Distribution and Electric Commerce uses the average wage for the transportation, warehousing, and utilities sector.

| Industry / Sector | Average Wage per Employee (Washington County) | Affordable Average Monthly Rent | Can a person in this industry afford average multifamily rent in Tualatin? | Affordable Housing Price | Can a person in this industry afford the median housing price in Tualatin? |
|---|---|---------------------------------|--|--------------------------|--|
| Food Processing & Manufacturing | \$66,166 | \$1,654 | Yes | \$231,581 | No |
| Furniture Manufacturing | \$44,797 | \$1,120 | No | \$156,790 | No |
| Plastics Manufacturing | \$50,725 | \$1,268 | Yes | \$177,538 | No |
| Information Technology & Analytical Instruments | \$95,907 | \$2,398 | Yes | \$335,675 | No |
| Distribution and Electronic Commerce | \$50,314 | \$1,258 | Yes | \$176,099 | No |
| Advanced Manufacturing | \$110,756 | \$2,769 | Yes | \$387,646 | No |
| Business Services | \$89,380 | \$2,235 | Yes | \$312,830 | No |

Summary of the Factors Affecting Tualatin's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice. While the number and interrelationships among these factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies, it is a crucial step to informing the types of housing that will be needed in the future.

There is no question that age affects housing type and tenure. Mobility, the ability to move freely and easily from one community to another, is substantially higher for people aged 20 to 34. People in that age group will also have, on average, less income than people who are older and they are less likely to have children. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing.

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), and the "empty-nesters."⁴³ Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

⁴³ See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

Still, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in Tualatin over the next 20 years:

- **Growth in housing will be driven by growth in households.** Households in Tualatin’s city limits are forecast to grow from 10,791 households to 11,362 households, an increase of 571 households between 2020 and 2040.⁴⁴ In that same time, households in Basalt Creek are forecast to grow from 203 households to 646 households, an increase of 443 households. Together, Tualatin city limits and Basalt Creek will grow by 1,014 households between 2020 and 2040. Tualatin is planning for 1,014 new dwelling units to meet the needs of its forecasted new households.
- **Housing affordability is a growing challenge in Tualatin.** It is a challenge in most of the region in general, and Tualatin is affected by these regional trends. Housing prices are increasing faster than incomes in Tualatin and Washington County, which is consistent with state and national challenges. Tualatin has a large share of multifamily housing (about 41% of the City’s housing stock), but over half of renter households are cost burdened. Tualatin’s key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types, such as lower-cost single-family housing, townhouses and duplexes, market-rate multifamily housing, and government-subsidized affordable housing.
- **Without substantial changes in housing policy, on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that is important when trying to address demand for new housing.

The City’s residential policies can impact the amount of change in Tualatin’s housing market, to some degree. If the City adopts policies to increase opportunities to build smaller-scale single-family and multifamily housing types (particularly single-family attached that is comparatively affordable to moderate-income households), a larger percentage of new housing developed over the next 20 years in Tualatin may begin to address the city’s needs. Examples of policies that the City could adopt to achieve this outcome include: allowing a wider range of housing types (e.g., duplex or townhouses) in single-family zones, ensuring that there is sufficient land zoned to allow single-family attached and multifamily housing development, supporting development of government-assisted affordable housing, and encouraging multifamily residential development in downtown. The degree of change in Tualatin’s housing market, however, will depend on market demand for these types of housing in Washington County.

- **If the future differs from the past, it is likely to move in the direction, on average, of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for

⁴⁴ This forecast is based on Metro’s 2040 *Population Distributed Forecast* (2016) for Tualatin from 2015 (extrapolated to 2020) to 2040 period, shown in Exhibit 31.

single-family housing. This includes providing opportunities for development of smaller single-family detached homes, townhomes, and multifamily housing.

Key demographic and economic trends that will affect Tualatin's future housing needs are: (1) the aging of the Baby Boomers, (2) the aging of the Millennials, and (3) the continued growth in Latinx population.

- *The Baby Boomer's population is continuing to age.* By 2040, people 60 years and older will account for 24% of the population in Washington County (up from 20% in 2020). The changes that affect Tualatin's housing demand as the population ages are that household sizes and homeownership rates decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Tualatin.
- *Millennials will continue to form households and make a variety of housing choices.* As Millennials age and form households, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2020 and 2040, Millennials (and the generation after) will be a key driver in demand for housing for families with children. The ability to attract Millennials will depend on the City's availability of affordable renter and ownership housing. It will also depend on the location of new housing in Tualatin as many Millennials prefer to live in more urban environments.⁴⁵ The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.⁴⁶
- *Latinx population will continue to grow.* The U.S. Census projects that by about 2040, the Latinx population will account for one-quarter of the nation's population. The share of Latinx population in the Western U.S. is likely to be higher. The Latinx population currently accounts for about 16% of Tualatin's population. In addition, the Latinx population is generally younger than the U.S. average, with many Latinx people belonging to the Millennial generation.

The Latinx population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Latinx population will drive demand for housing for families with children. Given the lower income for Latinx households, especially first-generation immigrants,

⁴⁵ Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Strohach, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

⁴⁶ Ibid.

growth in this group will also drive demand for affordable housing, both for ownership and renting.⁴⁷

In summary, an aging population, increasing housing costs (although lower than the Region), housing affordability concerns for Millennials and the Latinx populations, and other variables are factors that support the conclusion of need for a broader array of housing choices. Growth of retirees will drive demand for small single-family detached houses and townhomes for homeownership, townhome and multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and Latinx populations will drive demand for affordable housing types, including demand for affordable single-family units (many of which may be ownership units), for affordable multifamily units (many of which may be rental units), and for dwellings with a larger number of bedrooms.

- **No amount of analysis is likely to make the distant future completely certain: the purpose of the housing forecasting in this study is to get an approximate idea about the future (so policy choices can be made today).** Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. A variety of factors or events could, however, cause growth forecasts to be substantially different.

⁴⁷ The following articles describe housing preferences and household income trends for Latinx families, including differences in income levels for first, second, and third generation households. In short, Latinx households have lower median incomes than the national averages. First and second generation Latinx households have median incomes below the average for all Latinx households. Latinx households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals. *2014 State of Hispanic Homeownership Report*, 2014.

5. Housing Need in Tualatin

Project New Housing Units Needed in the Next 20 Years

The results of the housing needs analysis are based on: (1) Metro’s official household forecast for growth in Tualatin over the 20-year planning period, (2) information about Tualatin’s housing market relative to Washington County and the Portland Region, and (3) the demographic composition of Tualatin’s existing population and expected long-term changes in the demographics of Washington County.

Forecast for Housing Growth

A 20-year household forecast (in this instance for 2020 to 2040) is the foundation for estimating needed new dwelling units. The forecast for Tualatin is based on Metro’s 2040 Household Distributed Forecast, 2016 and Metro’s 2040 TAZ Forecast for households, 2015. Tualatin city limits will grow from 10,994 households in 2020⁴⁸ to 12,008 households in 2040, an increase of 1,014 households.⁴⁹

To accommodate new households, Exhibit 87 shows that Tualatin will have demand for 1,014 new dwelling units over the 20-year period, with an annual average of 51 dwelling units.

Exhibit 87. Forecast of demand for new dwelling units, Tualatin Planning Area (city limits and Basalt Creek), 2020 to 2040

Source: Metro’s 2040 Household Distributed Forecast, July 12, 2016. Metro’s 2040 TAZ Forecast for households, November 6, 2015. Calculations by ECONorthwest. Note: DU is dwelling unit.

| Variable | New DU City Limits | New DU Basalt Creek | New DU Tualatin Planning Area |
|---|-----------------------|------------------------|-------------------------------------|
| Household Forecast 2020 | 10,791 | 203 | 10,994 |
| Household Forecast 2040 | 11,362 | 646 | 12,008 |
| Total New Dwelling Units (2020-2040) | 571 | 443 | 1,014 |
| Annual Average of New Dwelling Units | 29 | 22 | 51 |

⁴⁸ Metro’s 2040 Household Distributed Forecast shows that in 2015, the Tualatin city limits had 10,653 households. The Metro forecast shows Tualatin growing to 11,362 households in 2040, an average annual growth rate of 0.26% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2020 (10,791 households).

In addition, ECONorthwest included the forecast for new households in the Basalt Creek Planning Area. The forecast for households in Basalt Creek derive from Metro’s 2040 TAZ Forecast for households (TAZ 980 and 981). The Metro forecast shows Basalt Creek growing to 646 households in 2040, an average annual growth rate of 5.96% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast from 2015 (152 households) to 2020 (203 households).

⁴⁹ This forecast is based on Tualatin city limits’ official household forecast from Metro for the 2020 to 2040 period.

Housing Units Needed Over the Next 20 Years

Exhibit 87 presents a forecast of new housing in Tualatin for the 2020 to 2040 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in Tualatin.

Exhibit 89 shows that over the next 20-years, the need for new housing developed in Tualatin will generally include a wider range of housing types across the affordability spectrum. This conclusion is consistent with housing need in other in the Portland Region and most cities across the State. This conclusion is based on the following information, found in Chapter 3 and 4 of this report.

- Tualatin’s housing mix is predominately single-family detached and multifamily. In the 2013-2017 period, 53% of Tualatin’s housing was single-family detached, 41% was multifamily, and 6% was single-family attached. In comparison, the mix of housing for the entire Portland Region was 63% single-family detached, 32% multifamily, and 5% single-family attached.
- Demographic changes across the Portland Region (and in Tualatin) suggest increases in demand for single-family attached housing and multifamily housing. The key demographic trends that will affect Tualatin’s future housing needs are the aging of the Baby Boomers, household formation of Millennial households, and growth of Latinx households.
- Tualatin households have incomes about the same as those for the Portland Region. Tualatin’s median household income was \$72,580, about \$1,500 lower than Washington County’s median. Approximately 36% of Tualatin households earn less than \$50,000 per year, compared to 33% in Washington County and 37% in the Portland Region.
- About 37% of Tualatin’s households are cost burdened (paying 30% or more of their household income on housing costs), compared to 42% of households in the Portland Region and 34% in Washington County.⁵⁰ About 56% of Tualatin’s renters are cost burdened and about 22% of Tualatin’s homeowners are cost burdened.
- About 45% of Tualatin’s households are renters, 82% of whom live in multifamily housing. Median rents in Tualatin are \$1,154 per month, compared to the \$1,183 median rent for Washington County as a whole.

A household earning 60% of Tualatin’s median household income (\$43,548) could afford about \$1,089 per month in rent. A household with median income in Tualatin (\$72,580) could afford \$1,815 rent per month, compared with the median gross rent of \$1,154. About 41% of Tualatin’s housing stock is multifamily, compared to 32% of the housing in the Portland Region.

⁵⁰ The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden,” and households paying more than 50% of their income on housing experience “severe cost burden.”

- Housing sales prices increased in Tualatin over the last four years. From February 2015 to February 2019, the median housing sale price increased by \$160,000 (50%), from \$320,000 to \$480,000. A household would need to earn \$120,000 to \$160,000 to afford the median sales price in Tualatin. About 36% of Tualatin's households have incomes at or above this amount.
- Tualatin needs more affordable housing types for homeowners and renters. A household earning 100% of Tualatin's median household income of \$72,580 could afford about \$1,815 per month in rent, compared with the median gross rent of about \$1,154. This household could afford to own a home roughly valued between \$254,000 and \$290,000, which is less than the median home sales price of about \$480,000 in Tualatin.⁵¹

While a household could begin to afford Tualatin's median rents at about 65% of Tualatin's median household income, the rates of cost burden among renters suggest that Tualatin does not have a sufficient number of affordable rental units. A household can start to afford median home sale prices at about 190% of Tualatin's median household income.

These factors suggest that Tualatin needs a broader range of housing types with a wider range of price points than are currently available in Tualatin's housing stock. This includes providing opportunity for development of housing types such as: single-family detached housing (e.g., small homes like cottages or small-lot detached units, traditional detached homes, and high-amenity detached homes), townhouses, and multifamily products (duplexes, triplexes, quadplexes, and apartments and condominiums).

Tualatin evaluated several scenarios to forecast housing growth (Exhibit 88). The scenario selected, and described below, was a combination between Scenario 2 and Scenario 3 (referred to here as Scenario 4). Scenario 4 was 40% single-family detached, 15% multifamily, and 45% multifamily.

⁵¹ In 2016, 2017, and 2018, 19 homes in Tualatin sold within the \$254,000 and \$290,000 price range (out of 268 homes).

Exhibit 88. Forecast of demand for new dwelling units, Tualatin Planning Area (city limits and Basalt Creek), 2020 to 2040

Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

| Variable | Mix of New Dwelling Units (2020-2040) | | | |
|--|--|--------------|--------------|--------------|
| | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 |
| Needed new dwelling units (2020-2040) | 1,014 | 1,014 | 1,014 | 1,014 |
| Dwelling units by structure type | | | | |
| Single-family detached | | | | |
| Percent single-family detached DU | 50% | 45% | 35% | 40% |
| equals Total new single-family detached DU | 507 | 456 | 355 | 406 |
| Single-family attached | | | | |
| Percent single-family attached DU | 9% | 10% | 15% | 15% |
| equals Total new single-family attached DU | 91 | 102 | 152 | 152 |
| Multifamily | | | | |
| Percent multifamily | 41% | 45% | 50% | 45% |
| Total new multifamily | 416 | 456 | 507 | 456 |
| equals Total new dwelling units (2020-2040) | 1,014 | 1,014 | 1,014 | 1,014 |

Exhibit 89 shows the final forecast for housing growth in the Tualatin city limits during the 2020 to 2040 period. The projection is based on the following assumptions:

- Tualatin’s official forecast for population growth shows that the city will add 1,014 households over the 20-year period. Exhibit 89 shows Metro’s forecast for growth of 1,014 new dwelling units over the 20-year planning period.
- The assumptions about the mix of housing in Exhibit 89 are consistent with the requirements of OAR 660-007⁵²:
 - **About 40% of new housing will be single-family detached**, a category which includes manufactured housing. In 2013-2017, 53% of Tualatin’s housing was single-family detached.
 - **Nearly 15% of new housing will be single-family attached**. In 2013-2017, 6% of Tualatin’s housing was single-family attached.
 - **About 45% of new housing will be multifamily**. In 2013-2017, 41% of Tualatin’s housing was multifamily.

⁵² OAR 660-007-0030(1) requires that most Metro cities “...provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing...”

Tualatin will have demand for 1,014 new dwelling units over the 20-year period, 40% of which will be single-family detached housing.

Exhibit 89. Forecast of demand for new dwelling units, Tualatin Planning Area, 2020 to 2040

Source: Calculations by ECONorthwest.

| Variable | Mix of New Dwelling Units (2020-2040) |
|--|---------------------------------------|
| Needed new dwelling units (2020-2040) | 1,014 |
| Dwelling units by structure type | |
| Single-family detached | |
| Percent single-family detached DU | 40% |
| equals Total new single-family detached DU | 406 |
| Single-family attached | |
| Percent single-family attached DU | 15% |
| equals Total new single-family attached DU | 152 |
| Multifamily | |
| Percent multifamily | 45% |
| Total new multifamily | 456 |
| equals Total new dwelling units (2020-2040) | 1,014 |

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; however, it assumes they will be replaced at the same site and will not create additional demand for residential land.

Exhibit 90 allocates needed housing to Plan Designations in Tualatin. The allocation is based, in part, on the types of housing allowed in the zoning designations in each Plan Designation.

Exhibit 90 shows:

- **Low Residential (RL)** land will accommodate single-family detached housing, including manufactured houses. Low density will also accommodate duplexes, triplexes, quadplexes, cottage clusters, and townhouses based on the requirements of House Bill 2001.
- **Medium Low Residential (RML)** land will accommodate duplexes, townhomes (or rowhouses), and manufactured homes in manufactured housing parks. For consistency with the housing types allowed in Low Residential, this analysis assumes that RML will also allow triplexes and quadplexes.
- **Medium High Residential (RMH)** land will accommodate duplexes, townhomes (or rowhouses), and multifamily housing.
- **High Density Residential (RH)** land will accommodate duplexes, townhomes (or rowhouses), and multifamily housing.
- **High Density High Rise Residential (RH-HR)** land will accommodate duplexes, townhomes (or rowhouses), and multifamily housing.

Exhibit 90. Allocation of needed housing by housing type and Plan Designation, Tualatin Planning Area, 2020 to 2040

Source: ECONorthwest.

| Housing Type | Residential Plan Designations | | | | | Total |
|------------------------|-------------------------------|--------------------|---------------------|--------------|----------------|-------|
| | Low Density | Medium Low Density | Medium High Density | High Density | High High-Rise | |
| Dwelling Units | | | | | | |
| Single-family detached | 406 | - | - | - | - | 406 |
| Single-family attached | 30 | 41 | 20 | 61 | - | 152 |
| Multifamily | 30 | 30 | 102 | 193 | 101 | 456 |
| Total | 466 | 71 | 122 | 254 | 101 | 1,014 |
| Percent of Units | | | | | | |
| Single-family detached | 40% | 0% | 0% | 0% | 0% | 40% |
| Single-family attached | 3% | 4% | 2% | 6% | 0% | 15% |
| Multifamily | 3% | 3% | 10% | 19% | 10% | 45% |
| Total | 46% | 7% | 12% | 25% | 10% | 100% |

Exhibit 91 presents assumptions about future housing density based on historical densities in Tualatin shown in Exhibit 18. Exhibit 91 converts between net acres and gross acres⁵³ to account for land needed for rights-of-way by Plan Designation in Tualatin, based on Metro’s methodology of existing rights-of-way.⁵⁴

- **Low Residential (RL):** Average density in this Plan Designation was historically 5.7 dwelling units per gross acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 5.1 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 4.6 dwelling units per gross acre.
- **Medium Low Residential (RML):** Average density in this Plan Designation was historically 11.7 dwelling units per gross acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 10.5 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 9.5 dwelling units per gross acre.
- **Medium High Residential (RMH):** Average density in this Plan Designation was historically 16.1 dwelling units per gross acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38

⁵³ OAR 660-024-0010(6) uses the following definition of net buildable acre. “Net Buildable Acre” “...consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.” While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

⁵⁴ Metro’s methodology about net-to-gross assumptions are that: (1) tax lots under 3/8 acre assume 0% set aside for future streets; (2) tax lots between 3/8 acre and 1 acre assume a 10% set aside for future streets; and (3) tax lots greater than an acre assumes an 18.5% set aside for future streets. The analysis assumes an 18.5% assumption for future streets.

and 1.0 acres the future density will be 14.5 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 13.1 dwelling units per gross acre.

- **High Density Residential (RH):** Average density in this Plan Designation was historically 20.5 dwelling units per gross acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 18.4 dwelling units per gross acre and, for lots larger than 1.0 acres the future density will be 16.7 dwelling units per gross acre.
- **High Density High Rise Residential (RH-HR):** Average density in this Plan Designation was historically 28.0 dwelling units per gross acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 15.2 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 22.8 dwelling units per gross acre.

Exhibit 91. Assumed future density of housing built in the Tualatin Planning Area, 2020 to 2040

Source: ECONorthwest. Note: DU is dwelling unit.

| Residential Plan Designations | Tax Lots Smaller than 0.38 acre | | | Tax Lots > 0.38 and < 1.0 acre | | | Tax Lots larger than 1.0 acre | | |
|-------------------------------|---------------------------------|---------------------|-------------------------------|--------------------------------|---------------------|-------------------------------|-------------------------------|---------------------|-------------------------------|
| | Net Density (DU/net acre) | % for Rights-of-Way | Gross Density (DU/gross acre) | Net Density (DU/net acre) | % for Rights-of-Way | Gross Density (DU/gross acre) | Net Density (DU/net acre) | % for Rights-of-Way | Gross Density (DU/gross acre) |
| Low Density | 5.7 | 0% | 5.7 | 5.7 | 10% | 5.1 | 5.7 | 18.5% | 4.6 |
| Medium Low Density | 11.7 | 0% | 11.7 | 11.7 | 10% | 10.5 | 11.7 | 18.5% | 9.5 |
| Medium High Density | 16.1 | 0% | 16.1 | 16.1 | 10% | 14.5 | 16.1 | 18.5% | 13.1 |
| High Density | 20.5 | 0% | 20.5 | 20.5 | 10% | 18.4 | 20.5 | 18.5% | 16.7 |
| High Density / High-Rise | 28.0 | 0% | 28.0 | 28.0 | 10% | 25.2 | 28.0 | 18.5% | 22.8 |

Through the Housing Strategy, Tualatin may consider increasing densities in specific zones. For example, the City may consider increasing the allowed densities in High Density / High-Rise (and adjusting related zoning standards, such as building heights) to allow higher density multifamily housing than is currently allowed in Tualatin.

Needed Housing by Income Level

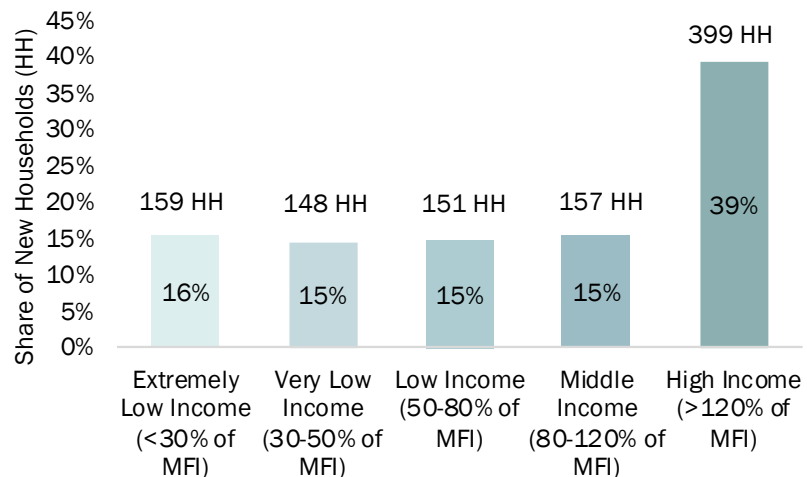
The next step in the housing needs analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

The analysis in Exhibit 92 is based on American Community Survey data about income levels for existing households in Tualatin. Income is categorized into market segments consistent with HUD income level categories, using Washington County’s 2018 Median Family Income (MFI) of \$81,400. The Exhibit is based on existing household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

About a third of Tualatin’s future households are forecast to be extremely or very low income and nearly 40% are forecast to have high incomes.

Exhibit 92. Future (New) Households, by Median Family Income (MFI) for Washington County (\$69,600), Tualatin Planning Area, 2018

Source: U.S. Department of Housing and Urban Development, Washington County, 2018. U.S. Census Bureau, 2013-2017 ACS Table 19001.



Need for Government-Assisted and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-assisted housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-assisted housing.** Government subsidies can apply to all housing types (e.g., single-family detached, apartments, etc.). Tualatin allows development of government-assisted housing in all residential Plan Designations, with the same development standards for market-rate housing. This analysis assumes that Tualatin will continue to allow government housing in all of its residential Plan Designations. Because government assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can apply to all housing types and the City allows development of farmworker housing in all residential Plan Designations, with the same development standards as market-rate housing. This analysis assumes that Tualatin will continue to allow this housing in all of its residential Plan Designations. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** Tualatin allows manufactured homes on lots in Low Density Residential zones.
- **Manufactured housing in parks.** Tualatin allows manufactured homes in parks in Medium Low Density zones. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,⁵⁵ Tualatin has two manufactured home parks with 178 spaces.
- ORS 197.480(2) requires Tualatin to project need for mobile home or manufactured dwelling parks based on: (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high density residential.
 - Exhibit 87 shows that Tualatin will grow by 1,014 dwelling units over the 2020 to 2040 period.
 - Analysis of housing affordability shows that about 31% of Tualatin's new households will be considered very low or extremely low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.

⁵⁵ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

- Manufactured homes in manufactured housing parks accounts for about 2% (about 178 dwelling units) of Tualatin’s current housing stock.
- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.
- The households most likely to live in manufactured homes in parks are those with incomes between \$24,420 and \$40,700 (30% to 50% of MFI), which include 15% of Tualatin’s households. However, households in other income categories may live in manufactured homes in parks.

Manufactured home subdivision development is an allowed use in the Medium Low Density Plan Designation. The national and state trends of closure of manufactured home parks, and the fact that no new manufactured home parks have opened in Oregon in over the last 15 years, demonstrate that development of new manufactured home parks or subdivisions in Tualatin is unlikely.

Our conclusion from this analysis is that development of new manufactured home parks or subdivisions in Tualatin over the 2020 to 2040 planning period is unlikely, although manufactured homes may continue to locate on lots in the Low Density Plan Designation. The forecast of housing assumes that no new manufactured home parks will be opened in Tualatin over the 2020 to 2040 period. The forecast for new dwelling units includes new manufactured homes on lots in the category of single-family detached housing.

- Over the next 20 years (or longer) one or both of Tualatin’s manufactured housing parks may close. This may be a result of the manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

While there is statewide regulation of the closure of manufactured home parks designed to lessen the financial difficulties of this closure for park residents,⁵⁶ the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City’s primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential

⁵⁶ ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord must do the following for manufactured dwelling park tenants before closure of the park: give at least one year’s notice of park closure, pay the tenant between \$5,000 to \$9,000 for each manufactured dwelling park space, and cannot charge tenants for demolition costs of abandoned manufactured homes.

development to allow for development of new, relatively affordable housing (i.e. housing affordable to households earning less than 80% of MFI and especially those earning less than 60% of MFI). The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate density housing (e.g., duplexes or cottages) in Low Density Plan Designation, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary zoning policy, or partnering with a developer of government-subsidized affordable housing.

6. Residential Land Sufficiency within Tualatin

This chapter presents an evaluation of the sufficiency of vacant residential land in Tualatin to accommodate expected residential growth over the 2020 to 2040 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Tualatin’s ability to accommodate needed new housing units for the 2020 to 2040 period, based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis.

Capacity Analysis

The buildable lands inventory summarized in Chapter 2 (and presented in full in Appendix A) provides a *supply* analysis (buildable land by type), and Chapter 5 provided a *demand* analysis (population and growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to calculate estimates of supply and demand into common units of measurement to allow their comparison: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a “capacity analysis,”⁵⁷ can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

⁵⁷ There is ambiguity in the term *capacity analysis*. It would not be unreasonable for one to say that the “capacity” of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: “estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate.” That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as “capacity analysis,” so we use that shorthand occasionally in this memorandum.

Tualatin Capacity Analysis Results

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities shown in Exhibit 91. Exhibit 95 shows that **Tualatin city limit's (Exhibit 93) and Basalt Creek's (Exhibit 94) buildable land has capacity to accommodate approximately 1,207 new dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in residential Plan Designations, per the buildable lands inventory, for city limits. It starts with the number of buildable acres in residential Plan Designations, per the Basalt Creek Concept Plan, for Basalt Creek.
- **Needed densities.** The capacity analysis assumes development will occur at assumed future densities. Those densities were derived from the densities shown in Exhibit 91.
- **Average net density.** Exhibit 93 shows capacity and densities in gross acres. OAR 660-007 requires that Tualatin provide opportunity for development of housing at an overall average density of eight dwelling units per net acre. The average density of dwelling units in Exhibit 93 is 7.9 dwelling units per net acre and 6.7 dwelling units per gross acre. The average net density of dwelling units in Exhibit 95 is approximately 7.9 dwelling units per net acres and 6.6 dwelling units per gross acre.

Exhibit 93. Estimate of residential capacity on unconstrained vacant and partially vacant buildable land, Tualatin City Limits, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

| Residential Plan Designations | Tax Lots Smaller than 0.38 acre | | | Tax Lots > 0.38 and < 1.0 acre | | | Tax Lots larger than 1.0 acre | | | Total, combined | |
|-------------------------------|---------------------------------|------------------------------------|---------------------------|--------------------------------|------------------------------------|---------------------------|-------------------------------|------------------------------------|---------------------------|-----------------|---------------------------|
| | Buildable Acres | Density Assumption (DU/gross acre) | Capacity (Dwelling Units) | Buildable Acres | Density Assumption (DU/gross acre) | Capacity (Dwelling Units) | Buildable Acres | Density Assumption (DU/gross acre) | Capacity (Dwelling Units) | Buildable Acres | Capacity (Dwelling Units) |
| Low Density | 18 | 5.7 | 100 | 17 | 5.1 | 85 | 44 | 4.6 | 204 | 79 | 389 |
| Medium Low Density | 0 | 11.7 | 5 | 1 | 10.5 | 7 | 0 | 9.5 | - | 1 | 12 |
| Medium High Density | 0 | 16.1 | - | 0 | 14.5 | - | 1 | 13.1 | 13 | 1 | 13 |
| High Density | 0 | 20.5 | 6 | 0 | 18.4 | 7 | 12 | 16.7 | 205 | 13 | 218 |
| High High-Rise | 0 | 28.0 | - | 0 | 25.2 | - | 0 | 22.8 | - | 0 | - |
| Total | 18 | - | 111 | 18 | - | 99 | 58 | - | 422 | 94 | 632 |

Exhibit 94. Estimate of residential capacity on unconstrained vacant and partially vacant buildable land, Basalt Creek, 2018

Source: Basalt Creek Concept Plan. Note: this table uses the Basalt Creek Concept Plan's estimate for capacity and of buildable land; it does not rely on historic net densities by Plan Designation to calculate capacity on buildable lands. Historic net densities in Basalt Creek were not increased as they were in the estimate of capacity for Tualatin city limits. The amount of buildable land in Exhibit 90 is based on the Basalt Creek Concept Plan and is different than the amount of buildable land shown in Exhibit 7 of the Buildable Lands Inventory.

| Residential Plan Designations | Dwelling Units | Buildable Acres from Basalt Creek Concept Plan | Density Assumption (DU per Gross Acre) |
|-------------------------------|----------------|--|--|
| Low Density | 134 | 24.8 | 5.4 |
| Medium Low Density | 374 | 59.8 | 6.3 |
| High Density | 67 | 3.4 | 19.9 |
| Total | 575 | 88 | 6.5 |

Exhibit 95. Estimate of residential capacity on unconstrained vacant and partially vacant buildable land, Tualatin Planning Area, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: Capacity in Basalt Creek uses the Basalt Creek Concept Plan's estimate of capacity (Exhibit 94).

| Residential Plan Designations | Dwelling Units | | |
|-------------------------------|---------------------------|---|------------------|
| | Capacity (in City Limits) | Capacity (in Basalt Creek Concept Plan) | Capacity (Total) |
| Low Density | 389 | 134 | 523 |
| Medium Low Density | 12 | 374 | 386 |
| Medium High Density | 13 | - | 13 |
| High Density | 218 | 67 | 285 |
| High Density / High-Rise | - | - | - |
| Total | 632 | 575 | 1,207 |

The amount of buildable land in Basalt Creek in the BLI (Exhibit 7) is more than the amount of buildable land from the Basalt Creek Concept Plan (Exhibit 94). The reason for the difference in capacity is primarily differences in assumptions about land constraints to development of vacant land. The Concept Plan assumed that more land would have soft constraints (that would decrease development capacity) and be unbuildable than the buildable lands inventory for this analysis.

Exhibit 96 shows an estimate of the additional capacity for development in Basalt Creek, if buildout occurs at densities consistent with development in Tualatin (the densities shown in Exhibit 91) and the amount of buildable land is consistent with the buildable lands inventory in this report (Exhibit 7). Under those conditions, Basalt Creek has capacity for 1,339 dwelling units, which is 764 dwelling units beyond the capacity in the Basalt Creek Concept Plan.

Exhibit 96. Estimate of additional residential capacity on unconstrained vacant and partially vacant buildable land, Basalt Creek, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

| Residential Plan Designations | Capacity for Dwelling Units (using BLI) | Capacity for Dwelling Units (using Concept Plan) | Additional Capacity Potentially Available |
|-------------------------------|---|--|---|
| Low Density | 433 | 134 | 299 |
| Medium Low Density | 804 | 374 | 430 |
| High Density | 102 | 67 | 35 |
| Total | 1,339 | 575 | 764 |

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Tualatin is to compare the demand for housing by Plan Designation (Exhibit 90) with the capacity of land by Plan Designation (Exhibit 95), which does **not** include the potential additional capacity in Basalt Creek discussed in Exhibit 96.

Exhibit 97 shows that Tualatin has sufficient land to accommodate development in the Low Density Plan Designation, Medium Low Density Plan Designation, and High Density Plan Designation – with a surplus of capacity for 57 dwelling units, 315 dwelling units, and 31 dwelling units respectively. Tualatin has a deficit of capacity for 109 dwelling units in the Medium High Plan Designation and a deficit of capacity for 101 dwelling units in the High Density High-Rise Plan Designation. **The land sufficiency results are inclusive of capacity of land in Basalt Creek but are not inclusive of capacity which may become available as redevelopment occurs.**

Exhibit 97. Comparison of capacity of existing residential land with demand for new dwelling units and land surplus or deficit, Tualatin City Limits and Basalt Creek, 2020 to 2040

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

| Residential Plan Designations | Capacity (Dwelling Units) | Demand for New Housing | Remaining Capacity (Supply minus Demand) | Land Surplus or (Deficit) Gross Acres |
|-------------------------------|---------------------------|------------------------|--|---------------------------------------|
| Low Density | 523 | 466 | 57 | 10 |
| Medium Low Density | 386 | 71 | 315 | 27 |
| Medium High Density | 13 | 122 | (109) | (7) |
| High Density | 285 | 254 | 31 | 2 |
| High Density High-Rise | - | 101 | (101) | (4) |

Tualatin’s surplus of Low Density Residential capacity (57 dwelling units) means that the City has an approximate surplus of 10 gross acres of Low Density land (at 5.7 dwelling units per gross acre). Tualatin’s surplus of Medium Low Density Residential capacity (315 dwelling units) means that the City has an approximate surplus of 27 gross acres of Medium Low Density land (at 11.7 dwelling units per gross acre).⁵⁸ Tualatin’s surplus of High Density Residential capacity (31 dwelling units) means that the City has an approximate surplus of two gross acres of High Density Land (at 20.5 dwelling units per gross acre).

This estimate of capacity does **not** include the potential additional capacity in Basalt Creek, shown in Exhibit 96. If Basalt Creek builds out with more housing than shown in the Concept Plan (shown in Exhibit 94), then Tualatin has about 764 dwelling units of additional capacity, all in Low Density, Medium Low Density, and High Density Plan Designations.

⁵⁸ This estimate of land is approximate, as densities in Medium Low Density may range from 11.7 to 9.5 dwelling units per gross acre depending on parcel size, as shown in Exhibit 91.

Conclusions and Recommendations

The key findings of the Tualatin Housing Needs Analysis are that:

- **Growth in housing will be driven by growth in households.** Households in Tualatin’s city limits is forecast to grow from 10,791 households to 11,362 households, an increase of 571 households between 2020 and 2040. In that same time, households in Basalt Creek are forecast to grow from 203 households to 646 households, an increase of 443 households.
- **To accommodate households in Tualatin city limits and Basalt Creek, Tualatin is planning for 1,014 new dwelling units.** To accommodate the 1,014 dwelling units over the 20-year planning period, Tualatin will average 51 new dwelling units annually.
- **Tualatin will plan for more single-family attached and multifamily dwelling units in the future to meet the City’s housing needs.** Historically, about 53% of Tualatin’s housing was single-family detached. New housing in Tualatin is forecast to be 40% single-family detached, 15% single-family attached, and 45% multifamily.
 - The factors driving the shift in types of housing needed in Tualatin include changes in demographics and decreases in housing affordability. The aging of senior populations and the household formation of young adults will drive demand for renter- and owner-occupied housing, such as small single-family detached housing, townhouses, duplexes, and apartments / condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.
 - Tualatin’s existing deficit of housing that is affordable for low- and high-income households indicates a need for a wider range of housing types, for renters and homeowners. About 37% of Tualatin’s households have affordability problems, including a cost burden rate of 56% for renter households.
 - Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions, 307 of the forecasted new households will have incomes of \$40,700 (in 2018 dollars) or less (50% of MFI income or less). These households cannot afford market rate housing without government subsidy. Another 151 new households will have incomes between \$40,700 and \$65,120 (50% to 80% of MFI). These households will all need access to affordable housing, such as the housing types described above.
- **Tualatin cannot accommodate all of its housing needs.** Tualatin has a deficit of land in the Medium High Density and High Density High Rise Plan Designations, of 7 acres and 4 acres respectively. The deficits shown in Exhibit 97 may be addressed in multiple ways, such as by re-zoning land, increasing densities allowed in Plan Designations with deficits, or by accommodating housing in Plan Designations with surpluses.

- **Tualatin will need to meet the requirements of House Bill 2001.** The Legislature passed House Bill 2001 in the 2019 Legislative session. The bill requires cities within the Metro UGB to allow “middle” housing types in low-density residential zones. The bill defines middle housing types as: duplexes, triplexes, quadplexes, cottage clusters, and townhouses. To comply with House Bill 2001, Tualatin will need to:
 - Allow cottage cluster as a housing type in the Residential Low Density zone. Tualatin may want to allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones. Tualatin will also need to include development standards in the Tualatin Development Code.
 - Allow duplexes, townhouses, and multifamily housing as a permitted use in the Residential Low Density zone.

Following is a summary of ECONorthwest’s recommendations to Tualatin based on the analysis and conclusions in this report. The *Tualatin Housing Strategy* memorandum presents the full list of recommendations for Tualatin.

- **Ensure an adequate supply of land that is available and serviceable.** Tualatin should evaluate opportunities to increase residential development densities by modifying the Development Code, such as increasing densities and height limits in higher density zones. Tualatin should identify opportunities to re-zone land, from lower density usage to higher density usage, to provide additional opportunities for multifamily housing development. Tualatin should plan for long-term development of housing in Tualatin through 2040 and beyond by working with Metro on upcoming Growth Management reports.
- **Encourage development of a wider variety of housing types.** Tualatin should allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density zone and allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones (which already allow for the other housing types mentioned). These changes should be made in a way that makes the City’s zoning code compliant with House Bill 2001.
- **Support development and preservation of housing that is affordable for all households.** The City should develop policies to support development of housing affordable to people who live and work in Tualatin. The City should identify opportunities to leverage resources (including funding) from the Metro Bond to support development of housing affordable to households earning less than 60% of Median Family Income in Washington County (\$48,900 for a household size of four people). The City should develop policies to prevent and address homelessness, as well as to prevent and mitigate residential displacement resulting from redevelopment and increases in housing costs. These actions will require Tualatin to evaluate adoption of a wide variety of housing policies such as creative financing opportunities for systems development charges, evaluating tax exemption programs, participating in a land bank, and other approaches to supporting development of housing affordable at all income levels.

- **Identify funding tools to support residential development.** The City should evaluate tools such as establishing a new Urban Renewal District and evaluate establishing a construction excise tax.
- **Identify redevelopment opportunities.** The City should identify districts within Tualatin with opportunities for redevelopment for both housing and employment uses, as well as supporting redevelopment of underutilized commercial buildings for housing.
- **Ensure there are connections between planning for housing and other community planning.** Throughout the project, stakeholders emphasized the need to coordinate housing planning with economic development planning, transportation planning, and other community planning. Updates to the Tualatin Transportation System Plan should be coordinated with planning for housing growth. A key approach to accommodating new residential development is redevelopment that results in mixed-use districts, providing opportunities for more housing affordable to people working at businesses in Tualatin and living closer to work (thus reducing transportation issues). In addition, stakeholders would like to see the incorporation of services needed to meet daily needs of residents of neighborhoods without driving.

The *Tualatin Housing Strategy* memorandum presents more details about each of these topics and recommendations for specific actions to implement these recommendations.

Appendix A – Residential Buildable Lands Inventory

The general structure of the standard method BLI analysis is based on the DLCD HB 2709 workbook “*Planning for Residential Growth – A Workbook for Oregon’s Urban Areas*,” which specifically addresses residential lands.⁵⁹ The steps and sub-steps in the supply inventory are:

1. Calculate the gross vacant acres by plan designation, including fully vacant and partially vacant parcels.
2. Calculate gross buildable vacant acres by plan designation by subtracting unbuildable acres from total acres.
3. Calculate net buildable acres by plan designation, subtracting land for future public facilities from gross buildable vacant acres.
4. Calculate total net buildable acres by plan designation by adding redevelopable acres to net buildable acres.

The methods used for this study are consistent with many others completed by ECONorthwest that have been acknowledged by DLCD and LCDC.

Overview of the Methodology

The BLI for Tualatin is based on the data and methods used by Metro. In addition, ECONorthwest’s approach updated Metro’s results to account for new development (the Metro 2018 UGR is based on 2016 data) and other potential local conditions, such as unique environmental constraints.

Study Area

The BLI for Tualatin includes all residential land designated in the comprehensive plans within city limits and designated planning areas (referred to as Tualatin Planning Area). ECONorthwest used the most recent tax lot shapefile from Metro’s Regional Land Information System (RLIS) for the analysis.

Inventory Steps

The BLI consisted of several steps:

1. Generating UGB “land base”
2. Classifying land by development status

⁵⁹ We note that Newberg is not required to comply with ORS 197.296.

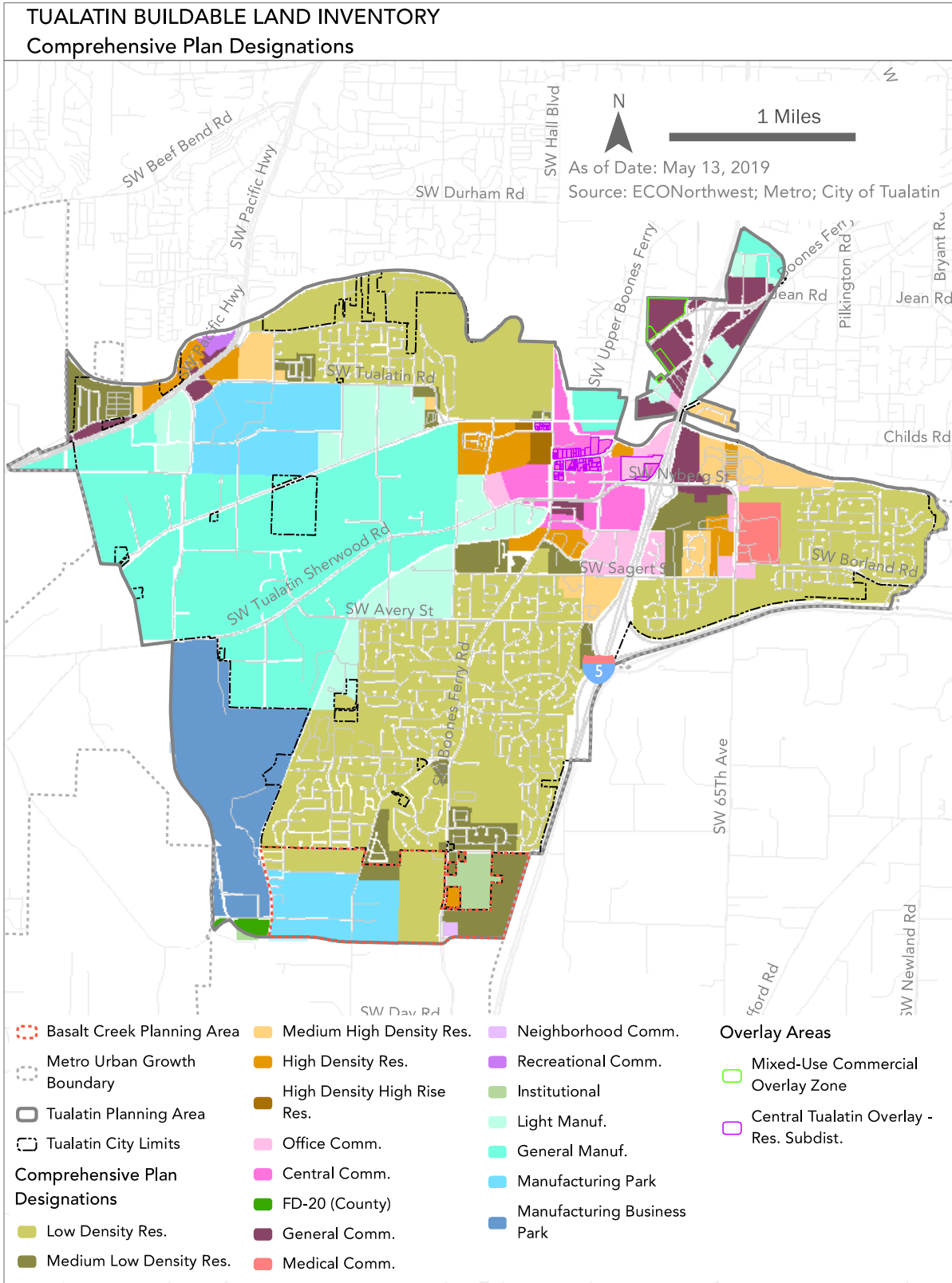
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate “land base.”

Per Goal 10 this involves selecting all of the tax lots with residential and other non-employment Plan Designations where residential uses are planned for and allowed by the implementing zones. The City provided ECO with their Comprehensive Plan GIS files and indicated what designations should be included within the inventory.

Exhibit 98 (on the following page) shows Comprehensive Plan designations for the City of Tualatin. This BLI includes lands in the Low Density Residential, Medium Low Density Residential, Medium High Density Residential, High Density Residential, and High Density High Rise Residential Plan Designations. The BLI also includes areas that allow residential use in the Basalt Creek Planning Area, Mixed-Use Commercial Overlay Zone, and Central Tualatin Overlay.

Exhibit 98. Comprehensive Plan Designations, Tualatin Planning Area, 2019



Step 2: Classify lands.

In this step, ECONorthwest classified each tax lot with a plan designation that allows residential uses into one of four mutually exclusive categories based on development status:

- Vacant
- Partially Vacant
- Public or Exempt
- Developed

ECONorthwest used the classification determined through Metro’s model: Vacant, Ignore, and Developed. In addition, ECO included a new classification for partially vacant lots. The definitions for each classification are listed below.

| Development Status | Definition | Statutory Authority |
|--------------------------------|--|--|
| Vacant | Tax lots designated as vacant by Metro based on the following criteria: 1) Fully vacant based on Metro aerial photo 2) Tax lots with less than 2,000 square feet developed AND developed area is less than 10% of lot 3) Lots 95% or more vacant from GIS vacant land inventory | OAR 660-008-0006(2) “Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. |
| Partially Vacant | Single-family tax lots that are 2.5 times larger than the minimum lot size and a building value less than \$300,000 or lots that are 5 times larger than the minimum lots size (no threshold for building value). These lots are considered to still have residential capacity. For this analysis, we are classifying these lots as Partially Vacant. We assume that 0.25 acres of the lot is developed, and the remaining land is available for development, less constraints. | OAR 660-008-0006(2) |
| Ignore (Public or Exempt uses) | Lands in public or semi-public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. These lands are identified using the Metro’s definitions and categories. | OAR 660-008-0005(2) - Publicly owned land is generally not considered available for residential uses. |
| Developed | Lands not classified as vacant, partially vacant, or public/exempt are considered developed. Developed land includes lots with redevelopment capacity, which are also included in BLI. The unit capacity of developed but redevelopable lots is based on Metro’s estimates. | OAR 660-008-0006(2) “Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. |

Step 3: Identify constraints

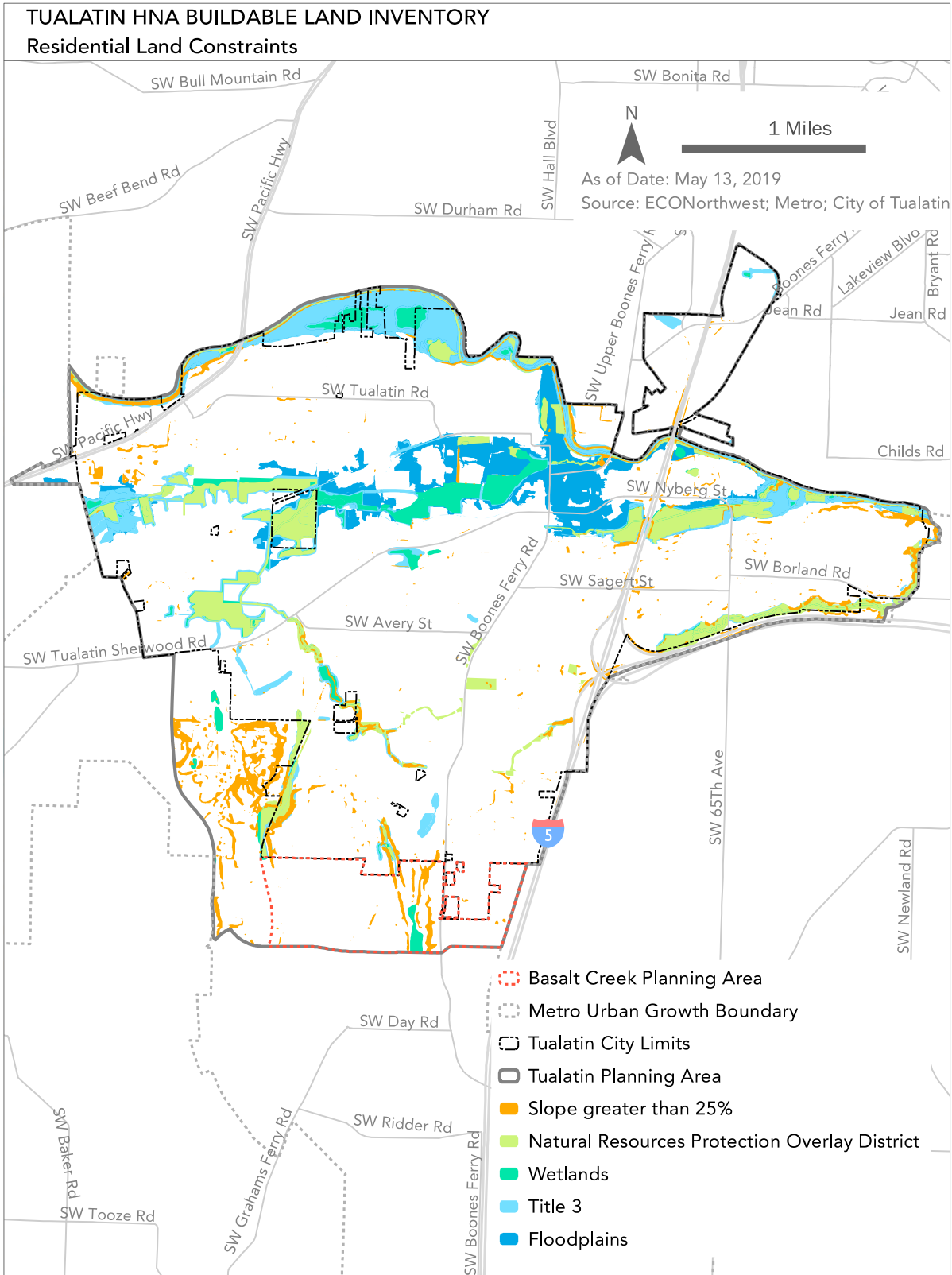
Consistent with OAR 660-008-0005(2) guidance on residential buildable lands inventories, ECO deducted certain lands with development constraints from vacant lands. We used some of the constraints established in Metro’s methodology, with modifications to fit local considerations in Tualatin. These constraints are summarized in the table below.

| Constraint | Statutory Authority | Threshold |
|---|---------------------|---|
| Goal 5 Natural Resource Constraints | | |
| Natural Resources Protection Overlay District | OAR 660-008-0005(2) | Areas in the NRPOD |
| Riparian Corridors | OAR 660-015-0000(5) | Areas protected by the Stream and Floodplain Plan |
| Wetlands | | |
| Natural Hazard Constraints | | |
| 100 Year Floodplain | OAR 660-008-0005(2) | Lands within FEMA FIRM 100-year floodplain |
| Steep Slopes | OAR 660-008-0005(2) | Slopes greater than 25% |

The lack of access to water, sewer, power, road or other key infrastructure cannot be considered a prohibitive constraint unless it is an extreme condition. This is because tax lots that are currently unserviced could potentially become serviced over the 20-year planning period.

Exhibit 99 maps the development constraints used for the residential BLI.

Exhibit 99. Development Constraints, Tualatin Planning Area, 2019



Step 4: Verification

ECO used a multi-step verification process. The first verification step will included a “rapid visual assessment” of land classifications using GIS and recent aerial photos. The rapid visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECO reviewed all tax lots included in the inventory using the rapid visual assessment methodology. The second round of verification involved City staff verifying the rapid visual assessment output. ECO amended the BLI based on City staff review and comments, particularly related to vacant land developed since 2016.

Step 5: Tabulation and mapping

The results are presented in tabular and map format. The Tualatin Residential BLI includes all residential land designated in the Comprehensive Plan within the Tualatin Planning Area. From a practical perspective, this means that ECONorthwest inventoried all lands within tax lots identified by Metro that fall within the Tualatin Planning Area. The inventory then builds from the tax lot-level database to estimates of buildable land by Plan Designation.

DATE: December 4, 2019
TO: Tualatin Housing Needs Analysis Project Advisory Committees
CC: Karen Perl Fox, Steve Koper, and Jonathan Taylor
FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
SUBJECT: FINAL: TUALATIN HOUSING STRATEGY

The City of Tualatin contracted ECONorthwest to develop a Housing Needs Analysis and a Housing Strategy for Tualatin. The Housing Needs Analysis (HNA) will determine whether the City of Tualatin has enough land to accommodate twenty years of population and housing growth. It will characterize housing affordability problems and identify gaps in housing affordability in Tualatin. The HNA will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as for the development of an action plan to implement the housing policies (i.e., the Housing Strategy).

The HNA uses a planning period of 2020–2040. Tualatin is planning for minimum growth of 1,014 new dwelling units within the Tualatin city limits and the Basalt Creek area over the 2020–2040 planning period. Tualatin's vacant unconstrained buildable land has capacity for development of 1,207 new dwelling units at full build-out, not including redevelopment capacity. Build-out of Tualatin's vacant land could occur within the 2020–2040 period, or it could take longer. While the HNA works with the forecasted growth of 1,014 new dwelling units through 2040, the City may consider potential residential growth beyond this forecast in its housing policies, including build-out of all vacant land and redevelopment resulting in additional housing

The results of the HNA show that Tualatin has a deficit of land designated for housing in the Medium High Density Residential and the High Density / High-Rise Residential comprehensive plan designations. The City will need to develop policies to meet this deficit, such as redevelopment or rezoning land to meet these housing needs.

A key objective of the HNA and accompanying 2020 Housing Strategy is to identify options for changes to the City's Comprehensive Plan and land use regulations needed to address housing and residential land needs. This memorandum presents a housing strategy for Tualatin, based on the results of the HNA and discussions with the Community Advisory Committee (CAC) and Technical Advisory Committee (TAC). This Housing Strategy presents a comprehensive package of interrelated policy changes that the CAC recommends the City address.

This Housing Strategy recognizes that the City does not build housing. The strategy focuses on land use tools to ensure there is adequate land planned and zoned to meet the range of housing needs and opportunities for a variety of housing types, whether they be priced at market rate or subsidized. To the extent possible, this strategy strives to provide opportunities for lower-cost market-rate housing to achieve more housing affordability without complete reliance on subsidies and to include subsidized housing as an important tool to meet the need at the lower end of the income spectrum (low, very low, and extremely low) in the mix of strategies.

The Housing Strategy addresses the needs of households with middle, low, very low, or extremely low income. The following describes these households, based on information from the Tualatin Housing Needs Analysis.

- **Very low-income and extremely low-income households** are those who have an income of 50% or less of Washington County’s median family income (MFI)¹ which is an annual household income of about \$41,000 or less for a family of four. About 31% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,018 or less.² Development of housing affordable to households at this income level is generally accomplished through development of income-restricted housing.
- **Low-income households** are those who have an income between 50% and 80% of Washington County’s MFI, or an income between \$41,000 and \$65,000 for a family of four. About 15% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,018 to \$1,625. Households with an income below 60% of MFI typically qualify for some types of income-restricted housing. The private housing market often struggles to develop housing affordable to households in this group, especially for the lower-income households in the group.
- **Middle-income households** are those who have an income between 80% and 120% of Washington County’s MFI, or an income between \$65,000 and \$98,000 for a family of four. About 15% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,625 to \$2,400. The private housing market may develop housing affordable to households in this group.

Through the technical analysis of the HNA and input from the CAC and TAC, the City identified six strategic priorities to meet housing needs identified in the HNA. Strategic priorities are described in greater detail in the section below. Appendix A presents the full text of Tualatin’s existing Comprehensive Plan policies for housing. Appendix B presents the information provided to the CAC in the memorandum “Housing Policy Tools to Address Needs” (May 16, 2019).

Tualatin’s Housing Strategy

The Tualatin Housing Strategy is organized around six broad strategic priorities: (1) ensure an adequate supply of land that is available and serviceable; (2) encourage development of a wider variety of housing types; (3) identify strategies to support affordable housing; (4) evaluate funding tools to support residential development; (5) identify redevelopment opportunities; and (6) ensure there are connections between planning for housing and other planning (such as transportation planning, water and wastewater planning, or economic development planning). The broad goal of the Tualatin Housing Strategy is to help the City manage the land within the

¹ Median family income is determined by the U.S. Department of Housing and Urban Development. In 2018, Washington County’s MFI was \$81,400.

² This assumes that households pay less than 30% of their gross income on housing costs, including rent or mortgage, utilities, home insurance, and property taxes.

Tualatin planning area to meet current and future housing needs while maintaining the character and quality of life in Tualatin and protecting public interests such as housing affordability, health, safety, and municipal revenues.

The Tualatin CAC convened seven times between March 2019 and September 2019. The CAC discussed housing at the meetings in March, May, August, and September. The Tualatin TAC met four times between April 2019 and September 2019 and discussed housing at all four meetings (while some meetings included discussions of other topics, as well). The CAC and TAC provided input into the development of the Housing Strategy through discussions at meetings and opportunities for input on written documents.

The recommendations from the CAC in this strategy consider key findings from the HNA, such as the following examples. The City has a long-term deficit of residential land. The housing market is not building enough housing that is affordable to households with annual incomes less than \$35,000 based on U.S. Census American Community Survey data. The housing market in Tualatin also has a deficit of housing affordable to households earning more than \$150,000.³ The composition of Tualatin's population is becoming older and more diverse. This document presents a comprehensive strategy that provides a variety of opportunities to meet the housing needs of Tualatin's residents at all income levels.

Many of the actions described in the Tualatin Housing Strategy will require legislative amendments to the City's Comprehensive Plan and/or Development Code. These actions will be subject to standard notification and hearing procedures. After the Housing Needs Analysis is completed, the Planning Commission and City Council will prioritize the actions suggested in this memorandum, along with other actions suggested for Tualatin through 2040. Implementation of high priority actions will begin in 2020, based on City Council direction.

³ This analysis is based on Exhibit 79 in the Tualatin Housing Needs Analysis.

Summary of Actions

The table below summarizes the strategies, actions, and recommendations made by the CAC. The priority shown in the table is based on discussions with the CAC about the actions they view to be in need of prompt attention. Low-priority actions represent actions that the CAC thinks are important but that may be executed later in the Tualatin 2040 process. At some level, all of the actions in this strategy are a high priority for the CAC.

| Strategies, Actions, and Recommendations | Priority |
|---|----------|
| Strategy 1: Ensure an adequate supply of land that is available and serviceable. | |
| <p>Action 1.1. Evaluate opportunities to increase development densities within Tualatin’s existing zones by modifying the Development Code.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.1a: Evaluate increasing densities in the Residential High and Residential High Density / High Rise residential designations by allowing buildings that are five to eight stories tall. ▪ Recommendation 1.1b: Conduct an audit of the City’s Development Code to identify barriers to residential development (e.g., lot size, setbacks, and lot coverage ratio) and identify alternatives for lowering or eliminating the barriers. ▪ Recommendation 1.1c: Evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements, especially for housing developed for groups who have fewer cars. ▪ Recommendation 1.1d: Adopt a Planned Unit Development (PUD) ordinance to allow flexibility in both development standards and housing types. | High |
| <p>Action 1.2. Evaluate opportunities to rezone land to provide additional opportunities for multifamily housing development.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.2a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes employment and residential uses. ▪ Recommendation 1.2b: Evaluate opportunities to re-zone Residential Low Density and Residential Medium Low Density residential land for higher-density housing. ▪ Recommendation 1.2c: Evaluate merging High Density zone and the High Density / High Rise zone into one zone and evaluate increasing the maximum density and maximum height limit allowed. | High |
| <p>Action 1.3. Plan for infrastructure development to support residential development, consistent with Strategy 6.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.3a: Identify opportunities to increase coordination between transportation planning and residential growth to manage congestion from growth. ▪ Recommendation 1.3b: Identify opportunities to increase transit service. | Medium |
| <p>Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.4a: Actively work with Metro staff on upcoming Regional Growth Management reports. Coordinate Tualatin’s planning with regional plans. ▪ Recommendation 1.4b: Develop and implement a system to monitor the supply of residential land every two years. ▪ Recommendation 1.4c: Reevaluate Tualatin’s housing needs and land sufficiency on a schedule tied to the Metro Growth Management cycle. ▪ Recommendation 1.4d: When needed in the future, work with Metro on potential expansion of the Metro UGB to include the Stafford area. | High |

| Strategies, Actions, and Recommendations | Priority |
|--|----------|
| Strategy 2: Encourage development of a wider variety of housing types. | |
| <p>Action 2.1. Allow and encourage development of duplexes, cottage housing, townhomes, row houses, and triplexes and quadplexes in lower-density residential zones.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.1a: Allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density residential zone. ▪ Recommendation 2.1b: Allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones, at densities appropriate for the zones. | Medium |
| <p>Action 2.2. Identify opportunities to increase development of commercial and residential mixed-use development.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.2a: Identify opportunities for more mixed-use development. | Medium |
| <p>Action 2.3. Identify opportunities to allow and support development of additional innovative housing types.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.3a: Evaluate allowing and supporting development of other housing types in Tualatin, such as single-room occupancy (more than four unrelated living in the same dwelling with shared kitchen and bathrooms); reuse of cargo containers for housing; tiny homes (dwelling units between 100 and 500 square feet); and higher-amenity housing on larger lots. | Low |
| Strategy 3: Support development and preservation of housing that is affordable for all households. | |
| <p>Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of the median family income in Washington County (\$48,900 or less for a household size of four people).</p> <ul style="list-style-type: none"> ▪ Recommendation 3.1a: Develop policies to support development of housing affordable to households with incomes below 60% of MFI as part of the City's program to leverage funds from the Metro Housing Bond. | High |
| <p>Action 3.2. Develop policies to support development of housing affordable to people who have income between 60% and 120% of MFI (\$48,900 to \$98,000 for a household of four in Washington County) and live and work in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.2a: Emphasize growth of jobs that pay at or above average wages, as part of the City's economic development strategy. ▪ Recommendation 3.2b: Identify opportunities to partner with or support employers who are interested in developing an employer-assisted housing program. | Medium |
| <p>Action 3.3. Develop policies to prevent and address homelessness.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.3a: Develop policies to prevent and address homelessness. | Low |
| <p>Action 3.4. Develop policies to prevent or mitigate residential displacement resulting from redevelopment and increases in housing costs in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.4a: Develop policies to prevent displacement of existing residents. ▪ Recommendation 3.4b: Develop policies to prevent loss of existing affordable housing. | Low |
| <p>Action 3.5. Partner with organizations to establish a land bank or land trust.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.5a: Determine whether to participate in a land bank or land trust, such as the Proud Ground Community Land Trust. | Low |
| <p>Action 3.6. Evaluate creative system development charge financing opportunities.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.6a: Evaluate options for potential changes to SDCs and TDTs to support development of affordable housing. | Medium |
| <p>Action 3.7. Evaluate establishment of a tax exemption program to support development of affordable housing.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.7a: Evaluate tax exemption options to support development of affordable housing or mixed-use housing. | Medium |

| Strategies, Actions, and Recommendations | Priority |
|--|----------|
| Action 3.8. Ensure that Tualatin has sufficient staff capacity to implement the housing program priorities set by the City Council. <ul style="list-style-type: none"> ▪ Recommendation 3.8a: Determine whether the City will need to add staff to implement the policies in the housing strategy. | Low |
| Strategy 4: Identify funding tools to support residential development. | |
| Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing. <ul style="list-style-type: none"> ▪ Recommendation 4.1a: Evaluate opportunities, such as housing development incentives (in Strategy 3), to use leveraged funding from the Metro Housing Bond to support the development of affordable housing. | High |
| Action 4.2. Evaluate establishing an urban renewal district. <ul style="list-style-type: none"> ▪ Recommendation 4.2a: Continue the evaluation of establishing a new urban renewal district and consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of MFI. | High |
| Action 4.3. Evaluate implementation of a construction excise tax. <ul style="list-style-type: none"> ▪ Recommendation 4.3a: Evaluate implementation of a CET, starting with an analysis of the financial capacity of a CET. | Medium |
| Strategy 5: Identify redevelopment opportunities. | |
| Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses. <ul style="list-style-type: none"> ▪ Recommendation 5.1a: Identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment. | High |
| Action 5.2. Support redevelopment of underutilized commercial buildings for housing. <ul style="list-style-type: none"> ▪ Recommendation 5.2a: Identify underutilized commercial areas that are ripe for redevelopment and work with landowners and developers to support redevelopment. | Medium |
| Strategy 6: Ensure there are connections between planning for housing and other community planning. | |
| Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth. <ul style="list-style-type: none"> ▪ Recommendation 6.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for housing. ▪ Recommendation 6.1b: Evaluate opportunities to expand transit and improve transportation connectivity in Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin's Town Center. ▪ Recommendation 6.1c: Evaluate opportunities for planning transit-oriented development. ▪ Recommendation 6.1d: Develop a bicycle and pedestrian plan for Tualatin to increase connectivity within Tualatin. | High |
| Action 6.2. Coordinate planning for economic development planning with housing planning. <ul style="list-style-type: none"> ▪ Recommendation 6.2a: Ensure the City includes housing planning for housing that is affordable to people who work at businesses in Tualatin. | Medium |
| Action 6.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses. <ul style="list-style-type: none"> ▪ Recommendation 6.3a: Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life. | Low |
| Action 6.4. Support sustainable development practices. <ul style="list-style-type: none"> ▪ Recommendation 6.4a: Evaluate sustainable building practices, including certifications, to determine whether the City should offer incentives for certification or require certification of new buildings as sustainable. | Low |

Strategy 1: Ensure an Adequate Supply of Land that is Available and Serviceable

This strategy is about ensuring an adequate land supply — not only a twenty-year supply (as Goal 10 requires) but also a pipeline of serviced land that is available for immediate development. The following recommended strategies and actions are intended to ensure an adequate supply of residential land through a combination of changes to the Tualatin Development Code, rezoning land, and long-term regional planning for housing. Efficient use of Tualatin’s residential land is key to ensuring that Tualatin has adequate opportunities to grow from 2020 to 2040, and beyond.

Issue Statement

Tualatin’s vacant unconstrained residential land can accommodate about 1,900 new dwelling units, including land within the city limits and Basalt Creek. Development of all of Tualatin’s vacant unconstrained land may occur over a period longer than the twenty-year planning period of this project. The forecast for housing growth over the 2020 to 2040 period is 1,041 new dwelling units.

The results of the HNA show that Tualatin has a surplus of capacity for new housing in the Low Density Residential, Medium Low Density Residential, and High Density Residential Plan Designations but a deficit in the Medium High Density Residential and High Density / High-Rise Residential plan designations. Tualatin has a deficit of 109 dwelling units (about 7 gross acres of land) in the Medium High Density Residential designation and a deficit of 101 dwelling units (about 4 gross acres of land) in the High Density / High-Rise Residential designation.

Tualatin has enough land within its planning area to accommodate the forecast for new housing. The existing zoning, however, leads to deficits of land in the Medium High Density Residential and High Density / High-Rise Residential Plan Designations. Oregon’s statewide planning system requires cities that do not have enough land within their urban growth boundary (UGB) or in selected plan designations to evaluate and implement policies to increase land use efficiently, expand the UGB, or both.

Tualatin is part of the Metro UGB and cannot expand its planning area on its own. However, Tualatin can increase land use efficiency within its planning area by increasing allowable development densities, rezoning land, or planning for redevelopment to meet the needs in the Medium High Density Residential and High Density / High-Rise Residential plan designations. In addition, Tualatin can monitor growth to ensure that the city continues to have sufficient land for residential growth, and it can work with Metro and other regional partners on future expansions of the Metro UGB to accommodate additional residential development in Tualatin.

Tualatin needs land that is vacant with urban services that support residential development, such as municipal water service, sewer and wastewater service, stormwater management systems, and transportation connections with adequate capacity to accommodate growth.

Goal

Ensure that sufficient land is designated and has urban services to support development so the supply is adequate for all needed housing types at the needed densities. Consider the development-ready residential land supply as part of ongoing functional planning efforts to provide necessary urban services in support of residential development.

Recommended Actions

Action 1.1. Evaluate opportunities to increase development densities within Tualatin's existing zones by modifying the Development Code.

This approach seeks to increase housing capacity by increasing allowable density in residential zones. In short, it gives developers the option of building to higher densities. Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development, add tax revenue that benefits the City (as more units can be built), and make the provision of services more cost effective.

This action will look at increasing allowed densities in the Comprehensive Plan and decreasing minimum lot size standards and/or allowable densities in all residential zones.

Tualatin could modify the density ranges outlined in the Tualatin Development Code. These are currently:

- Residential Low-Density (RL): 1–6.4 dwelling units per acre
- Residential Medium Low–Density (RML): 6–10 dwelling units per acre
- Residential Medium High–Density (RMH): 11–15 dwelling units per acre
- Residential High-Density (RH): 16–25 dwelling units per acre
- Residential High-Density/High-Rise (RH/HR): 26–30 dwelling units per acre

With respect to zoning, Tualatin presently has the following zoning standards:

- P is permitted, C is conditional, and N is not permitted
- Minimum Lot size is in square feet and maximum density is in dwelling units per acre (du/ac)

| Zone | Single-Family Detached | Manufactured Home on a Lot | Accessory Dwelling Unit | Manufactured Home Park | Duplex | Townhouse | Multi-family |
|-----------------------------|------------------------|----------------------------|-------------------------|------------------------|--------|-----------|--------------|
| Residential Low (RL) | | | | | | | |
| Allowed Uses | P | P | P | N | C | C | C |
| Minimum Lot Size | 6,500 average | 6,500 average | - | | 6,000 | 6,000 | 6,000 |

| Zone | Single-Family Detached | Manufactured Home on a Lot | Accessory Dwelling Unit | Manufactured Home Park | Duplex | Townhouse | Multi-family |
|---|------------------------|----------------------------|--|------------------------|-----------|-----------|--------------|
| Maximum Density | 6.4 du/ac | 6.4 du/ac | Accessory to lot with single family dwelling | | 6.4 du/ac | 6.4 du/ac | 6.4 du/ac |
| Residential Medium Low-Density (RML) | | | | | | | |
| Allowed Uses | C | N | P | P | P | P | P |
| Minimum Lot Size | 4,500 | | | | 4,356* | 1,400 | 4,356* |
| Maximum Density | 10 du/ac | | | 12 du/ac | 10 du/ac | 10 du/ac | 10 du/ac |
| Residential Medium High-Density (RMH) | | | | | | | |
| Allowed uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 2,904* | 1,400 | 2,904* |
| Maximum Density | | | | | 15 du/ac | 15 du/ac | 15 du/ac |
| Residential High-Density (RH) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 1,742* | 1,400 | 1,742* |
| Maximum Density | | | | | 25 du/ac | 25 du/ac | 25 du/ac |
| Residential High-Density/High-Rise (RH/HR) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 1,452 | 1,452 | 1,452* |
| Maximum Density | | | | | 30 du/ac | 30 du/ac | 30 du/ac |
| Mixed-Use Commercial Overlay Zone (MUCOD) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | None | None | None |
| Maximum Density | | | | | 50 du/ac | 50 du/ac | 50 du/ac |
| Central Tualatin Overlay Zone (RH/HR) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size (Core Area) | | | | | 5,000 | 5,000 | 5,000 |
| Minimum Lot Size (Noncore Area) | | | | | 25,000 | 25,000 | 25,000 |
| Maximum Density | | | | | 25 du/ac | 25 du/ac | 25 du/ac |

*Note: The lot sizes for duplex and multifamily units are based on development on more than one acre. Development on less than one acre has a different standard for minimum lot size.

Changes to lot size standards are legislative changes to the Comprehensive Plan and/or zoning code. As such, this process should be initiated with the Planning Commission and include opportunities for public input.

Recommendation 1.1a: Tualatin should evaluate increasing densities in the residential High and Residential High Density / High Rise designations by allowing buildings that are five to eight stories tall (or higher). The City could increase densities to 60 to 100 dwelling units per acre. Alternatively, the City could allow the zoning standards to dictate the number of new dwelling units, based on standards such as building height limitations, parking requirements per unit, lot coverage ratios, setback requirements, and other zoning standards.

Recommendation 1.1b: Tualatin should conduct an audit of the City's Development Code to identify barriers to residential development (e.g., lot size, setbacks, and lot coverage ratio) and identify alternatives for lowering or eliminating the barriers. For example, the code audit could include these evaluating dimensional standards in all zones to understand the potential impact of development of vacant land (especially smaller or irregularly shaped lots) to identify barriers to infill development.

Recommendation 1.1c: Tualatin should evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements, especially for housing developed for groups who have fewer cars, such as seniors or low-income affordable housing, close proximity to transit stop, and/or additional provision of bicycle parking. The City could consider changes that allow for alternative ways to meet parking requirements or reduce (or eliminate) parking requirements:

- Requiring off-street parking, but not necessarily requiring parking garages.
- Allowing some on-street parking within a set distance of the development to account for some off-street parking requirements.
- Requiring less off-street parking when close (such as within ¼ mile) of a transit stop.
- Requiring additional provision of bicycle parking to reduce parking requirements for the building.

Recommendation 1.1d: Adopt a (Planned Unit Development) PUD ordinance to allow flexibility in both development standards and housing types (subject to a maximum density) in exchange for provision of protected open space through a land use application process; this would require a hearing on the proposed development with the Planning Commission.

Action 1.2. Evaluate opportunities to rezone land to provide additional opportunities for multifamily housing development.⁴

The community desires rezoning to promote the opportunity of housing redevelopment and development. This action seeks to address the deficit of land in the Medium High Density Residential designation (about 7 gross acres of land) and in the High Density / High-Rise Residential designation (about 4 gross acres of land). The action also seeks to provide additional opportunities for the development of multifamily housing; this may contribute, to providing more opportunities for people who work at businesses in Tualatin to also live in Tualatin.

Recommendation 1.2a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes employment and residential uses. The City should exclude industrial sanctuary land (i.e., land in the Southwest Tualatin Concept Plan area) from this evaluation, as this land has been identified as regionally significant industrial areas.

Recommendation 1.2b: Evaluate opportunities to rezone Residential Low Density and Residential Medium Low Density residential land for higher-density housing.

Recommendation 1.2c: Evaluate merging the High Density zone and the High Density / High Rise zones into one zone, and evaluate increasing the maximum density and maximum height limit allowed in the revised zone, consistent with Action 1.1.

Action 1.3. Plan for infrastructure development to support residential development, consistent with Strategy 6.

The City already coordinates land use planning with the Capital Improvement Plan to ensure that infrastructure is available to support residential development, especially in newly urbanizing areas and areas identified as high priority for development. Some types of infrastructure development, especially transportation and transit infrastructure, have lagged behind growth in Tualatin and in the broader region, resulting in automotive congestion and insufficient transit service, as discussed in Strategy 6.

Recommendation 1.3a: Identify opportunities to increase coordination between transportation planning and residential growth to manage and reduce congestion resulting from new growth.

Recommendation 1.3b: Identify opportunities to increase transit service between Tualatin and other cities within the Portland region (such as the ongoing planning for the Southwest Corridor) and transit within Tualatin.

⁴ An alternative to this strategy suggested by a committee member was revising the City's zoning system to the following categories of land use: Suburban Residential (replaces the RL and RML zones) with a maximum of 10 dwelling unit per acre and maximum building height of 45 feet; Urban Residential (replaces the RMH and RH zones) with a minimum density of 15 dwelling units per acre and maximum building height of 65 feet; and Urban II (includes the RH/HR zone) with a minimum density of 30 dwelling units per acre and maximum building height of 100 feet.

Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond.

The Housing Needs Analysis plans for the 2020 to 2040 period. It is based on Metro's current forecasts for household growth in Tualatin. The Economic Opportunities Analysis shows that employment will continue to grow in Tualatin at a substantially faster pace than households over the next twenty years.

Tualatin has capacity for residential development beyond the forecasted growth over the next twenty years and may be planning for additional capacity for residential growth through policies to increase multifamily building height and density standards (Action 1.1), increased mixed-use development, (Action 1.2) and redevelopment (Action 5.1). Even so, if Tualatin wants to provide more opportunities for development of housing to allow people to live and work in Tualatin, the City will need to identify additional opportunities for residential development beyond the Tualatin planning area.

A key part of this planning is working with Metro on regional planning for housing and employment in and around Tualatin. The City would be well served by having information to share with Metro about new development, the City's planning efforts to provide opportunities for people to work and live in Tualatin, and economic development plans.

[Recommendation 1.4a:](#) Actively work with Metro staff on upcoming Regional Growth Management reports to ensure that Tualatin's population and employment forecasts are planned for similar growth rates. Coordinate Tualatin's planning with regional plans.

[Recommendation 1.4b:](#) Develop and implement a system to monitor the supply of residential land every two years. This includes monitoring residential development (through permits) as well as land consumption (e.g., development on vacant or land for redevelopment). The reports resulting from growth monitoring can be used for working with Metro to better understand Tualatin's opportunities for growth.

[Recommendation 1.4c:](#) Reevaluate Tualatin's housing needs and land sufficiency on a regular basis tied to the Metro Growth Management cycle (i.e., every six years), as part of the City's coordination with Metro. This recommendation is consistent with new requirements in ORS 197.296 (2)(a)(B)(ii), which was updated through House Bill 2003 to require Metro cities to update their housing needs analysis every six years.

[Recommendation 1.4d:](#) As Tualatin continues to grow and eventually cannot accommodate residential growth within the City, work with Metro on potential expansion of the Metro UGB to include the Stafford area.

Strategy 2: Encourage Development of a Wider Variety of Housing Types

This strategy focuses on actions that are intended to ensure new residential structures developed in Tualatin are diverse and include missing middle, workforce housing, low to moderate-income senior housing and other housing products to achieve housing affordability for households and to meet Tualatin's twenty-year housing needs.

Issue Statement

Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing, single-family attached housing, and compact single-family detached housing). To the extent that denser housing types are more affordable than larger housing types (i.e., single-family detached units on larger lots, such as 2,500 square foot dwelling units on lots larger than 5,000 square feet), continued increases in housing costs will increase demand for denser housing.

Tualatin's housing mix in the 2013–2017 period⁵ was 53% single-family detached, 6% single-family attached and 41% multifamily. Of the multifamily housing, about 5% are low-density multifamily housing types such as duplexes, triplexes, and quadplexes. The HNA assumes that the housing mix of new dwelling units in Tualatin will be about 40% single-family detached, 15% single-family attached and 45% multifamily.

To achieve this mix, Tualatin will need to implement policies that allow a wider variety of middle-density housing types (e.g., cottage clusters, townhouses, duplexes, triplexes, and quadplexes), as well as higher-density housing types (e.g., apartment buildings taller than four stories and mixed-use buildings).

In addition, Tualatin will allow for development of housing that is affordable to workers in Tualatin⁶ and is located in proximity to employment opportunities to attract needed labor force for its industrial and commercial zones and mixed-use overlay zones. These types of housing include (but are not limited to) live-work units, "skinny" single-family detached housing, townhouses, cottage housing, duplexes and triplexes, and less costly types of multifamily housing.

Goal

Allow and encourage the development of a broader diversity of housing types, including middle-density housing types and higher-density housing types.

⁵ Based on 2013–2017 ACS five-year estimates for Tualatin.

⁶ The average wage in Tualatin was \$57,300 in 2017. Housing that is affordable to a worker with that wage would have a housing cost of no more than \$1,430 per month. Some workers make less than the average wage and would require housing affordable to lower incomes, as described in Strategy 3.

A single worker with a job paying the average wage could afford a dwelling with a sales price of no more than \$230,000. Given that the average sales price in Tualatin in early 2019 was \$480,000, housing affordable at the average wage in Tualatin is likely to be rental housing. If the household has two full-time workers with jobs paying the average wage, the household may be able to purchase a dwelling in Tualatin.

Recommended Actions

Action 2.1. Allow and encourage development of duplexes, cottage housing, townhomes, row houses, and triplexes and quadplexes in lower-density residential zones.

Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types.

This approach could be implemented through the local zoning or development code. These housing types would be listed as outright allowable uses in appropriate residential zones. These housing types may provide additional affordability and allow more residential units than would be achieved by detached homes alone.

The City has already partially implemented this strategy. The City already allows one accessory dwelling unit for existing single-family units. Tualatin allows duplexes, townhouses, and multifamily housing as a conditional use in the Residential Low Density residential zone. Tualatin allows duplexes, townhouses, and multifamily housing as a permitted use in the Medium-Low Density and Medium-High Density residential zones.

This strategy would move Tualatin toward compliance with the potential requirements of House Bill 2001, which passed during the 2019 legislative session. The bill requires cities within the Metro UGB to allow middle housing types in low-density residential zones. The bill defines middle housing types as:

- (A) duplexes,
- (B) triplexes,
- (C) quadplexes,
- (D) cottage clusters, and
- (E) townhouses.

To comply with House Bill 2001, Tualatin will need to:

- Allow cottage cluster as a housing type in the Residential Low Density residential zone. Tualatin may want to allow cottage cluster housing in the Medium-Low Density and Medium-High Density residential zones. Tualatin will also need to include development standards in the Tualatin Development Code.
- Allow duplexes, townhouses, and multifamily housing as a permitted use in the Residential Low Density residential zone.

[Recommendations 2.1a: Allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density residential zone.](#) Tualatin will also need to revise the Development Code to include development standards for these housing types. As part of implementation of House Bill 2001, the Oregon Department of Land Conservation and Development (DLCD) will be developing a model code for cities to accommodate these housing types. Given that the model code may not be available before December 2020 and the deadline for adoption of policies to meet the requirement

of House Bill 2001 is June 30, 2022, Tualatin should begin the process to identify changes necessary to implement House Bill 2001 before the model code is available.

[Recommendations 2.1b:](#) Allow cottage cluster housing in the Medium-Low Density and Medium-High Density residential zones, at densities appropriate for the zones.

Action 2.2. Identify opportunities to increase development of commercial and residential mixed-use development.

One way to provide additional opportunities for housing development, especially multifamily housing development, is through planning for mixed-use development. Tualatin defines mixed-use development as “a tract of land or building or structure with two or more different uses such as, but not limited to residential, office, retail, manufacturing, public or entertainment, in a compact urban form.”

The Economic Opportunities Analysis shows that Tualatin has a small amount of vacant unconstrained commercial land (11 acres). Strategy 5 (redevelopment) recommends identifying opportunities for redevelopment, especially for mixed-use development. Both the Economic Opportunities Analysis and Housing Needs Analysis document the fact that most people who work in Tualatin live elsewhere and that there are relatively few opportunities for housing for people who want to live and work in Tualatin.

One way to increase opportunities for this type of housing is to increase the overall amount of housing affordable to people who work at jobs in Tualatin, much of which will be multifamily housing and should be located near employment centers in Tualatin. Increasing opportunities for mixed-use development can address both of these issues.

[Recommendation 2.2a:](#) Identify opportunities for more mixed-use development, either through rezoning land to a mixed-use zone and/or through redevelopment (consistent with Action 5.1).

Action 2.3. Identify opportunities to allow and support development of innovative housing types.

Some housing types have traditionally not been present in Tualatin, either because they are not allowed or because the market is not developing them. Some innovative housing types may include single-room occupancy (more than four unrelated living in the same dwelling with shared kitchen and bathrooms); reuse of cargo containers for housing; tiny homes (dwelling units between 100 and 500 square feet); and other innovative housing types.

In addition, growth of seniors is increasing demand for single-level single-family detached units to allow seniors to remain in Tualatin as they age. While this type of unit is allowed in Tualatin, little of this housing has been developed over recent years.

Tualatin's land base does not provide opportunity for development of higher-amenity housing on larger lots. This type of housing generally appeals to households with higher incomes. When Tualatin is evaluating opportunities for UGB expansion, there may be opportunities for development of this type of housing in areas where developing higher-density housing is challenging or undesirable, such as on hillsides.

[Recommendation 2.3a: Evaluate allowing and supporting development of other housing types in Tualatin, such as single-room occupancy \(more than four unrelated living in the same dwelling with shared kitchen and bathrooms\); reuse of cargo containers for housing; tiny homes \(dwelling units between 100 and 500 square feet\); and higher amenity housing on larger lots.](#)

Strategy 3: Support development and preservation of housing that is affordable for all households

The following recommended strategy and actions are intended to use a deliberate set of mandates and incentives to support the development of new affordable housing and preserve existing affordable housing.

Issue Statement

Availability of housing that is affordable to households at all income levels is a key issue in Tualatin. For the purposes of this strategy, affordable housing is defined as 1) housing for very low-income and extremely low-income households at 50% or below the median family income (MFI)⁷ (\$41,000 in 2018); 2) housing for low-income households with incomes between 50% and 80% of the MFI (\$41,000 to \$65,000 in 2018); and 3) housing for middle-income households with incomes between 80% and 120% of the MFI (\$65,000 to \$98,000 in 2018).

The City's policy options for providing opportunities to build housing, especially affordable housing (both market-rate and government-subsidized affordable housing) are limited. The most substantial ways the City can encourage development of housing is through ensuring that

⁷ Based on U.S. Department of Housing and Urban Development Median Family Income of \$81,400 for Washington County in 2018.

enough land is zoned for residential development, in addition to assembling and purchasing land for affordable housing development, eliminating barriers to residential development where possible, and providing infrastructure in a cost-effective way.

Based on the actions identified below and the priorities set by decision makers, the City should develop a comprehensive housing strategy that supports the development of long-term (30–60 years) affordable housing that is government-subsidized which is developed by nonprofits, private developers, and/or in partnership between any of the following: public, nonprofit, and/or private developers. The Tualatin Housing Program will use a variety of tools, such as those described in this memorandum, to lower barriers to and encourage affordable housing development.

Goal

The goal of this strategy is to promote more lower-cost housing, with a focus on low and middle-income housing, creating mixed-income neighborhoods. This focus is to ensure that there is housing that is affordable to workers at businesses in Tualatin.

Recommended Actions

Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of the median family income in Washington County (\$48,900 or less for a household size of four people).

Evaluate policies to support development of low-income housing that would be affordable to households earning less than 80% of the MFI in Washington County (\$65,000 for a household size of four people), many of whom may be eligible for income-restricted housing, which is commonly known as low-income housing. These policies will leverage funds from the Metro Housing Bond (discussed in Strategy 4). Some examples of support include:

- Reducing or waiving systems development charges (SDCs) and Transportation Development Tax (TDT) fees (see Action 3.6).
- Evaluating adoption of a tax exemption program (see Action 3.7).
- Providing density bonuses for development of housing affordable to households with incomes below 60% of the MFI.
- Participating in a land bank for housing affordable to households with incomes below 60% of the MFI (see Action 3.5).
- Evaluating adoption of an inclusionary zoning program to require market-rate development to include some housing affordable to households with incomes below 80% of the MFI.
- Developing an expedited review process for development of affordable housing projects that target housing affordability at 60% of the MFI.

- Partnering with Washington County Housing Services and Oregon Housing and Community Services (OHCS) to identify resources for developing additional housing affordable for household with incomes of below 60% of the MFI.

[Recommendation 3.1a: Develop policies to support development of housing affordable to households with incomes below 60% of the MFI, as part of the City’s program to leverage funds from the Metro Housing Bond.](#)

Action 3.2 Develop policies to support development of housing affordable to people who have incomes between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four in Washington County) and live and work in Tualatin.

Workforce housing is housing that is affordable to households earning between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four in Washington County). An important part of this action is coordinating with economic development planning. In 2017, the average wage for jobs in Tualatin was \$57,300.

Action 3.1 includes housing policies for households earning between 60% and 120% of the MFI. Some additional ways that the City may support development of housing affordable to households with incomes between 60% and 120% of the MFI are:

- Coordinating planning for economic development with planning for residential development to emphasize the growth of jobs that pay at or above Tualatin’s average wage (\$57,300 in 2017).
- Supporting and potentially partnering with employers who are interested in developing an employer-assisted housing program to provide grants or loans to support rehabilitation or new housing development.
- Partnering with Washington County Housing Services and Oregon Housing and Community Services (OHCS) to identify resources for developing additional housing affordable for household with incomes between 80% and 120% of the MFI.
- Participating in a land bank for housing affordable to households with incomes between 80% and 120% of the MFI (see Action 3.5).

[Recommendation 3.2a: Emphasize growth of jobs that pay at or above average wages, as part of the City’s Economic Development Strategy.](#)

[Recommendation 3.2b: Identify opportunities to partner with or support employers who are interested in developing an employer-assisted housing program.](#)

Action 3.3. Develop policies to prevent and address homelessness.

Households earning less than 30% of the MFI (\$24,000 or less for a family of four) are at risk of becoming homeless. They can afford monthly rent of \$600 or less. About 16% of households in Tualatin currently fit into this income category. Tualatin has a deficit of about 1,400 units affordable to households with incomes of \$25,000 or less.

Tualatin can use approaches similar to those in Action 3.1 to support development of housing affordable to these households, including using funds from the Metro Housing Bond. Tualatin can also take the following actions to prevent and address homelessness:

- Develop a strategic plan to address homelessness and strengthen partnerships between the City and service providers who assist people experiencing homelessness.
- Partner with service providers to expand rapid rehousing and permanent supportive housing programs.
- Partner with service providers to support the creation of overnight shelters that provide safe sleeping options for people who are unsheltered. Work with service providers to explore alternatives to congregate shelters.

There are many other actions that Tualatin can take to prevent and address homelessness, such as expansion of transportation options, increasing outreach to the homeless population, partnering with service providers of mental health services, supporting a crisis intervention team, and other services.

[Recommendation 3.3a: Develop policies to prevent and address homelessness.](#)

Action 3.4. Develop policies to prevent or mitigate residential displacement resulting from redevelopment and increases in housing costs in Tualatin.

Redevelopment and development of new housing can increase housing costs and displace existing residents. Housing that is currently affordable to households, such as those earning below 60% of the MFI (less than \$48,900 for a household of four) or between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four), can become unaffordable as a result of redevelopment and overall increases in housing costs in Tualatin, making it harder for existing residents of Tualatin and people working at businesses in Tualatin to afford to live in Tualatin.

- Identify funding to allocate to housing programs that prevent and alleviate the risk of displacement, such as the funding sources identified in Strategy 4, to fund programs such as the ones below.
- Evaluate the feasibility of developing a housing preservation and development program to assist with capital repairs, façade improvements, or weatherization. Tualatin may consider criteria for funding, such as the property must be regulated affordable or at risk of converting to market rate. Tualatin could consider offering funds to low-cost market-rate properties in need of major structural repairs (in return for the property owner maintaining existing rent levels).
- Partner with organizations to support programs that preserve market-rate housing and affordable housing. These partnerships can include programs such as provision of grants or low-interest loans to support rehabilitation of existing, older single-family detached homes in poor condition, and/or extending existing Low Income Housing Tax Credit projects for an additional term or converting to long-term affordable housing
- Limit condominium conversions. Develop and evaluate requirements for multifamily building owners who want to convert the apartment units to condominiums. Limitations may restrict the conditions under which conversion is allowed, (e.g., based on vacancy rates or tenant consent). Limitations could require that tenants be offered a right of first refusal to purchase their unit, should the owner want to convert their property to a condominium.
- Work with agencies who offer Fair Housing education and enforcement. Provide landlords and tenants with education of rights and responsibilities under Fair Housing Act and provide resources for enforcement actions where Fair Housing law has been violated. Tualatin could provide resources/information about the Housing Choice Voucher Program to reduce the extent to which landlords discriminate against voucher recipients in Tualatin.

[Recommendation 3.4a: Develop policies to prevent displacement of existing residents.](#)

[Recommendation 3.4b: Develop policies to prevent loss of existing affordable housing.](#)

Action 3.5. Partner with organizations to establish a land bank or land trust.

A land bank supports housing affordability by reducing or eliminating land or acquisition costs from a developer's total development budget. Land banks take several forms, but many are administered by a nonprofit or government entity with a mission of managing a portfolio of properties to support a public or community purpose over many years or decades. The land banking process involves key procedural steps, including (1) strategic land and property acquisition, (2) restoration of the property (e.g., clear blight, clear title), and (3) resale to a buyer.

A land trust is similar to land banking in that they participate in strategic land and property acquisition and restoration of the property (e.g., clear blight, clear title). Though instead of ultimately selling the property (land and buildings), the land trust holds the land in perpetuity and sells or leases the buildings. A land trust is typically a private or nonprofit organization that leases or sells the buildings (e.g., dwelling units) sited on the land but owns and manages the land permanently. A land trust can support housing affordability by leasing the dwelling units on their land to income-qualified renters. If the land trust prefers to pursue homeownership objectives, they can enact a deed covenant prior to selling the dwelling units to safeguard lasting affordability for homeowners.

The City's role in a land bank or land trust may include:

- Identifying opportunities to assist with assembly of land into a single tax lot or multiple adjacent tax lots in certain cases (i.e., mixed-use development with more than one developer involved) to support development of affordable housing.
- Identifying surplus publicly-owned properties that could be used for affordable housing and partner with developers of affordable housing (consistent with Actions 3.1 or 3.2).

[Recommendation 3.5a: Determine whether to participate in a land bank or land trust, such as the Proud Ground Community Land Trust, and determine the City's role in the land banking process.](#)

Action 3.6. Evaluate creative system development charge financing opportunities.

Opportunities to change the way that the City collects system development charges (SDC) and the Transportation Development Tax (TDT) include (1) reducing or waiving system development charges for residential development that meets Tualatin's housing needs or goals (such as the development of housing affordable to households earning less than 60% of the MFI [\$48,900 for a household of four]); (2) implementing an SDC financing credit program to incentivize needed housing types; (3) developing a sliding scale of SDC based on the size of the units, charging lower SDC for smaller units; (4) implementing a sole source system development charge program; (5) vesting SDC rates on submission of the complete land use review application to determine the SDC early in the development process; and (6) collecting SDC at completion of construction (prior to issuance of a certificate of occupancy) rather than at issuance of the building permit.

[Recommendation 3.6a: Review options for potential changes to SDC and TDT to determine if one or more of the options above is appropriate for Tualatin and implement changes to SDCs and the TDT, as appropriate.](#)

Action 3.7. Evaluate establishment of a tax exemption program to support development of affordable housing.

Tax exemption programs typically provide exemptions from property taxes for ten years, and for some, up to twenty years. Tax exemption programs include the following:

| Program | Vertical Housing Development Zones (VHDZs) | Multiunit Housing (a.k.a. MUPTe) | Low-Income Rental Housing/Nonprofit Corporation Low-Income Housing | Tax Exemption for Newly Rehabilitated or Constructed Multiunit Rental Housing |
|---|--|--|--|---|
| Eligible Projects/ Properties | Must include at least one “equalized floor” of residential; at least 50% of the street-facing ground floor area must be committed to nonresidential use. Can be new construction or rehabilitation. City can add other criteria. | Housing subject to a housing assistance contract with a public agency; OR housing that meets City-established criteria for design elements benefitting the general public and number of units. May be new construction, addition of units, or conversion of an existing building to residential use. | New rental housing exclusively for low-income households (at or below 60% MFI); rental housing for low-income persons (at or below 60% MFI) that is owned, being purchased, and/or operated by a nonprofit; or land held for affordable housing development. | Newly rehabilitated or constructed multiunit rental housing. Rental units affordable to households with an annual income at or below 120% of MFI. |
| Eligible Areas | Within designated areas. City may designate any area it chooses. ⁸ | Within designated areas. City may designate core areas. Alternatively, the City can designate the entire city and limit the program to affordable housing. | Anywhere in the city | Anywhere in the city |
| Duration of Tax Exemption/ Abatement | Exemption is for 10 years (this is set in statute, not by the City). | Exemption is for up to 10 years, except for low-income housing, exemption can be extended for as long as the housing is subject to the public assistance contract. | For the low-income rental housing program, exemption lasts 20 years. | City must establish a schedule that provides longer exemptions for projects with more qualifying units, with a maximum of 10 years. |
| Best Suited for | Encouraging mixed-use development in locations where ground floor commercial uses are essential to the vision and mixed-use is not economically feasible yet. | Encouraging multifamily housing in strategic locations or supporting development of housing affordable households with income of 80% of MFI or lower. | Reducing operating costs for regulated affordable housing affordable at 60% MFI or below. | Incentivizing market-rate/moderate-income multifamily housing development citywide. |

Recommendation 3.7a: Review tax exemption options to support development of affordable housing or mixed-use housing to determine if one or more of the options

⁸ The prior statutes governing the VHDZ program specified certain types of areas where VHDZs could be designated. The current version of the statute leaves this decision entirely up to the City. However, logically, the zoning would need to allow both residential and nonresidential uses in order to allow development that could be eligible for VHDZ tax abatement.

above is appropriate for Tualatin and implement the tax exemption program(s) identified as appropriate for Tualatin.

Action 3.8. Ensure that Tualatin has sufficient staff capacity to implement the housing program priorities set by the City Council.

The Housing Strategy presented in this memorandum, and especially the actions presented in Strategy 3 and Strategy 4, will take substantial staff time to evaluate and implement. The City may need additional staffing to implement the Housing Strategy.

Recommendation 3.8a: As the City Council sets priorities for implementation of the Housing Strategy, the Council should work with the City Manager and Community Development Director to determine whether the City will need to add staff to implement the policies in the Housing Strategy.

Strategy 4: Identify Funding Tools to Support Residential Development

The following recommended strategy and actions are intended to consider a range of funding tools that Tualatin may implement and use to support residential development.

Issue Statement

Funding for affordable housing and the infrastructure that serves residential land is becoming increasingly difficult. Cities have adopted a broad range of tools to support affordable housing. The nature of those tools is dependent on local factors: tax base, council support, competing priorities, etc.

Funding affordable housing programs from existing revenue sources may be challenging. Supplemental tools will be necessary if the City wants to support residential development.

Goal

Explore creative and sound ways to support development of affordable housing and infrastructure development.

Recommended Actions

Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing.

Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing. The Metro Housing Bond is for \$652.8 million, the majority of it will support development of at least 3,900 new affordable units. Most of the new units will be affordable to households with income below 60% of the MFI (\$48,600 for a family of four) or less. Funds from the bond measure can be used for building new affordable units, housing purchase and rehabilitating existing housing, buying land for new affordable housing, and producing affordable homeownership units.

Washington County has been allocated \$118.9 million from the bond. The County's draft Local Implementation Strategy allocates Tualatin \$17.5 million for new construction of about 175 units

of housing affordable for individuals and families. In addition, the County anticipates \$30.6 million in additional funds for Tualatin to support this housing development from sources such as Low Income Housing Tax Credits (LIHTC), private resources such as loans from private banks, property tax exemptions, Washington County HOME Partnership Investment Program funds, Washing County Housing Production Opportunity Fund, and resources from partner jurisdictions (such as fee waivers or exemptions, donated or discounted land, grants, or other resources).

The programs discussed in Strategy 3 (especially in Actions 3.1, 3.4, and 3.7) are ways that the City can support and leverage funding from the Metro Housing Bond. In addition, Actions 4.2 (Urban Renewal) and 4.3 (CET) can also leverage funding from the Metro Housing Bond.

[Recommendation 4.1a: Evaluate opportunities, such as housing development incentives \(from Strategy 3\), to use leveraged funding from the Metro Housing Bond to support the development of affordable housing.](#)

Action 4.2. Evaluate establishing an urban renewal district.

As the City evaluates establishing a new urban renewal district (which is currently an ongoing process within the City), evaluate opportunities to support development of affordable housing programs (Strategy 3) funded through urban renewal. The City should also evaluate development of infrastructure (Strategy 1) and redevelopment opportunities (Strategy 5) to support residential development.

Tax increment finance revenues (TIFs) are generated by the increase in total assessed value in an urban renewal district (from the time the district is first established). As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off the bonds. Over the long term (most districts are established for a period of twenty or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:

- Redevelopment projects, such as mixed-use or infill housing developments
- Economic development strategies, such as capital improvement loans for small or start-up businesses that can be linked to family-wage jobs
- Streetscape improvements, including new lighting, trees, and sidewalks
- Land assembly for public as well as private reuse
- Transportation enhancements, including intersection improvements
- Historic preservation projects
- Parks and open spaces

As the City continues its ongoing evaluation of establishing a new urban renewal district, the City should consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of the MFI (\$48,600 for a household of four). Cities primarily use urban renewal funds to support the development of affordable housing by purchasing land and accepting development proposals on that land. Cities typically require some percentage of housing to be affordable, or they make the inclusion of affordable housing a criterion for the evaluation of development proposals.

In addition, cities use urban renewal funds to directly invest in infrastructure projects that benefit housing development.

[Recommendation 4.2a](#): As the City continues its ongoing evaluation of establishing a new urban renewal district, the City should consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of the MFI.

Action 4.3. Evaluate implementation of a construction excise tax.

The construction excise tax (CET) is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533, which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction.

The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:

- 50% must be used for developer incentives (e.g., fee and SDC waivers, tax abatements, etc.).
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives, while the remaining 50% is unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.

[Recommendation 4.3a](#): Evaluate implementation of a CET, starting with an analysis of the financial capacity of a CET based on historical construction rates and the amount of the CET. The fiscal potential will provide a foundation that (1) helps determine whether a CET would generate enough revenue to make an impact, and (2) helps focus discussion on how the City could generate the best return on investment of CET funds.

Strategy 5: Identify Redevelopment Opportunities

This strategy focuses on actions that are intended to identify redevelopment opportunities in areas where housing would be appropriate.

Issue Statement

Tualatin has a deficit of land for housing, a deficit of 109 dwelling units in the Medium High Density Residential designation and a deficit of 101 dwelling units in the High Density / High-Rise Residential designation. Some (or perhaps all) of this deficit could be accommodated through redevelopment of existing areas within Tualatin, where there are opportunities to increase the intensity of land uses. Redevelopment may also provide opportunities for the development of mixed-use areas that are more walkable, have amenities that households frequently access (e.g., schools, medical facilities, parks, retail, restaurants, and other services), and have access to transit, consistent with the actions in Strategy 6.

Redevelopment may require actions from other strategies, such as increasing allowable densities, up-zoning, density bonuses for affordable housing, land assembly, reduced parking requirements, tax abatement programs to support housing development, and funding support such as an urban renewal district.

As the City plans for redevelopment, it should be sensitive to the potential for displacement of existing residents. Action 3.4 includes measures to mitigate displacement resulting from redevelopment.

Goal

Redevelop selected areas of Tualatin to create vibrant mixed-use districts that include new housing opportunities.

Recommended Actions

Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

A key finding of the Housing Needs Analysis is that Tualatin has limited land for development of multifamily housing and projects deficits of land to accommodate new housing in the Medium High Density and High Density / High Rise plan designations. The Economic Opportunities Analysis finds that Tualatin has limited land for commercial development and projects a substantial deficit of land to accommodate new housing.

The City should identify three to four areas within Tualatin for redevelopment into mixed-use areas, with a mixture of higher-density housing and employment uses such as retail, office, and commercial services. For example, some areas that may be appropriate for redevelopment include the Commons, areas near key transit stops, and the area west of 6th Street/east of 90th Street/north of Sagert Street. In selecting areas ripe for redevelopment, the City should consider whether economic conditions support redevelopment and landowner attitudes to redevelopment, and it should also set criteria based on transportation and transit connections and proximity to existing employment centers.

The City should engage the community in developing a vision for redeveloping the selected areas. The planning to implement this vision could be developed through redevelopment plans that show how the property will be redeveloped into a vibrant area with a mixture of uses, connections with Tualatin's automotive and pedestrian/bicycle transportation networks, and a variety of housing types. The redevelopment plans should include working with landowners to ensure they are supportive of the plans, as well as involving stakeholder and citizen input into the vision for the district and development of the redevelopment plans.

The City should consider opportunities to support redevelopment, such as urban renewal (Action 4.2), to address infrastructure deficiencies or to support development of affordable housing, funding from the Metro Housing Bond (Action 4.1) for affordable housing development, land banking (Action 3.5), opportunities to reduce SDCs (Action 3.6), and property tax exemptions (Action 3.7) to support housing development.

[Recommendation 5.1a: Initiate a process to identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment.](#)

Action 5.2. Support redevelopment of underutilized commercial buildings for housing.

Tualatin has several underutilized commercial buildings, such as stores that have closed, that may be appropriate for redevelopment. The City should work with landowners to evaluate opportunities for redeveloping vacant buildings for new housing.

The City should consider opportunities to support redevelopment of underutilized commercial buildings, such as urban renewal, to address infrastructure deficiencies or support development of affordable housing, such as the Metro Housing Bond (Action 4.1) or property tax abatements (Action 3.7).

[Recommendation 5.2a: Identify underutilized commercial areas that are ripe for redevelopment and work with landowners and developers to support redevelopment.](#)

Strategy 6: Ensure There are Connections between Planning for Housing and Other Community Planning

This strategy focuses on actions that are intended to ensure coordination between planning for housing and other community planning, such as transportation planning or neighborhood planning.

Issue Statement

Discussions of residential development led to discussions of the design of neighborhoods and connectivity in Tualatin and a desire for more deliberate planning of new residential development to integrate multiple modes of transportation, access to parks and schools, and retail and services in or near neighborhoods. Given that large parts of Tualatin are already built out, this type of planning will need to consider long-term redevelopment opportunities to retrofit the existing built environment into neighborhoods with these characteristics.

This type of planning should occur with attention paid to equity issues, ensuring that neighborhoods with these characteristics are developed in a way that does not displace existing households and provides opportunity for housing for all residents of Tualatin, regardless of income, age, or race/ethnicity. This implies development of neighborhoods with a mixture of incomes, homeowners and renters, and a mixture of housing types (i.e., both single-family detached housing and attached or multifamily housing).

Goal

Ensure that Tualatin develops as a walkable and complete community with amenities that are easily accessible to people who live in Tualatin.

Recommended Actions

Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth

The next update to the Transportation System Plan (TSP) should coordinate planning for housing, as well as employment growth, with transportation planning, providing for opportunities for more intensive multifamily development where there is sufficient capacity for automotive and transit capacity. The redevelopment areas (Action 5.1) should be planned for in areas where there is higher capacity for automotive and transit, as well as being connected by pedestrian and bicycle trails.

The update to the TSP ensures there are additional opportunities to decrease dependence on automotive transportation, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit). The TSP update should also identify opportunities to address capacity issues on Tualatin's roads to ease congestion and make traveling by car within and outside of Tualatin easier.

[Recommendation 6.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for housing, such as increased focus on development in](#)

walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit).

[Recommendation 6.1b](#): Evaluate opportunities to expand transit and improve transportation connectivity in Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin’s Town Center and vital services, and out to the neighborhoods.

[Recommendation 6.1c](#): Evaluate opportunities for planning transit-oriented development as transit becomes more available in Tualatin, consistent with redevelopment planning.

[Recommendation 6.1d](#): Develop a bicycle and pedestrian plan for Tualatin to increase connectivity within Tualatin.

Action 6.2. Coordinate planning for economic development with housing planning.

Tualatin has a jobs-housing imbalance, with more jobs than residents in Tualatin. The other strategies in this memorandum are intended to support development of housing that is affordable to people who work at businesses in Tualatin (the average wage was \$57,300 in 2017), such as Action 3.2. The City should evaluate opportunities to support development of housing that is affordable to workers at businesses in Tualatin to ensure that people who work in Tualatin have the opportunity to live in Tualatin. As part of this evaluation, the City should identify opportunities for residential development closer to jobs in Tualatin, to make it easier for people to walk, bicycle, or use transit to get to work. These opportunities are parts of the strategies throughout this memorandum.

[Recommendation 6.2a](#): Ensure the City includes housing planning for housing that is affordable to people who work at businesses in Tualatin.

Action 6.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses.

The City should develop a framework for development of mixed-use neighborhoods that results in neighborhoods where residents have easy, convenient access to many of the places and services they use daily without relying heavily on a car. The framework would include the following elements: walkable neighborhoods with access to transit, nearby parks (i.e., within one-quarter mile), neighborhood retail and restaurants, and near schools. The neighborhood would have higher concentrations of people and would be complete with sidewalks, bike lanes, and bus routes that support a variety of transportation options. The design of the neighborhood should integrate design standards that promote public safety. In larger cities, these are referred to as “twenty-minute neighborhoods,” but given Tualatin’s smaller size, the scale might be more like “ten-minute neighborhoods.”

[Recommendation 6.3a](#): Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life.

Action 6.4. Support sustainable development practices.

Sustainable development practices are environmentally responsible and resource-efficient building practices that range from building design, building construction, and building operations and maintenance. Examples of sustainable building practices include certification programs such as Leadership in Energy and Environmental Design (LEED) or National Green Building Standard.

The City could support sustainable development practices by offering incentives for certified buildings, or the City could require that new buildings adhere to specified sustainable building practices.

The trade-off with some types of sustainable building practices is that they can increase development costs (especially over the short run) and may make it more difficult to develop housing affordable for middle and lower-income households. Over the long run, some sustainable building practices pay for themselves with decreased operational costs (such as energy-efficient features that reduce heating and cooling costs).

[Recommendation 6.4a: Evaluate sustainable building practices, including certifications, to determine whether the City should offer incentives for certification or require certification of new buildings as sustainable.](#)

Appendix A: Tualatin's Existing Comprehensive Plan Policies

Section 4.050 General Growth Objectives.

The following are general objectives used as a guide to formulate the Plan. The objectives are positive statements to describe the Plan's intent to:

- (1) Provide a plan that will accommodate a population range of 22,000 to 29,000 people.
- (2) Cooperate with the Metropolitan Service District to reach regional consensus on population growth projections within the Tualatin area.
- (3) Conform to Metropolitan Service District (Metro) procedures for initiating amendments to the Metro Urban Growth Boundary.
- (4) Provide a plan that will create an environment for the orderly and efficient transition from rural to urban land uses.
- (5) Convert agricultural land only if needed for urban uses.
- (6) Arrange the various land uses so as to minimize land use conflicts and maximize the use of public facilities as growth occurs.
- (7) Prepare a balanced plan meeting, as closely as possible, the specific objectives and assumptions of each individual plan element.
- (8) Define the urban growth boundary.
- (9) Prepare a plan providing a variety of living and working environments.
- (10) Encourage the highest quality physical design for future development.
- (11) Coordinate development plans with regional, state, and federal agencies to assure consistency with statutes, rules, and standards concerning air, noise, water quality, and solid waste. Cooperate with the U.S. Fish and Wildlife Service to minimize adverse impacts to the Tualatin River National Wildlife Refuge from development in adjacent areas of Tualatin.
- (12) Adopt measures protecting life and property from natural hazards such as flooding, high groundwater, weak foundation soils and steep slopes.
- (13) Develop regulations to control sedimentation of creeks and streams caused by erosion during development of property.
- (14) Develop a separate growth program that controls the rate of community growth and is acceptable to the Land Conservation and Development Commission.
- (15) Arrange the various land uses in a manner that is energy efficient.

- (16) Encourage energy conservation by arranging land uses in a manner compatible with public transportation objectives.
- (17) Maintain for as long a period as possible a physical separation of non-urban land around the City so as to maintain its physical and emotional identity within urban areas of the region.
- (18) Fully develop the industrial area located in Washington County west of the City only when adequate transportation facilities are available and the area has been annexed to the City and served with water and sewer services.
- (19) Cooperate with Washington County to study the methods available for providing transportation, water and sewer service to the industrial area west of the City, designating this area as a special study area.
- (20) Initiate annexation of property within the Urban Growth Boundary planned for residential development only when petitioned to do so by owners of the affected property, including cases involving unincorporated "islands" of property surrounded by land annexed previously.
- (21) Territories to be annexed shall be in the Metro Urban Growth Boundary.
- (22) Address [Metro's Urban Growth Management Functional Plan, Title 13](#), Nature in Neighborhoods, through the conservation, protection and restoration of fish and wildlife habitat, including Metro's Regionally Significant Fish and Wildlife Habitat, through the Tualatin Basin Natural Resource Coordinating Committee and the Tualatin Basin Program.

(a) Support and implement the elements of the Tualatin Basin Program to:

- (i) Develop and adopt local policies and regulations to implement the provisions of the Tualatin Basin Program.
- (ii) Adopt low impact development (LID) provisions to reduce environmental impacts of new development and remove barriers to their utilization.
- (iii) Coordinate with Clean Water Services (CWS) to implement their Healthy Streams Action Plan and other programs such as their Stormwater Management Plan and Design and Construction Standards.
- (iv) Coordinate with CWS, Metro and others to develop and support the funding, voluntary and educational components of the Tualatin Basin Program.
- (v) Coordinate with CWS, Metro and others to develop and support the monitoring and adaptive management components of the Tualatin Basin Program.

(b) Continue active participation in the Tualatin Basin Natural Resources Coordinating Committee and the Steering Committee to support and implement the Tualatin Basin Program.

(c) Coordinate with CWS and Metro to update Metro's Regionally Significant Fish and Wildlife Habitat Inventory Map. Changes to the Inventory Map will be on-going as on-site inventories are conducted as part of private and public construction projects.

(d) Support and implement provisions allowing public access to planned public facilities.

Section 5.030 General Objectives.

The following are general objectives used to guide the development of the residential housing element of the Plan. They describe the Plan's intent to:

- (1) Provide for the housing needs of existing and future City residents.
- (2) Provide housing opportunities for residents with varied income levels and tastes that are esthetically and functionally compatible with the existing community housing stock.
- (3) Cooperate with the Housing Authority of Washington County and the Housing Division of Clackamas County to identify sites, projects and developers to provide the City's fair share of assisted housing units for low and moderate income households, and participate in the region's Housing Opportunity Plan.
- (4) Locate higher density development where it is convenient to the City's commercial core, near schools, adjacent to arterial and collector streets and, as much as possible, in areas with existing multi-family housing and provide residential opportunities in selected commercial areas through the Mixed Use Commercial Overlay District.
- (5) Provide areas that are suitable for manufactured dwelling parks and areas that are suitable for subdivisions that will accommodate manufactured homes.
- (6) Provide areas that will accommodate small-lot subdivisions.
- (7) Develop specific and enforceable design standards for multi-family developments, town-houses, manufactured homes, manufactured dwelling parks and small-lot subdivisions.
- (8) Encourage owner occupancy of multi-family developments and other housing units within the City.
- (9) Encourage subdividers and other residential developers to consider the need for solar access on residential construction sites.

(10) Provide for the raising of agricultural animals and agricultural structures in areas that are presently used for this purpose and that are not buildable due to their location in the 100-year flood plain.

(11) Require that all residential development adjacent to Expressways be buffered from the noise of such Expressways through the use of soundproofing devices such as walls, berms or distance. Density transfer to accommodate these techniques is acceptable.

(12) Encourage the development of attached housing in accordance with the RML Planning District in the area of the Norwood Expressway/Boones Ferry Road intersection.

(13) Provide truck routes for industrial traffic that provide for efficient movement of goods while protecting the quality of residential areas.

(14) Protect residential, commercial, and sensitive industrial uses from the adverse environmental impacts of adjacent industrial use.

(15) Protect adjacent land uses from noise impacts by adopting industrial noise standards.

(16) Protect the Tonquin Scablands from adverse impacts of adjacent development. This includes the main Scabland area in the vicinity of the Burlington Northern Railroad tracks which is preserved through the use of the Wetlands Protection District and the Greenway and Riverbank Protection District. This also includes other elements of the Scabland formations found farther to the east. These latter areas will be preserved on a case-by-case basis as development occurs through preservation in their natural state, allowing residential density transfer through the small lot subdivision, common wall housing, and condominium conditional use processes.

(17) Protect wooded areas identified on the Natural Features Map found in the Technical Memorandum by requiring their preservation in a natural state, by integrating the major trees into the design of the parking lots, buildings, or landscaping areas of multi-family complexes and non-residential uses, or in low density areas through the small lot, common wall, or condominium conditional use. If it is necessary to remove a portion or all of the trees, the replacement landscape features shall be subject to approval through the Architectural Review process, except for conventional single family subdivisions.

Appendix B: Housing Policy Tools to Address Needs

This appendix presents the information provided to the CAC in the memorandum Housing Policy Tools to Address Needs (dated May 16, 2019).

The City of Tualatin contracted ECONorthwest to develop a Housing Needs Analysis and a Housing Strategy for Tualatin. The Housing Needs Analysis will determine whether the City of Tualatin has enough land to accommodate 20-years of population and housing growth. It will characterize housing affordability problems and identify gaps in housing affordability in Tualatin. The Housing Needs Analysis will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as development of an action plan to implement the housing policies (i.e. the Housing Strategy).

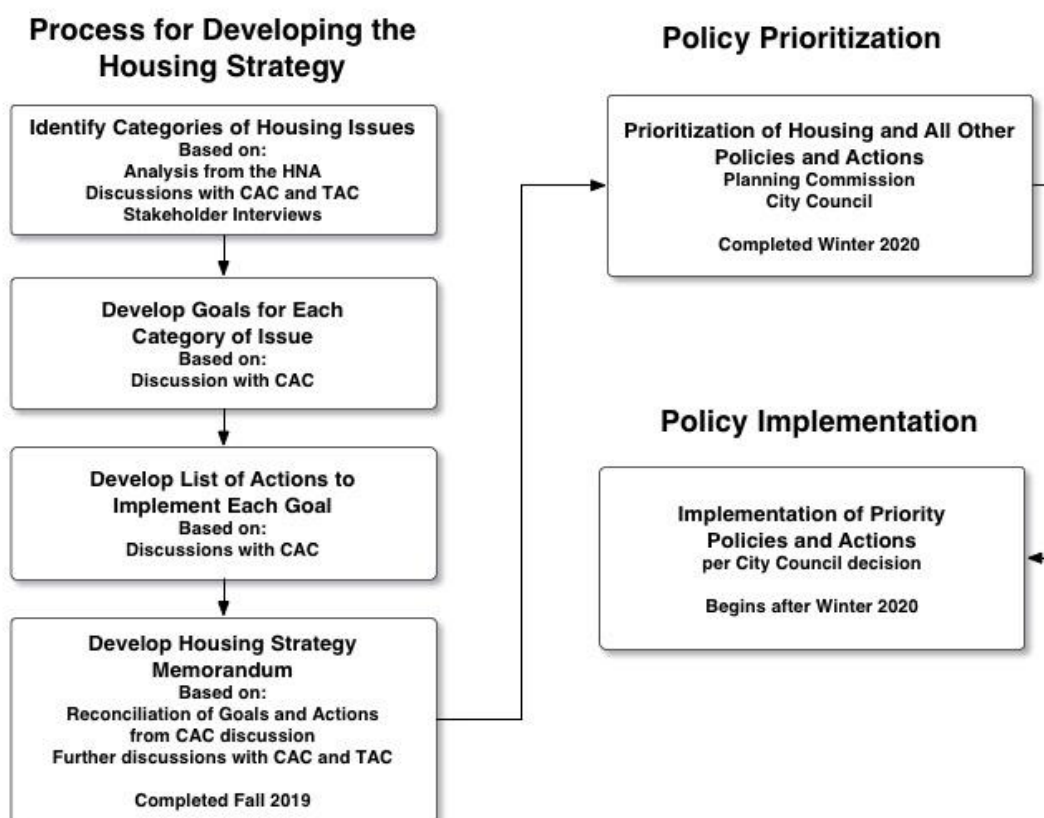
This memorandum provides a range of housing policy options for the City of Tualatin to consider as it addresses its housing needs. These policy options are commonly used by cities in Oregon and other states. Policy options are categorized as follows:

- Land Use Regulations
- Increase Housing Types
- Financial Assistance to Homeowners and Renters
- Lower Development or Operational Costs
- Funding Sources to Support Residential Development

The intention of this memorandum is to provide a toolbox of potential policies and actions that the City can use to address strategic issues. Exhibit 1 illustrates the process for developing the housing strategy and incorporating the strategy into the broader Tualatin 2040 process. Through this project, the CAC and TAC will provide feedback and recommendations that will be used to develop the Tualatin Housing Strategy. The May 23 CAC meeting will begin this process with the following steps: (1) identify categories of housing issues, (2) develop goal(s) to address each category of issue, and (3) developing a list of actions to implement each goal. At a subsequent CAC meeting, we will discuss one or more drafts of the Housing Strategy memorandum, which will document the housing issues, goals, and actions.

After the conclusion of this project, the Housing Strategy will be combined with other policies and actions and will be prioritized by the Tualatin Planning Commission and City Council. The policies and actions will be implemented per the Tualatin City Council's direction once prioritization is completed.

Exhibit 1. Process for developing and implementing the housing strategy



Options for Housing Policy Tools

This memorandum provides the City with information about potential policies that could be implemented in Tualatin to address the City’s housing needs. Implementing some of the strategies in this memorandum may be beyond Tualatin’s current staff or financial resources.

For many of the policy tools described below, we give an approximate scale of impact. **The purpose of the scale of impact is to provide some context for whether the policy tool generally results in a little or a lot of change in the housing market.** The scale of impact depends on conditions in the City, such as other the City’s other existing (or newly implemented) housing policies, the land supply, and housing market conditions. We define the scale of impact as follows:

- A **small** impact may not directly result in development of new housing or it may result in development of a small amount of new housing, such as 1% to 3% of the needed housing (which is 10 to 30 dwelling units for Tualatin). In terms of housing affordability, a small impact may not improve housing affordability in and of itself. A policy with a small impact may be necessary but not sufficient to increase housing affordability.
- A **moderate** impact is likely to directly result in development of new housing, such as 3% to 5% of needed housing (which is 30 to 50 dwelling units for Tualatin). In terms of

housing affordability, a moderate impact may not improve housing affordability in and of itself. A policy with a moderate impact may be necessary but not sufficient to increase housing affordability.

- A **large** impact is likely to directly result in development of new housing, such as 5% to 10% (or more) of needed housing (which is 50 to 100 dwelling units for Tualatin). In terms of housing affordability, a **large** impact may improve housing affordability in and of itself. A policy with a large impact may still need to work with other policies to increase housing affordability.

Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes, and those which increase the land available for housing.

| Strategy Name | Description | Scale of Impact |
|---|---|--|
| Regulatory Changes | | |
| Administrative and Procedural Reforms | <p>Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications. However, complicated projects frequently require additional analysis such as traffic impact studies, etc.</p> <p>A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.</p> | <p>Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to the city's procedures. Streamlining procedures may be necessary but not sufficient to increase housing production on its own.</p> |
| Expedited / Fast-tracked Building Permit | <p>Expedite building permits for pre-approved development types or building characteristics (e.g. green buildings).</p> <p>City of Bend offers expedited review and permitting for affordable housing. Any residential or mixed-use development that receives local, state or federal affordable housing funding is eligible to receive a written decision by the Planning Department within two weeks of the date of submittal. For projects that require more complex planning review, a decision will be written or the first public hearing will be held within six weeks of the date of submittal.</p> | <p>Scale of Impact - Small. Expedited permit processing will benefit a limited number of projects. It may be necessary but not sufficient to increase housing production on its own.</p> |
| Streamline Zoning Code and other Ordinances | <p>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development.</p> <p>As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations, parking requirements, and other zoning standards.</p> <p>Many of the remaining tools in this section focus on changes to the zoning code.</p> | <p>Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to the zoning code and other ordinances.</p> |

| Strategy Name | Description | Scale of Impact |
|------------------------------|---|---|
| Allow Small Residential Lots | <p>Small residential lots are generally less than 5,000 sq. ft. and sometimes closer to 2,000 sq. ft. This policy allows individual small lots within a subdivision. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small-lots limit sprawl, contribute to a more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p> <p>Cities across Oregon allow small residential lots, including many cities in the Metro area.</p> | <p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 2,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes. This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |
| Mandate Maximum Lot Sizes | <p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p> <p>This tool is used by some cities but is used less frequently than mandating minimum lot sizes.</p> | <p>Scale of Impact—Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |

| Strategy Name | Description | Scale of Impact |
|--|--|---|
| Mandate Minimum Residential Densities | <p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multifamily zones, they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p> <p>Mandating minimum density is generally most effective in medium and high density zones where single-family detached housing is allowed. The minimum density ensures that low-density single-family housing is not built where higher-density multifamily housing could be built.</p> | <p>Scale of Impact—Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of “underbuild” and the minimum density standard.</p> <p>For cities that allow single-family detached housing in high density zones, this policy can result in a moderate or larger impact.</p> |
| Increase Allowable Residential Densities | <p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development codes. This strategy is most commonly applied to multifamily residential zones.</p> <p>For cities with maximum densities, consider removing maximum allowable densities. This change may be most relevant.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p> | <p>Scale of Impact—Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |

| Strategy Name | Description | Scale of Impact |
|---|--|--|
| Allow Clustered Residential Development | <p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p> | <p>Scale of Impact—Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p> |
| Reduced Parking Requirements | <p>Jurisdictions can reduce or eliminate minimum off-street parking requirements, as well as provide flexibility in meeting parking requirements. Reducing parking requirements positively impact development of any type of housing, from single-family detached to multifamily housing.</p> <p>Reduced parking requirements are most frequently used in conjunction of development of subsidized affordable housing, but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.</p> <p>City of Bend offers parking reductions for affordable housing and transit proximity. Parking for affordable housing units is 1 space per unit regardless of size, compared to 1 space per studio or 1 bedroom unit, 1.5 spaces per 2-bedroom unit, and 2 spaces per 3- or more bedroom unit for market-rate multifamily development or 2 spaces per market rate detached dwelling unit. Affordable housing units must meet the same eligibility criteria as for other City of Bend affordable housing incentives</p> <p>City of Portland offers parking exceptions for affordable housing and sites adjacent to transit. The City of Portland allows housing developments that meet the inclusionary zoning requirements to reduce parking requirements to zero if located near frequent transit service, and to exclude the affordable housing units from parking requirements for developments located further from frequent transit service. The City also allows market rate housing developments located near frequent transit service to provide little or no parking, depending on the number of units in the development.</p> | <p>Scale of Impact—Small to moderate.</p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p> <p>Reducing parking requirements can have a moderate to large impact on housing affordability if little or no parking is required.</p> |

| Strategy Name | Description | Scale of Impact |
|------------------------------------|--|---|
| Reduce Street Width Standards | <p>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones. This strategy could be applied to alleys, when required, to ensure that alleys are relatively narrow to reduce development and maintenance costs.</p> <p>Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.</p> | <p>Scale of Impact—Small. This policy is most effective in cities that require relatively wide streets.</p> |
| Preserving Existing Housing Supply | <p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Manufactured home preservation • Single-room-occupancy ordinances • Regulating demolitions | <p>Scale of Impact—Small to moderate. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing. Cities with older housing stock are more likely to benefit from this policy.</p> |

| Strategy Name | Description | Scale of Impact |
|---------------------|--|--|
| Inclusionary Zoning | <p>Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning provides density or other types of incentives.</p> <p>The price of low-income housing passed on to purchasers of market-rate housing. Inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.</p> <p>Oregon's inclusionary zoning laws apply to structures with 20 or more multifamily units, with inclusion of units that are affordable at 80% of the median family income of the city.</p> <p>The City of Portland has implemented an inclusionary zoning program. While Portland's inclusionary zoning program is resulting in production of affordable multifamily units, there is considerable discussion and disagreement about the impact of number of multifamily units being built and potential changes in the location of units.</p> | <p>Scale of Impact—Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.</p> |

| Increasing Land Available for Housing | | |
|--|---|--|
| <p>Re-designate or rezone land for housing</p> | <p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (i.e., smaller parcels) in areas where multifamily housing would be compatible (i.e., along transit corridors or in employment centers that would benefit from new housing). This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p> <p>Cities across Oregon frequently re-zone and re-designate land to address deficits of land for new housing.</p> | <p>Scale of Impact - Small to large. Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land.</p> |
| <p>Encourage multifamily residential development in commercial zones</p> | <p>This tool seeks to encourage denser multifamily housing as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities. This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p> <p>Cities across Oregon frequently encourage multifamily housing development in commercial zones, either as stand-alone residential buildings or as mixed-use buildings.</p> | <p>Scale of Impact – Small to moderate. Many cities already encourage multifamily housing in commercial zones. Further encouraging multifamily housing in commercial zones would likely have a small impact, as multifamily housing is allowed in many of the commercial areas where it would be desirable. Unless it is publicly subsidized, mixed-use development generally results in relatively costly housing because ground floor commercial development is relatively expensive.</p> |

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| <p>Transfer or Purchase of Development Rights</p> | <p>This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to “receiving zones” and can be traded and can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed).</p> <p>Transfer of development rights is done less frequently in Oregon, as cities generally zone land for higher density housing where they would like it to occur. This policy is frequently used by cities outside of Oregon.</p> | <p>Scale of Impact - Small to moderate. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas.</p> |
| <p>Provide Density Bonuses to Developers</p> | <p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain number of affordable units.</p> <p>City of Bend offers affordable housing density and height bonuses. Qualifying affordable housing projects are eligible for a 10-foot building height bonus for multifamily housing when affordable housing units are gained and for a density bonus. The density increase is based on the percentage of affordable housing units within the proposed development: if 10% of the units are affordable, the maximum density is 110% of the standard maximum density. The maximum density bonus is 50% above the base density. Qualifying projects must be affordable to households at or below 60% of the AMI for rental housing and at or below 80% of the AMI for ownership housing, and require development agreements and restrictions to ensure continued affordability.</p> <p>Ashland has four different density bonuses, one of which is for development of affordable housing at higher densities and another for energy-efficient housing. Affordable housing projects meeting eligibility requirements (including rental housing affordable to households at or below 60% of AMI or ownership housing affordable to households at or below 80% of AMI for a minimum of 30 years) receive a density bonus</p> | <p>Scale of Impact – Small to moderate. Cities provide density bonuses on a case-by-case basis, which results in a small and sometimes moderate impact in many cities. Density bonuses can have a greater impact on housing affordability when the bonus increases the number of affordable units developed.</p> |

| | | |
|--|---|--|
| | <p>of two units for each affordable housing unit provided, up to a maximum of a 35% increase in density.</p> <p>Kirkland Washington offers density bonuses for duplex, triplex, and cottage homes. Cottage homes (limited to 1,500 square feet of floor area) and two- and three-unit homes (up to 1,000 square feet of floor area average per unit) are allowed at double the density of detached dwelling units in the underlying zone.</p> | |
|--|---|--|

Increase Housing Types

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

| Strategy Name | Description | Scale of Impact |
|---|--|---|
| <p>Allow Duplexes, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes in low density zones</p> | <p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> <p>House Bill 2001 may require cities to allow some of these housing types in single-family zones.</p> | <p>Scale of Impact – Small to moderate. Allowing these types of housing in more zoning districts may provide relatively few number of new, relatively affordable, housing opportunities.</p> |
| <p>Allow Cottage housing, Tri- and Quad-Plexes Townhomes, Row Houses, Stacked Townhouses, Cottage Courts, Duplex/Townhouse Courts, & Garden Apartments in</p> | <p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> | <p>Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in medium density zones, as well as the types</p> |

| Strategy Name | Description | Scale of Impact |
|---|--|---|
| medium density zones | | of housing newly allowed in the medium density zone. |
| Allow Stacked Townhouses, Garden Apartments and larger-scale Apartments in high density zones | Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone. | Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in high density zones, as well as the types of housing newly allowed in the high density zone. |
| Allow Live-Work housing or Mixed-use housing in commercial zones | Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone. | Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. |
| Remove barriers to Development of Accessory Dwelling Units (ADUs) in single-family zones | As of July 1, 2018, ORS 197.312 requires cities to allow at least one ADU for each detached single-family dwelling in areas zoned for detached single-family dwellings. Jurisdictions can make development of ADUs more likely by limiting restrictive standards and procedures, such as reducing systems development charges for ADUs, reducing or eliminating parking requirements, or allowing ADUs regardless of where the primary dwelling is owner-occupied. | Scale of Impact - Small. Oregon law recently changed to require cities to allow ADUs. |

| Strategy Name | Description | Scale of Impact |
|-----------------------------|---|---|
| Allow small or “tiny” homes | <p>“Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units.</p> <p>Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units.</p> <p>Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</p> <p>Portland and Eugene allow tiny homes as temporary shelter for people experiencing homelessness.</p> | <p>Scale of Impact - Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.</p> |

Lower Development or Operational Costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in a city in order to increase housing affordability and available housing stock.

| Strategy Name | Description | Scale of Impact |
|--|---|--|
| Programs or policies to lower the cost of development | | |
| Parcel assembly | <p>Parcel assembly involves the city’s ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is often associated with development of affordable housing (affordable to households with income below 60% of MFI), where the City partners with nonprofit affordable housing developers.</p> <p>Parcel assembly can be critically important role for cities to kick start quality affordable housing and work force housing projects that can be positive catalysts too for market rate development.</p> | <p>Scale of Impact - Small to large. Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.</p> |

| Strategy Name | Description | Scale of Impact |
|---------------|--|--|
| Land Banking | <p>Land banks support housing development by reducing or eliminating land cost from development, with the goal of increasing the affordability of housing. They can take several forms. Many are administered by a non-profit or non-governmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. Ideally, a land bank is set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. Cities can partner with non-profits or sometimes manage their own land banks. Cities may also donate, sell, or lease publicly-owned land for the development of affordable housing even without a formal 'land bank' organization.</p> <p>Land banks are purposed for short-term ownership of lands. Lands acquired are often vacant, blighted, or environmentally-contaminated. Land banks may also acquire lands with title defects or of which derelict structures sit. Lands are eventually transferred to a new owner for reuse and redevelopment.</p> | <p>Scale of Impact - Small to large. A land bank will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p> |
| Land Trusts | <p>A land trust is typically a nonprofit organization that owns land and sells or leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants / buyers, land trusts can achieve below-market pricing. Land trusts are most commonly used as a method for supporting affordable home ownership goals.</p> <p>Land trusts are purposed for long-term stewardship of lands and buildings. Lands / buildings acquired may have need for remediation or redevelopment. Lands / buildings may have also been acquired to preserve affordability, prevent deferred maintenance, or protect against foreclosure</p> <p>Proud Ground (Portland Metro Area) was founded in 1999 and has grown into one of the largest community land trusts in the country. The organization focuses on affordable homeownership and controls ground leases associated with 270 homes in Multnomah, Washington, Clackamas, and Clark County.</p> | <p>Scale of Impact - Small to large. A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p> |

| Strategy Name | Description | Scale of Impact |
|-------------------------|--|---|
| Public Land Disposition | <p>The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB-5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, or EB-5.</p> <p>Cities across Oregon use publicly land to support affordable and market-rate of housing development. In some cases, municipalities put surplus public land into land banks or land trusts.</p> <p>Tri-Met is evaluating re-use of construction staging sites for future affordable housing and/or transit-orient development sites.</p> <p>Cottage Grove is working with the school district to discuss and plan for use of surplus school district land for future housing development.</p> | <p>Scale of Impact – Small to moderate. Depends on whether the City has surplus land that would be appropriate for future housing development.</p> |

| Strategy Name | Description | Scale of Impact |
|---|--|--|
| <p>Reduced / Waived Building Permit fee, Planning fees, or SDCs</p> | <p>Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.</p> <p>City of Portland offers SDC exemptions for affordable housing. Portland’s SDC Exemption Program exempts developers of qualifying affordable housing projects from paying SDCs levied by the City of Portland for transportation, water, parks and environmental services. Eligible rental projects must serve households earning at or below 60% of the AMI for a 60-year period. Portland also offers SDC waivers for development of ADUs.</p> <p>City of McMinnville offers SDC exemptions and reduced permit fees for affordable housing. Building and planning permit fees for new or remodel housing construction projects are reduced by 50% for eligible projects and SDCs for transportation, wastewater and parks are exempted at 100%. Reductions/exemptions are prorated for mixed use or mixed-income developments. The property must be utilized for housing for low-income persons for at least 10 years or the SDCs must be paid to the city.</p> | <p>Scale of Impact - Small.</p> |
| <p>SDC Financing Credits</p> | <p>May help to offset an SDC charge, which is a one-time fee that is issued when there is new development or a change in use.</p> <p>SDC financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. SDCs are granted when the project makes lasting improvements, such as improving roads, reducing number of trips, create or improve parks or recreational centers, and permanently removing water services.</p> | <p>Scale of Impact – Small to moderate. The City may consider changes in SDCs to allow financing but the City would want to ensure that the impact should be spread-out and non-negatively impact one entity.</p> |

| Strategy Name | Description | Scale of Impact |
|---------------------------------|---|--|
| Sole Source SDCs | Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and Urban Renewal (Tax Increment Financing). Funding can come from an SDC fund or general fund. In some cases, there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing. | Scale of Impact – Small to moderate. Depends on how the tool is implemented and whether it is used with other tools, such as LIDs or Urban Renewal. |
| Fees or Other Dedicated Revenue | Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also, these fees or revenues allow for new revenue streams into the City. | |

| Strategy Name | Description | Scale of Impact |
|------------------------|--|--------------------------------------|
| Reimbursement District | <p>A Reimbursement District is a cost sharing mechanism, typically Initiated by a developer. The purpose is to provide a reimbursement method to the developer of an infrastructure improvement, through fees paid by property owners at the time the property benefits from the improvement. A developer applies to create a Reimbursement District by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the improvement</p> <p>Eligible Reimbursement District projects typically include (but are not limited to) construction or connections of a sewer, water, storm water or street improvements. Applications typically include: a fee sufficient to cover the cost of administrative review, a description of the project, properties that would be impacted, and a detailed methodology and calculation of how the estimated costs would be reimbursed by payments from benefitted properties over a specified timeframe. A report from the City Engineer is generated in review of the submitted application. After a public hearing process, the council will approve, reject or modify the proposal. The approval of a Reimbursement District results in a resolution and distribution of notice among benefitted properties before construction can begin.</p> <p>Benefitted properties must pay the Reimbursement Fee when they make a physical connection to the improvement (or in the case of a sewer project, when the benefitted property creates an impervious surface that drains into the public sewer) within the Reimbursement District Area. Reimbursement fees are collected by the City and are distributed to the developer for the duration of the Reimbursement District, which are typically 10-15 years.</p> <p>Paid by benefitted properties at the time the property benefits from the improvement, typically at connection to the sewer, water or storm drain system.</p> | Scale of Impact – Small to moderate. |
| Linkage Fees | <p>Linkage fees are charges on new development, usually commercial and / or industrial development only, which can be used to fund affordable housing. To implement them, a city must undertake a nexus study that identifies a legal connection between new jobs housed in the developments, the wages those jobs will pay, and the availability of housing affordable to those employees.</p> <ul style="list-style-type: none"> • Can be used for acquisition and rehabilitation of existing affordable units. • Can be used for new construction. | Scale of Impact – Small to moderate. |

| Strategy Name | Description | Scale of Impact |
|--|---|--|
| Tax abatement programs that decrease operational costs by decreasing property taxes | | |
| Vertical Housing Tax Abatement (Locally Enabled and Managed) | <p>The 2017 Legislature passed legislation moving the administration of Vertical Housing Program from Oregon Housing and Community Services (OHCS) to the local City and County beginning Oct 6th, 2017. OHCS no longer administers this program.</p> <p>The legislation subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area is median income or below).</p> | <p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p> |

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| <p>Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)</p> | <p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p>The passing of HB 2377 - Multiunit Rental Housing Tax Exemption allows cities and counties to create a property tax exemption for newly rehabilitated or newly constructed multi-unit rental housing within their boundaries depending on the number of units made available to low-income households, for up to 10 consecutive years. The bill was crafted to strengthen the connection to affordability by requiring cities and counties to establish a schedule in which the number of years an exemption is provided increases directly with the percentage of units rented to households with an annual income at or below 120 percent of MFI, and at monthly rates that are affordable to such households. While not specifically referenced in the measure, ORS 308.701 defines “Multi-unit rental housing” as: “(a) residential property consisting of four or more dwelling units” and; “does not include assisted living facilities.”</p> <p>All new multifamily units that are built or renovated that offer rent below 120% of AMI are potentially eligible for this tax exemption. In a city with an AMI of \$55,000 (common outside of Portland), that's rent of \$1,650 per month or less. The tax exemption is for all taxing districts which is administered by the City. Due to this, smaller jurisdictions may have more trouble managing this program. Local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.</p> <p>The City of Eugene offers a ten-year Multi-Unit Property Tax Exemption (MUPTE) for projects in its eastern downtown core. Eugene’s criteria for granting MUPTE include: Project must provide 5 or more units of housing (not including student housing), development must meet minimum density standards, development must comply with minimum green building requirements, a portion of construction and other contracting requirements must</p> | <p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p> |
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| Strategy Name | Description | Scale of Impact |
|---|---|---|
| | <p>be through local business, the development must provide 30% of the units affordable at 100% of AMI or pay a fee of 10% of the value of the tax abatement toward supporting moderate income housing development, demonstrate that the project would not be financially feasible without the exemption by providing 10-year pro forma with and without MUPTTE and comply with other criteria.</p> <p>The City of Salem’s Multi-Unit Housing Tax Incentive Program (MUHTIP) was adopted in 2012 to spur the construction of “transit supportive”⁹ multi-unit housing in the city’s downtown core. In order to qualify for the exemption, projects must consist of at least two dwelling units, be located in the city’s “core area,” and include at least one public benefit.</p> | |
| <p>Nonprofit Corporation Low Income Housing Tax Exemption</p> <p>and</p> <p>Low-Income Rental Housing Tax Exemption</p> | <p>Note: These are two separate tax exemptions available under statute (ORS 307.515 to 307.523 / ORS 307.540 to 307.548). They are grouped together for their similarities (but differences are noted).</p> <p>Land and improvement tax exemption used to reduce operating costs for regulated affordable housing affordable at 60% AMI or below. Requires the City to adopt standards and guidelines for applications and enforcement mechanisms.</p> <p>The low-income rental housing program exemption lasts 20 years. The nonprofit corporation low-income housing program must be applied for every year but can continue as long as the property meets the criteria. Rents must reflect the full value of the property tax abatement and City can add additional criteria.</p> <p>There is no requirement that construction must be complete prior to application. Programs both work well in tandem with other incentives, such as land banking.</p> | <p>Scale of Impact – Small to moderate. The exemption reduces operating costs, meaning it is a tool more useful to property owners of affordable housing projects. Developers, who do not own and operate their own projects, may be less inclined to use the program.</p> |

⁹ City of Salem, “Multi Unit Housing Tax Incentive Program,” <https://www.cityofsalem.net/Pages/multi-unit-housing-tax-incentive-program.aspx>.

Funding Sources to Support Residential Development

The following policies focus on ways to pay for the costs of implementing the affordable housing programs and infrastructure development.

| Strategy Name | Description | Scale of Impact |
|---|---|---|
| Urban Renewal / Tax Increment Finance (TIF) | <p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments • Economic development strategies, such as capital improvement loans for small or startup businesses which can be linked to family-wage jobs • Streetscape improvements, including new lighting, trees, and sidewalks • Land assembly for public as well as private re-use • Transportation enhancements, including intersection improvements • Historic preservation projects • Parks and open spaces <p>Urban renewal is a commonly used tool to support housing development in cities across Oregon.</p> | <p>Scale of Impact – Moderate to Large. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.</p> |

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| <p>Construction Excise Tax (CET)</p> | <p>Funds land use planning throughout the region by taxing construction permits. CET is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533 which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction. The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:</p> <ul style="list-style-type: none"> • 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.) • 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction. • 15% flows to Oregon Housing and Community Services for homeowner programs. <p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. The rate may exceed 1% if levied on commercial or industrial uses. The City of Portland's CET went into effect in 2016. It levies a 1% CET on residential, commercial, and industrial development valued at \$100,000 or more, with all revenues going toward affordable housing. The revenues pay for production of housing at or below 60% AMI, developer incentives for inclusionary zoning, along with state homeownership programs.</p> <p>City of Bend adopted a CET of 0.3% on residential, commercial, and industrial development in 2006, with revenues dedicated to loans to fund developments by profit and nonprofit affordable housing developers. The fee has raised \$11 million as of 2016, allowing the City to lend money to fund 615 units. The fund has leveraged \$63 million in state and federal funding and \$14 million in equity.</p> <p>The City of Milwaukie adopted a CET on commercial, residential, and industrial development in November of 2017. The City exempted deed-restricted affordable</p> | <p>Scale of Impact – Depends on the amount of funding available.</p> |
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| | <p>housing, ADUs, and improvements less than \$100,000 from paying the CET. The adopting ordinance allocates funds as required by state statutes, specifying that flexible funds from the commercial improvements will be used 50% toward housing available to those making up to 120% of MFI, and 50% for economic development programs in areas with sub-area plans (such as Downtown and Riverfront, and the City's urban renewal areas).</p> | |
| <p>General Fund and General Obligation (GO) Bonds</p> | <p>Allows funding for a project that is not dependent on revenue from the project to back the bond.</p> <p>City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements.</p> <p>Property taxes are increased to pay back the GO bonds.</p> <p>City of Portland passed \$258 million bond for affordable housing in 2016. The goal of the bond is to build or preserve up to 1,300 units in the next five to seven years. The city issued a request for information to solicit interest in acquiring properties or land under the affordable housing bond. The city is looking for opportunities to acquire existing properties of 20 or more units, or vacant land that is appropriately zoned for 20+ housing units, and is looking for both traditional and nontraditional development opportunities.</p> | <p>Scale of Impact – Moderate to large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).</p> |
| <p>Local Improvement District (LID)</p> | <p>Enables a group of property owners to share the cost of a project or infrastructural improvement.</p> <p>A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records.</p> <p>An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners.</p> <p>The City collects the funds and regardless if the actual cost is greater than the estimated cost (on which the assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment were placed property owners (due to underestimation).</p> | <p>Scale of Impact – Depends on the amount of funding available and Bonding capacity.</p> |

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| <p>General Fund Grants or Loans</p> | <p>A city can use general fund or tax increment dollars to directly invest in a specific affordable housing projects. These grants or loans can serve as gap funding to improve development feasibility. There are several options for using general fund grants or loans, including the potential for bonds to generate upfront revenue that is repaid over time, as recently approved in the City of Portland. Another option is to use general fund dollars to contribute to other programs that are successfully operating, such as non-profit land trusts or even other government agencies that have the administrative capacity to maintain compliance requirements over time, using intergovernmental agreements.</p> | <p>Scale of Impact – Depends on the amount of funding available.</p> |
| <p>Transient Lodging Tax (TLT)</p> | <p>Generates revenue by primarily taxing tourists and guests using temporary lodging services. Taxes for temporary lodging at hotels, motels, campgrounds, and other temporary lodgings. Oregon has a statewide TLT and cities and counties can also charge a local TLT subject to certain limitations. The statutes specify that 70% must be used for tourism promotion or tourism related facilities and 30% is unrestricted in use, and there cannot be a reduction of the total percent of room tax. The state tax is specified at 1.8%; local government tax rates vary as local governments set the rate for their jurisdiction by ordinance. Cities and counties may impose taxes on transient lodging. Alternatively, some cities have an agreement for the county to impose the tax and cities share in a percent of the revenue.</p> | <p>Scale of Impact – Small. The amount of funding from TLT is likely to be relatively small, given that only 30% of TLT funds have unrestricted use.</p> |
| <p>CDBG</p> | <p>The Community Development Block Grants program is a flexible program that provides annual grants on a formula basis to both local governments and States. Grants are awarded on a 1, 2, or 3-year period. It is required that at least 70% of the CDGB funds are used for activities that benefit low- and moderate- income. Additionally, each activity must address any threats to health or welfare in the community (for which other funding is unavailable). These funds can be used for acquisition and rehabilitation of existing affordable units, as well as new construction that prioritizes community development efforts.</p> | <p>Scale of Impact – Depends on the amount of funding available.</p> |

City of Tualatin

Economic Opportunities Analysis

December 2019

Prepared for:
City of Tualatin

FINAL REPORT

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Executive Summary

This report presents an economic opportunities analysis (EOA) consistent with the requirements of Statewide Planning Goal 9 and the Goal 9 administrative rule (OAR 660-009). Goal 9 describes the EOA as “an analysis of the community’s economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends” and states that “a principal determinant in planning for major industrial and commercial developments should be the competitive advantage of the region within which the developments would be located.”

The primary goals of the EOA are to (1) project the amount of land needed to accommodate the future employment growth within Tualatin between 2020 and 2040, (2) evaluate the existing employment land supply within the City to determine if it is adequate to meet that need, and (3) to fulfill state planning requirements for a twenty-year supply of employment land.

How much buildable employment land does Tualatin currently have?

Exhibit 1 shows commercial and industrial land in Tualatin with development capacity (lands classified vacant or partially vacant). The results show that Tualatin has about 385 unconstrained buildable acres within its city limits and Basalt Creek.

Exhibit 1. Buildable Acres by Plan Designation and Zoning, Tualatin Planning Area, 2019

Source: Metro BLI, ECONorthwest Analysis. Note: The numbers in the table may not sum to the total as a result of rounding.

| Generalized Plan Designation | Total buildable acres | Buildable acres on vacant lots | Buildable acres on partially vacant lots |
|--|-----------------------|--------------------------------|--|
| Commercial | | | |
| Central Commercial | 0 | 0 | 0 |
| General Commercial | 4 | 4 | 0 |
| Medical Commercial | 0 | 0 | 0 |
| Neighborhood Commercial | 0 | 0 | 0 |
| Office Commercial | 3 | 3 | 0 |
| Recreational Commercial | 0 | 0 | 0 |
| Industrial | | | |
| General Manufacturing | 99 | 99 | 0 |
| Light Manufacturing | 29 | 29 | 0 |
| Manufacturing Business Park | 85 | 85 | 0 |
| Manufacturing Park | 56 | 56 | 0 |
| Mixed-Use Commercial Overlay Zone | | | |
| General Commercial | 0 | 0 | 0 |
| Central Tualatin Overlay Zone | | | |
| Central Commercial | 0 | 0 | 0 |
| General Commercial | 0 | 0 | 0 |
| Office Commercial | 0 | 0 | 0 |
| General Manufacturing | 0 | 0 | 0 |
| Light Manufacturing | 0 | 0 | 0 |
| Basalt Creek Planning Area | | | |
| Manufacturing Park | 105 | 35 | 70 |
| Neighborhood Commercial | 4 | 4 | 0 |
| Total | 385 | 314 | 70 |

How much growth is Tualatin planning for?

Goal 9 requires that cities provide for an adequate supply of commercial and industrial sites consistent with plan policies. To meet this requirement, Tualatin needs an estimate of the amount of commercial and industrial land that will be needed over the 2020–2040 planning period. Exhibit 2 presents the forecast of employment growth by land use type in Tualatin from 2020 to 2040.

Tualatin’s employment base was 40,478 employees in 2020. The forecast shows that by 2040, Tualatin will have 53,332 employees, an increase of 12,854 jobs over the planning period.

Exhibit 2. Forecast of Employment Growth by Land Use Type, Tualatin Planning Area, 2020–2040

Source: ECONorthwest. Note: The shaded percentages denote an assumption about the future share of employment (as a percent of total) by land use type. It assumes that the share of employment by land use type will remain the same.

| Land Use Type | 2020 | | 2040 | | Change 2020 to 2040 |
|------------------------------|---------------|-------------|---------------|-------------|------------------------|
| | Employment | % of Total | Employment | % of Total | |
| Industrial | 18,218 | 45% | 24,004 | 45% | 5,786 |
| Retail Commercial | 3,050 | 8% | 4,018 | 8% | 968 |
| Office & Commercial Services | 18,382 | 45% | 24,219 | 45% | 5,837 |
| Government | 829 | 2% | 1,092 | 2% | 263 |
| Total | 40,478 | 100% | 53,332 | 100% | 12,854 |

Tualatin will accommodate new government employees (263 employees) in Institutional Plan Designations. Therefore, the estimate of new employees (between 2020 and 2040) that will require commercial and industrial lands is 12,591 employees.

How much land will be required for employment?

The forecast for land needed to accommodate employment growth in Tualatin shows that the growth of 12,591 new employees will result in demand for about 677 gross acres of commercial and industrial employment lands.

Does Tualatin have enough land to accommodate employment growth?

Exhibit 3 shows that Tualatin has a deficit of suitable employment land to accommodate demand for commercial and industrial employment in the Tualatin Planning Area.

Exhibit 3. Comparison of the Capacity of Land with Employment Land Demand by Land Use Type, Tualatin Planning Area, 2020–2040

Source: ECONorthwest. Note: Employment demand requires an additional 42 gross acres on land in Residential Plan Designations and one gross acre on land in an institutional (public) Plan Designation.

| General Plan Designation | Land Supply (Suitable Gross Acres) | Land Demand (Gross Acres) | Land Sufficiency (Deficit) |
|-------------------------------------|------------------------------------|---------------------------|----------------------------|
| Industrial | 374 | 448 | (74) |
| Commercial (incl Retail and Office) | 11 | 186 | (175) |

What types of business does Tualatin want to attract?

An analysis of growth industries in Tualatin should address two main questions: (1) Which industries are most likely to be attracted to Tualatin? and (2) Which industries best meet Tualatin’s economic development goals? The selection of target industries is based on Tualatin’s goals for economic development; economic conditions in Tualatin, Washington County, and the Portland Metro Region; and the city’s competitive advantages.

Given the current employment base, which is composed of small and mid-sized businesses, it is reasonable to assume that much of the city’s business growth will come from small and mid-sized businesses. This growth will either come from businesses already in Tualatin or new businesses that start or relocate to Tualatin from within the Portland Region or from outside of the region.

The industries identified as having potential for growth in Tualatin are:

- **Manufacturing.** Tualatin’s manufacturing sector accounts for 27% of the city’s employment base. A few examples of Tualatin’s potential growth industries in manufacturing are:
 - *Advanced manufacturing.* This industry is an internally preferred grouping of five independent traded clusters: (1) Downstream Metal Products, (2) Lighting and Electrical Equipment, (3) Metalworking Technology, (4) Production Technology and Heavy Machinery, and (5) Upstream Metal Manufacturing.
 - *Food processing and manufacturing.* The Bureau of Labor Statistics describes this industry cluster as one that takes livestock and agricultural products (raw food materials) and transforms them into products for intermediate or final consumption (sold to wholesalers or retailers for distribution). Tualatin’s food

processing and manufacturing cluster is its fastest growing industry (projected to grow 64% from 2017 to 2028).

- *Plastics.* Wages in the plastics industry cluster (comprising establishments that manufacture plastic materials and other plastic components/products) grew 14 % from 2012 to 2017. As the fourth most concentrated cluster in Tualatin (with an LQ of 5.21), this industry presents objective growth potential for lower-skilled workers.
- **Information technology and analytical systems.** This industry cluster includes establishments that work in computers, software, audio visual equipment, laboratory instruments, and medical apparatus development (e.g., standard and precision electronics like circuit boards and semiconductors).
- **Business services.** Business services establishments including corporate headquarters and other professional services (e.g., consulting, back office services, financial services/legal services, facilities support, computer services, etc.). In Tualatin, this industry is expected to see the largest growth in total jobs, and it had the largest growth in average wage.

What are the key conclusions from the EOA?

The conclusions about commercial and industrial land sufficiency in Tualatin are:

- **Tualatin has a deficit of land to accommodate new employment growth.** Tualatin has a deficit of about 74 acres of land in industrial Plan Designations and 175 acres of employment in commercial Plan Designations to accommodate employment. Tualatin will need to consider policies to increase the efficiency of employment land use within the City, such as policies to encourage denser employment development and redevelopment that results in higher-density development.
- **Tualatin has substantial redevelopment potential.** A majority of redevelopable lots are in industrial areas. For example, change of use (and redevelopment) of the gravel pit in the southwest area of the Manufacturing Business Park presents substantial redevelopment opportunities. The six tax lots in the gravel pit comprise 181 acres with about 47 constrained acres, mostly due to steep slopes and wetlands. When mining ceases in the gravel pit, which may or may not occur in the twenty-year planning period, the gravel pit may be redevelopable and available for new employment uses.
- **Tualatin's primary comparative advantages for economic development are its location along the I-5 corridor and proximity to urban and cultural amenities/services in the Portland Region, making Tualatin an attractive place for businesses to locate.** Tualatin has advantages through its access to the regional labor market and the region's growing labor force comprising diverse skill sets.
- **Tualatin will need to address transportation capacity issues to accommodate growth, particularly along regional connectors (roads and avenues).** Traffic congestion is a substantial issue in Tualatin and surrounding areas, making it difficult to commute to

Tualatin from other cities within the Portland Region and within Tualatin. Stakeholders are concerned that additional employment growth will make congestion substantially worse.

What are the key recommendations of the EOA?

Following are a summary of ECONorthwest’s recommendations to Tualatin based on the analysis and conclusions in this report. The *Tualatin Economic Development Strategy* memorandum presents the full list of recommendations for Tualatin.

- **Ensure that Tualatin has enough land to accommodate expected employment growth and that land has infrastructure to support employment growth.** Tualatin should identify opportunities to support mixed-use development (especially development that includes commercial and residential uses) to accommodate employment growth, especially commercial employment growth. The City should identify opportunities to make more efficient use of employment land, such as limiting development of businesses that have large land requirements and have little employment (such as distribution). In addition, the City should work with landowners to get key employment sites certified as “shovel ready” to speed the development process.
- **Identify opportunities for redevelopment, especially mixed-use redevelopment.** The City has a substantial deficit of industrial and commercial land. The City may be able to address some or most of this deficit within the existing planning area (without a UGB expansion). To do so, the City should identify districts for redevelopment, such as mixed-use development. This planning includes revising the Tualatin Town Center Plan to focus on opportunities to support redevelopment, identify tools to support redevelopment, and identify areas appropriate for more intense industrial uses (e.g., redevelopment of the gravel pit in the southwest area of the city once mining activity has ceased).
- **Grow jobs and businesses in Tualatin by supporting business retention, growth, and attraction.** The first step in growing jobs and businesses in Tualatin is revising the economic development strategy, including developing a clear vision for economic development in Tualatin and creating an action plan to implement the vision. The revised strategy can build on the *Tualatin Economic Development Strategy* produced as part of this analysis, but the revised strategy should include a detailed action plan to implement the newly developed vision for economic development. In revising the strategy, the City should identify partnerships and incentive programs to grow, retain, and attract businesses and to support entrepreneurial businesses in Tualatin.
- **Ensure that the City connects planning for economic development with other community planning.** Throughout the project, stakeholders emphasized the need to coordinate economic development planning with housing, transportation planning, and other community planning. Updates to the Tualatin Transportation System Plan should be coordinated with planning for employment and business growth. A key approach to accommodating new commercial development is redevelopment that results in mixed-

use districts, providing opportunities for more housing affordable to people working at businesses in Tualatin and living closer to work (thus reducing transportation issues). In addition, stakeholders would like to see incorporation of services needed to meet daily needs of residents of neighborhoods without driving.

The *Tualatin Economic Development Strategy* memorandum presents more details about each of these topics and recommendations for specific actions to implement these recommendations.

1. Introduction

This report presents an economic opportunities analysis (EOA) for the City of Tualatin. The purpose of an EOA is to develop information as a basis for policies that capitalize on Tualatin opportunities and help address the City's challenges. The EOA includes technical analysis to address a range of questions that Tualatin faces in managing its commercial and industrial land. For example, the EOA includes an employment forecast that describes how much growth Tualatin should plan for over the 2020–2040 period and identifies the amount and type of employment land necessary to accommodate growth in Tualatin over that period. The EOA also includes an inventory of commercial and industrial land within Tualatin's Planning Area to provide information about the amount of land available to accommodate employment growth.

This EOA complies with the requirements of Statewide Planning Goal 9, the Goal 9 administrative rules (OAR 660 Division 9), and the court decisions that have interpreted them. Goal 9 requires cities to state objectives for economic development (OAR 660-009-0020[1][a]) and to identify the characteristics of sites needed to accommodate industrial and other employment uses (OAR 660-009-0025[1]) over the twenty-year planning period. This approach could be characterized as a *site-based* approach that projects land need based on the forecast for employment growth, the City's economic development objectives, and the specific needs of target industries.

Background

Tualatin last evaluated economic trends in a 2014 update to the City's Economic Development Strategic Plan. Around that same time, Greater Portland Inc. completed a five-year economic development strategy for the Portland Region (Greater Portland 2020), which defined emerging industry clusters and policies for economic development in the region. In 2018, Tualatin also completed a concept plan for the Basalt Creek Planning Area, which allocated substantial land as a Manufacturing Park and was expected to accommodate 1,897 new jobs.

The purpose of this project was to develop a factual base to provide the City with information about current economic conditions. This factual basis provides information necessary for updating the City's Economic Development Comprehensive Plan policies. This report identifies opportunities to meet the City's economic development objectives and develop comprehensive plan policies and implementation strategies that capitalize on the City's comparative advantages and address areas of economic weakness.

The EOA provides information that the City can use to identify and capitalize on its economic opportunities. It also provides information essential to addressing the City's challenges in managing economic development, such as a lack of commercial sites to support growth of businesses that require office space and a lack of policy direction to address these issues, as well as underutilized industrial and commercial land.

The EOA draws on information from numerous data sources, such as the Oregon Employment Department, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, and the U.S. Census.

Framework for an Economic Opportunities Analysis

The content of this report is designed to meet the requirements of Oregon Statewide Planning Goal 9 and the administrative rule that implements Goal 9 (OAR 660-009). The analysis in this report is designed to conform to the requirements for an economic opportunities analysis (EOA) in OAR 660-009 as follows.

1. *Economic Opportunities Analysis (OAR 660-009-0015)*. The EOA requires communities to (1) identify the major categories of industrial or other employment uses that could reasonably be expected to locate or expand in the planning area based on information about national, state, regional, county, or local trends; (2) identify the number of sites by type reasonably expected to be needed to accommodate projected employment growth based on the site characteristics typical of expected uses; (3) include an inventory of vacant and developed lands within the planning area designated for industrial or other employment use; and (4) estimate the types and amounts of industrial and other employment uses likely to occur in the planning area. Local governments are also encouraged to assess community economic development potential through a visioning or some other public input-based process in conjunction with state agencies.
2. *Industrial and commercial development policies (OAR 660-009-0020)*. Cities are required to develop commercial and industrial development policies based on the EOA. Local comprehensive plans must state the overall objectives for economic development in the planning area and identify categories or particular types of industrial and other employment uses desired by the community. Local comprehensive plans must also include policies that commit the city or county to designate an adequate number of employment sites of suitable sizes, types, and locations. The plan must also include policies to provide necessary public facilities and transportation facilities for the planning area. Tualatin's draft economic development policies will be in the Tualatin Economic Development Strategy memorandum, which will accompany this report.
3. *Designation of lands for industrial and commercial uses (OAR 660-009-0025)*. Cities and counties must adopt measures to implement policies adopted pursuant to OAR 660-009-0020. Appropriate implementation measures include amendments to plan and zone map designations, land use regulations, public facility plans, and transportation system plans. More specifically, plans must identify the approximate number, acreage, and characteristics of sites needed to accommodate industrial and other employment uses to implement plan policies and must designate serviceable land suitable to meet identified site needs.

Organization of this Report

This report is organized as follows:

- **Chapter 2.** Factors Affecting Future Economic Growth summarizes historic economic trends that affect current and future economic conditions in Tualatin as well as Tualatin's competitive advantages for economic development.
- **Chapter 3.** Employment Growth and Site Needs presents a forecast for employment growth in Tualatin and describes the City's target industries and site needs for potential growth in industries.
- **Chapter 4.** Buildable Lands Inventory presents a summary of the inventory of employment lands.
- **Chapter 5.** Land Sufficiency and Conclusions compares the supply of land demand for buildable lands and presents key concluding recommendations for Tualatin.

This report also includes two appendices:

- **Appendix A.** National, State, and Regional and Local Trends
- **Appendix B.** Buildable Lands Inventory Methodology

2. Factors Affecting Future Economic Growth

Tualatin exists as part of the economy of the Portland Region. While Portland is the economic center of the region, providing urban amenities (such as stores, medical services, or personal financial services) to residents, Tualatin also provides similar amenities to its residents and visitors.

This chapter describes the factors affecting economic growth in Tualatin within the context of national and regional economic trends. The analysis presents the City's competitive advantages for growing and attracting businesses, which forms the basis for identifying potential growth industries in Tualatin.

Factors that Affect Economic Development¹

The fundamental purpose of Goal 9 is to make sure that a local government plans for economic development. The planning literature provides many definitions of economic development, both broad and narrow. Broadly,

Economic development is the process of improving a community's well-being through job creation, business growth, and income growth (factors that are typical and reasonable focus of economic development policy), as well as through improvements to the wider social and natural environment that strengthen the economy.²

That definition acknowledges that a community's wellbeing depends in part on narrower measures of economic wellbeing (e.g., jobs and income) and on other aspects of quality of life (e.g., the social and natural environment). In practice, cities and regions trying to prepare an economic development strategy typically use a narrower definition of economic development; they take it to mean business development, job growth, and job opportunity. The assumptions are that:

- Business and job growth are contributors to and are consistent with economic development, increased income, and increased economic welfare. From the municipal point of view, investment and resulting increases in property tax are important outcomes of economic development.
- The evaluation of trade-offs and balancing of policies to decide whether such growth is likely to lead to overall gains in well-being (on average and across all citizens and

¹ The information in this section is based on previous Goal 9 studies conducted by ECONorthwest and the following publication: *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

² *An Economic Development Toolbox: Strategies and Methods*, Terry Moore, Stuart Meck, and James Ebenhoh, American Planning Association, Planning Advisory Service Report Number 541, October 2006.

businesses in a jurisdiction, and all aspects of well-being) is something that decision makers do after an economic strategy has been presented to them for consideration.

That logic is consistent with the tenet of the Oregon Land Use Planning program: all goals matter, no goal dominates, and the challenge is to find a balance of conservation and development that is acceptable to a local government and state. Goal 9 does not dominate, but it legitimizes and requires that a local government focus on the narrower view of economic development that focuses on economic variables.

In that context, a major part of local economic development policy is about local support for business development and job growth; that growth comes from the creation of new firms, the expansion of existing firms, and the relocation or retention of existing firms. Specifically, new small businesses are accounting for a larger share of the job growth in the United States.³ This shift toward a focus on entrepreneurship, innovation, and small businesses presents additional options for local support for economic development beyond firm attraction and retention. Thus, a key question for economic development policy is, *What are the factors that influence business and job growth, and what is the relative importance of each?* This document addresses that question in depth.

What factors matter?

Why do firms locate where they do? There is no single answer—different firms choose their locations for different reasons. Key determinants of a location decision are a firm's *factors of production*. For example, a firm that spends a large portion of total costs on unskilled labor will be drawn to locations where labor is relatively inexpensive. A firm with large energy demands will give more weight to locations where energy is relatively inexpensive. In general, firms choose locations they believe will allow them to maximize net revenues—if demand for goods and services are held roughly constant, then revenue maximization is approximated by cost minimization.

The typical categories that economists use to describe a firm's production function are:

- **Labor.** Labor is often the most important factor of production. Other things equal, firms look at productivity—labor output per dollar. Productivity can decrease if certain types of labor are in short supply, which increases the costs by requiring either more pay to acquire the labor that is available, the recruiting of labor from other areas, or the use of the less productive labor that is available locally.
- **Land.** Demand for land depends on the type of firm. Manufacturing firms need more space and tend to prefer suburban locations where land is relatively less expensive and

³ According to the 2018 Small Business Profile from the U.S. Small Business Office of Advocacy, small businesses account for over 99 percent of total businesses in the United States, and their employees account for nearly 50% of American workers. <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>

less difficult to develop. Warehousing and distribution firms need to locate close to interstate highways.

- **Local infrastructure.** An important role of government is to increase economic capacity by improving quality and efficiency of infrastructure and facilities, such as roads, bridges, water and sewer systems, airport and cargo facilities, energy systems, and telecommunications.
- **Access to markets.** Though part of infrastructure, transportation merits special attention. Firms need to move their product (either goods or services) to the market, and they rely on access to different modes of transportation to do this.
- **Materials.** Firms producing goods, and even firms producing services, need various materials to develop products that they can sell. Some firms need natural resources (i.e., raw lumber) and others may need intermediate materials (i.e., dimensioned lumber).
- **Entrepreneurship.** This input to production may be thought of as good management, or even more broadly as a spirit of innovation, optimism, and ambition that distinguishes one firm from another even though most of their other factor inputs may be quite similar. Entrepreneurial activity, even when unsuccessful, can offer information about the local market that other entrepreneurs can use in starting a new firm. Entrepreneurs are typically willing to take on more risk in uncertain markets, and a strengthened entrepreneurial environment can help to reduce that risk and uncertainty.⁴ Entrepreneurs also tend to have more mobility than larger firms and are more likely to locate in areas with a strong entrepreneurial environment.⁵ To some degree, local governments can promote the high quality of life in an area to attract entrepreneurs, in addition to adopting regulations with minimal barriers—or at least, clear guidelines—for new small businesses.

The supply, cost, and quality of any of these factors obviously depends on market factors such as conditions of supply and demand locally, nationally, and even globally. But they also depend on public policy. In general, public policy can affect these factors of production through:

- **Regulation.** Regulations protect the health and safety of a community and help maintain the quality of life. Overly burdensome regulations, however, can be disincentives for businesses to locate in a community. Simplified bureaucracies and straightforward regulations can reduce the burden on businesses and help them react quickly in a competitive marketplace.
- **Taxes.** Firms tend to seek locations where they can optimize their after-tax profits. Tax rates are not a primary location factor—they matter only after businesses have made decisions based on labor, transportation, raw materials, and capital costs. The costs of these production factors are usually similar within a region. Therefore, differences in tax

⁴ Tessa Conroy and Stephan Weiler. “Local and Social: Entrepreneurs, Information Network Effects, and Economic Growth” (2017). https://redi.colostate.edu/wp-content/uploads/sites/50/2017/05/gender_gia_Jun2017-2.pdf

⁵ Emil E. Malizia and Edward J. Feser. *Understanding Local Economic Development*. (1999).

levels across communities within a region are more important in the location decision than are differences in tax levels between regions.

- **Financial incentives.** Governments can offer firms incentives to encourage growth. Most types of financial incentives have had little significant effect on firm location between regions. For manufacturing industries with significant equipment costs, however, property or investment tax credit or abatement incentives can play a significant role in location decisions. Incentives are more effective at redirecting growth within a region than they are at providing a competitive advantage between regions.

This discussion may make it appear that a location decision is based entirely on a straightforward accounting of costs, with the best location being the one with the lowest level of overall costs. Studies of economic development, however, have shown that location decisions depend on a variety of other factors that indirectly affect costs of production. These indirect factors include agglomerative economies (also known as industry clusters), quality of life, and innovative capacity.

- **Industry clusters.** Firms with similar business activities can realize operational savings when they congregate in a single location or region. Clustering can reduce costs by creating economies of scale for suppliers. For this reason, firms tend to locate in areas where there is already a presence of other firms engaged in similar or related activities.
- **Quality of life.** A community that features many quality amenities, such as access to recreational opportunities, culture, low crime, good schools, affordable housing, and a clean environment can attract people simply because it is a nice place to be. A region's quality of life can attract skilled workers, and if the amenities lure enough potential workers to the region, the excess labor supply pushes their wages down so that firms in the region can find skilled labor for a relatively low cost. The characteristics of local communities can affect the distribution of economic development within a region, with different communities appealing to different types of workers and business owners. Sometimes location decisions by business owners are based on an emotional or historical attachment to a place or set of amenities, without much regard for the cost of other factors of production.
- **Innovative capacity.** Increasing evidence suggests that a culture promoting innovation, creativity, flexibility, and adaptability is essential to keeping U.S. cities economically vital and internationally competitive. Innovation is particularly important in industries that require an educated workforce. High-tech companies need to have access to new ideas typically associated with a university or research institute. In addition to innovations in research and development within firms or research institutions, firms may also draw on the innovative capacity of entrepreneurs in an area. These entrepreneurs may be former employees of the larger firm or businesses that relocated to an area because of the proximity to an industry cluster. Strong networks and communication between firms, research institutions, and entrepreneurs are key

components to leveraging innovative capacity in an area.⁶ Local governments are well-equipped to help foster these networks through supporting economic development tools such as small business assistance centers or incubation centers. Government can also be a key part of a community's innovative culture through the provision of services and regulation of development and business activities that are responsive to the changing needs of business.

How important are these factors?

To understand how changes in public policies affect local job growth, economists have attempted to identify the importance for firms of different locational factors. They have used statistical models, surveys, and case studies to examine detailed data on the key factors that enter the business location decision.

Economic theory says that firms locate where they can reduce the costs of their factors of production (assuming demand for products and any other factors are held constant). Firms locate in regions where they have access to inputs that meet their quality standards, at a relatively low cost. Because firms are different, the relative importance of different factors of production varies both across industries and, more importantly, across firms.

No empirical analysis can completely quantify firm location factors because numerous methodological problems make any analysis difficult. For example, some would argue simplistically that firms would prefer locating in a region with a low tax rate to reduce tax expenses. However, the real issue is the value provided by the community for the taxes collected. Because taxes fund public infrastructure that firms need, such as roads, water, and sewer systems, regions with low tax rates may end up with poor infrastructure, making it less attractive to firms. When competing jurisdictions have roughly comparable public services (type, cost, and quality) and quality of life, then tax rates (and tax breaks) can make a difference.

Further complicating any analysis is the fact that many researchers have used public expenditures as a proxy for infrastructure quality. But large expenditures on roads do not necessarily equal a quality road system. It is possible that the money has been spent ineffectively and the road system is in poor condition.

An important aspect of this discussion is that the business function at a location matters more than a firm's industry. A single company may have offices spread across cities with headquarters located in a cosmopolitan metropolitan area, the research and development divisions located near a concentration of universities, the back office in a suburban location, and manufacturing and distribution located in areas with cheap land and good interstate access.

The location decisions of businesses are primarily based on the availability and cost of labor, transportation, raw materials, and capital. The availability and cost of these production factors are usually similar within a region. Most economic development strategies available to local

⁶ Nancey Green Leigh and Edward Blakely. *Planning Local Economic Development: Theory and Practice*. 2013.

governments, however, only indirectly affect the cost of these primary location factors. Local governments can most easily affect tax rates, public services, and regulatory policies. Economists generally agree that these factors do affect economic development, but the effects on economic development are modest. Thus, most of the strategies available to local governments have only a modest effect on the level and type of economic development in the community.

Local governments can provide support for new and existing small businesses through policies and programs that support entrepreneurship and innovation. The National League of Cities suggests strategies for local governments, including strong leadership from elected officials; better communication with entrepreneurs, especially regarding the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.⁷

Local governments in Oregon also play a central role in the provision of buildable land through the inclusion of lands in the Urban Growth Boundary, through the determination of plan designations and zoning, and through the provision of public services. Obviously, businesses need buildable land to locate or expand in a community. Providing buildable land alone is not sufficient to guarantee economic development in a community—market conditions must create demand for this land, and local factors of production must be favorable for business activity. In the context of expected economic growth and the perception of a constrained land supply in Tualatin, the provision of buildable land has the potential to strongly influence the level and type of economic development in the City. The provision of buildable land is one of the most direct ways that Tualatin can affect the level and type of economic development in the community.

⁷ National League of Cities. “Supporting Entrepreneurs and Small Businesses.” (2012). <https://www.nlc.org/supporting-entrepreneurs-and-small-business>

Summary of the Effect of National, State, and Regional Trends on Economic Development in Tualatin

This section presents a summary and the implications of national, state, and regional economic trends on economic growth in Tualatin, which are presented in Appendix A. Employment growth in Tualatin is closely related to trends that affect economic growth in Washington County and the broader Portland region.

- **Recovery from the national recession.** Incomes grew faster in Washington County than Oregon since 2001, and the unemployment rate in Washington County was lower than the statewide average.
 - The unemployment rate in Washington County has declined since the recession, consistent with trends in the United States and Oregon. In 2018, the unemployment rate was 3.5% in Washington County, 4.2% in Oregon, and 3.9% in the United States. Comparatively, in 2009, unemployment was 9.5% in Washington County, 11.3% in Oregon, and 9.3% in the United States. As of 2018, the unemployment rate for Washington County is similar to its rate in 2000.
 - Employment has increased in Washington County since 2001, with a gain of about 66,799 employees between 2001 and 2018. The largest increases were in professional/business services and health care/social assistance, while the largest decreases were in wholesale trade and information. Tualatin accounts for about 11% of employment in Washington County.
- **Growth in manufacturing and healthcare / social assistance sectors.** Employment in manufacturing and the healthcare / social assistance sectors accounted for about 37% of employment in Tualatin in 2017. In 2007, employment in these industries accounted for about 36% of employment in Tualatin, an increase of about 3,299 employees between 2007 and 2017. Employment in both of these sectors support above average wages.

In Washington County, employment in manufacturing and the healthcare / social assistance sectors accounted for 23% of employment in 2017, down from 24% in 2007. While the overall share of employment decreased, total employment increased by about 9,809 employees between 2007 and 2017.

- **Availability of trained and skilled labor.** Availability of labor depends, in part, on population growth and in-migration. Tualatin's population increased by 4,344 people between 2000 and the 2013–2017 period, at an average growth rate of 1.0%. In comparison, Oregon's population also grew at an average rate of 1.0%, between 2000 and 2017, with 66% of population coming from in-migration.

The current labor force participation rate is another important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013–

2017 American Community Survey, Tualatin had about 15,643 people in its labor force and Washington County had over 310,400. The labor force participation rate in Tualatin (73%) was higher than Washington County (69%) and the Portland Region (68%) in the 2013–2017 period. A higher concentration of older residents in an area or a mismatch of the types of jobs available in an area and the types of skills of the labor force can contribute to low labor force participation rates.

Businesses in Tualatin draw employees from across Washington County as well as Multnomah and Clackamas Counties. Relative to Washington County and the Portland Region, Tualatin residents have a slightly higher level of educational attainment.

- **Aging of the population.** Tualatin has a smaller percentage of residents 60 years and older relative to Washington County and the Portland Region. Tualatin’s median age, which was 31.9 in 2000, increased to 38.2 by the 2013–2017 period. In comparison, Washington County’s median age was 36.4 in the 2013–2017 period.

Washington County’s population is expected to continue to age, with people 60 years and older forecast to grow from 20% of the population in 2020 to 24% of the population in 2040, consistent with Statewide trends. Tualatin may continue to attract midlife and older workers over the planning period. People in this age group may provide sources of skilled labor, as people continue to work until later in life. These skilled workers may provide opportunities to support business growth in Tualatin.

- **Increases in racial and ethnic diversity.** Overall, the nation and Oregon are becoming more racially and ethnically diverse. Between 2000 and 2013–2017, the Latinx population in Oregon increased from 8% to 13%, and the Latinx population in Tualatin increased from 12% to 16% in that same time. Growth in the Latinx community will continue to drive economic development in Oregon. The share of Oregon’s non-Caucasian population increased from 13% to 15% and stayed static in Tualatin at 13%. Tualatin is less racially diverse but more ethnically diverse than Oregon.
- **Importance of small businesses in Oregon’s economy.** Small business, those with 100 or fewer employees, account for 66% of private-sector employment in Oregon. The average size for a private business in Tualatin is 18 employees per business, compared to the State average of 11 employees per private business. Businesses with five or fewer employees in Tualatin account for 64% of private employment, and businesses with fewer than 20 employees account for 89% of private employment. Only 3% of private businesses in Tualatin have more than 100 employees, accounting for 39% of the jobs in Tualatin.
- **Increases in energy prices.** In 2018, lower energy prices decreased the costs of commuting. Over the long-term, if energy prices increase, these higher prices will likely affect the mode of commuting before affecting workers’ willingness to commute. For example, commuters may choose to purchase a more energy-efficient car or carpool. Very large increases in energy prices may affect workers’ willingness to commute, especially workers living the furthest from Tualatin or workers with lower-paying jobs. In addition, very large increases in energy prices may make shipping freight long

distances less economically feasible, resulting in a slowdown or reversal of offshore manufacturing, especially of large, bulky goods.

- **Increases in remote workers.** Working from home has increased in Oregon in both urban and rural areas. Firms that allow workers to work remotely cover a variety of industries, allowing their employees to continue working for that firm but enjoy the quality of life and amenities of the location that the workers prefer to live. While data on remote workers is difficult to obtain, about 6% of workers in Tualatin reported that they worked from home in the 2013–2017 period (according to Census data), up from 4.6% in 2000. In comparison, 6.0% of workers in Washington County worked from home in 2013–2017.

Employment Trends in Tualatin, Clackamas County, and Washington County

The economy of the nation changed substantially between 1980 and 2018. These changes affected the composition of Oregon’s economy, including Tualatin’s economy. At the national level, the most striking change was the shift from manufacturing employment to service-sector employment. The most important shift in Oregon during this period was the shift from a timber-based economy to a more diverse economy, with the greatest employment in services.

This section focuses on changes in the economy in Clackamas and Washington County since 2001 and in Tualatin since 2007.

Exhibit 4 shows covered employment in Washington County for 2001 and 2018.⁸ Employment increased by 66,799 jobs, at an average annual growth rate (AAGR) of 1.5% over this period. The sectors with the largest increases in numbers of employees were professional and businesses services, healthcare and social assistance, and accommodation and food services. The average annual wage for employment in Washington County in 2018 was about \$70,308.

⁸ Covered employment includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as “1099 employees”), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Exhibit 4. Covered Employment by Industry, Washington County, 2001 and 2018

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001 and 2018.

Note: AAGR is Average Annual Growth Rate.

| Sector | 2001 | 2018 | Change 2001 to 2018 | | |
|--------------------------------------|----------------|----------------|---------------------|------------|-------------|
| | | | Difference | Percent | AAGR |
| Natural Resources and Mining | 3,607 | 3,090 | -517 | -14% | -0.9% |
| Construction | 12,611 | 16,629 | 4,018 | 32% | 1.6% |
| Manufacturing | 50,872 | 51,028 | 156 | 0% | 0.0% |
| Wholesale trade | 14,476 | 13,131 | -1,345 | -9% | -0.6% |
| Retail trade | 26,850 | 32,092 | 5,242 | 20% | 1.1% |
| Trade, Transportation, and Utilities | 4,501 | 5,253 | 752 | 17% | 0.9% |
| Information | 8,688 | 7,543 | -1,145 | -13% | -0.8% |
| Financial Activities | 13,181 | 14,874 | 1,693 | 13% | 0.7% |
| Professional and Business Services | 34,275 | 54,220 | 19,945 | 58% | 2.7% |
| Educational Services | 3,598 | 5,723 | 2,125 | 59% | 2.8% |
| Health care and social assistance | 15,616 | 31,405 | 15,789 | 101% | 4.2% |
| Arts, entertainment, and recreation | 2,372 | 4,749 | 2,377 | 100% | 4.2% |
| Accommodation and food services | 14,253 | 22,691 | 8,438 | 59% | 2.8% |
| Other Services | 7,151 | 10,468 | 3,317 | 46% | 2.3% |
| Unclassified | 78 | 108 | 30 | 38% | 1.9% |
| Government | 16,517 | 22,441 | 5,924 | 36% | 1.8% |
| Total | 228,646 | 295,445 | 66,799 | 29% | 1.5% |

Exhibit 5 shows covered employment and average wage for the 10 largest industries in Washington County. Jobs in professional and business services, as well as manufacturing, each account for about 18% of the county’s covered employment, and these sectors pay more per year than the County average (\$91,027 and \$113,297, respectively). Jobs in wholesale trade and information also pay more per year than the county average but account for a smaller share of covered employment in the county.

Exhibit 5. Covered Employment and Average Pay by Sector, 10 Largest Sectors Washington County, 2018

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018. Note: Largest sectors are defined by number of employees.

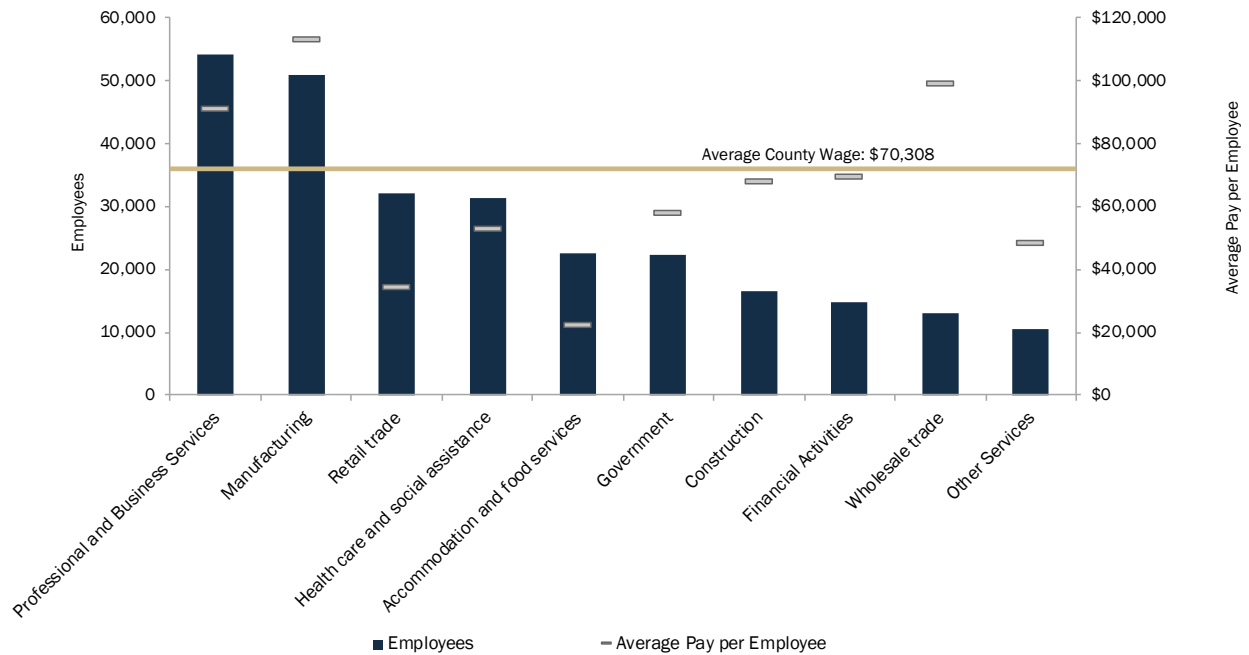


Exhibit 6 shows covered employment in Clackamas County for 2001 and 2018. Employment increased by 31,975 jobs, with an average annual growth rate (AAGR) of 1.3% over this period. The sectors with the largest increases in numbers of employees were health care and social assistance, professional and business services, accommodation and food services, and construction. The average annual wage for employment in Clackamas County in 2018 was about \$53,326.

Exhibit 6. Covered Employment by Industry, Clackamas County, 2001 and 2018

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2001 and 2018.

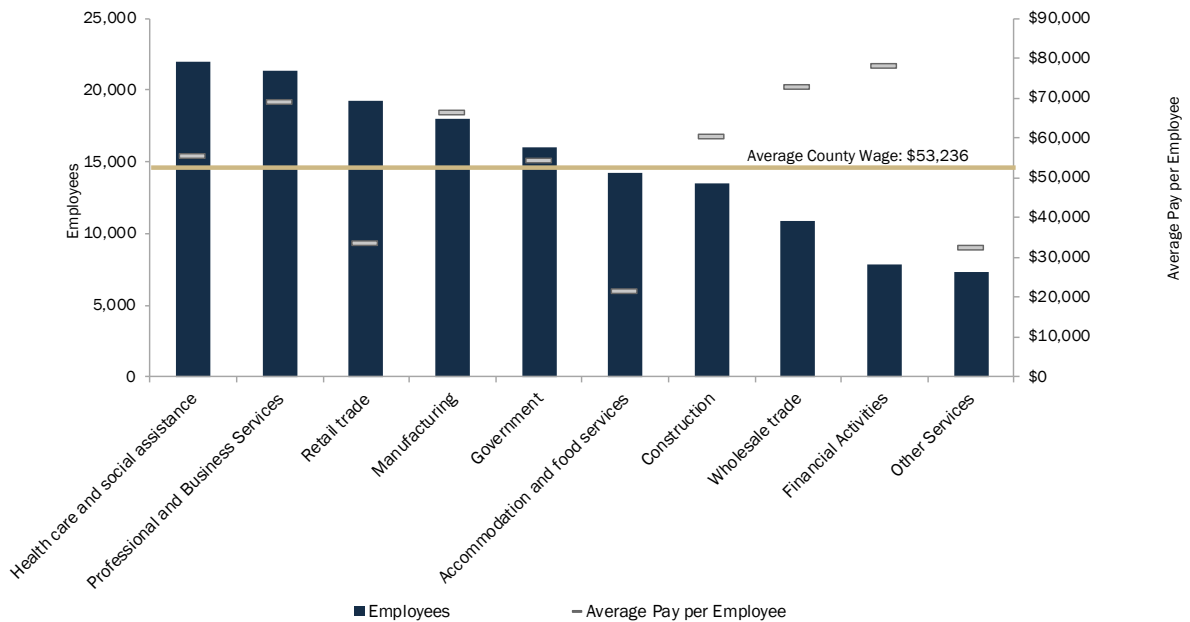
Note: AAGR is Average Annual Growth Rate.

| Sector | 2001 | 2018 | Change 2001 to 2018 | | |
|--------------------------------------|----------------|----------------|---------------------|------------|-------------|
| | | | Difference | Percent | AAGR |
| Natural Resources and Mining | 4,164 | 4,825 | 661 | 16% | 0.9% |
| Construction | 9,327 | 13,515 | 4,188 | 45% | 2.2% |
| Manufacturing | 18,172 | 18,026 | -146 | -1% | 0.0% |
| Wholesale trade | 10,391 | 10,875 | 484 | 5% | 0.3% |
| Retail trade | 17,628 | 19,224 | 1,596 | 9% | 0.5% |
| Trade, Transportation, and Utilities | 4,439 | 3,983 | -456 | -10% | -0.6% |
| Information | 1,728 | 2,057 | 329 | 19% | 1.0% |
| Financial Activities | 8,294 | 7,874 | -420 | -5% | -0.3% |
| Professional and Business Services | 13,301 | 21,339 | 8,038 | 60% | 2.8% |
| Educational Services | 1,112 | 2,111 | 999 | 90% | 3.8% |
| Health care and social assistance | 12,038 | 21,976 | 9,938 | 83% | 3.6% |
| Arts, entertainment, and recreation | 1,680 | 2,596 | 916 | 55% | 2.6% |
| Accommodation and food services | 9,832 | 14,242 | 4,410 | 45% | 2.2% |
| Other Services | 5,422 | 7,281 | 1,859 | 34% | 1.7% |
| Unclassified | 77 | 128 | 51 | 66% | 3.0% |
| Government | 16,497 | 16,025 | -472 | -3% | -0.2% |
| Total | 134,102 | 166,077 | 31,975 | 24% | 1.3% |

Exhibit 7 shows covered employment and average wage for the 10 largest industries in Clackamas County. Jobs in health care and social assistance, as well as professional and business services, each account for about 13% of the county’s covered employment, and these sectors pay more per year than the county average (\$55,217 and \$68,652, respectively).

Exhibit 7. Covered Employment and Average Pay by Sector, 10 Largest Sectors Clackamas County, 2018

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2018. Note: Largest sectors are defined by number of employees.



Employment in Tualatin accounts for about 11% of employment in Washington County. Exhibit 8 shows a summary of covered employment data for the Tualatin Planning Area in 2017. The sectors with the largest number of employees in Tualatin were manufacturing (27%), health care and social assistance (11%), and wholesale trade (10%). These sectors accounted for 14,897 jobs or 48% of Tualatin’s employment.

Exhibit 8. Covered Employment and Average Pay by Sector, Tualatin Planning Area, 2017⁹

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

| Sector/Industry | Establishments | Employees | Payroll | Average Pay / Employee |
|--|----------------|---------------|------------------------|------------------------|
| Agriculture, Forestry, and Mining | 7 | 162 | \$9,551,473 | \$58,960 |
| Construction | 142 | 2,384 | \$161,457,609 | \$67,726 |
| Construction of Buildings | 45 | 529 | \$33,683,731 | \$63,674 |
| Heavy and Civil Engineering Construction | 9 | 289 | \$29,245,674 | \$101,196 |
| Specialty Trade Contractors | 88 | 1,566 | \$98,528,204 | \$62,917 |
| Manufacturing | 150 | 8,371 | \$641,666,664 | \$76,654 |
| Food, Beverage, and Apparel Manufacturing | 22 | 856 | \$90,298,572 | \$105,489 |
| Wood, Paper, and Other Material Product Manufacturing | 34 | 1,191 | \$66,438,149 | \$55,784 |
| Metal Manufacturing | 38 | 1,520 | \$77,992,172 | \$51,311 |
| Machinery Manufacturing | 19 | 2,801 | \$296,449,663 | \$105,837 |
| Computer and Electronic Product Manufacturing | 10 | 506 | \$30,635,840 | \$60,545 |
| Electrical Equipment, Appliance, and Component Manufacturing | 6 | 514 | \$36,321,867 | \$70,665 |
| Transportation Equipment Manufacturing | 5 | 96 | \$6,628,519 | \$69,047 |
| Furniture and Related Product Manufacturing | 10 | 787 | \$30,948,048 | \$39,324 |
| Miscellaneous Manufacturing | 6 | 100 | \$5,953,834 | \$59,538 |
| Wholesale Trade | 262 | 3,235 | \$196,579,720 | \$60,767 |
| Retail Trade | 108 | 2,429 | \$68,643,958 | \$28,260 |
| Building Material and Garden Equipment and Supplies Dealers | 13 | 255 | \$13,882,178 | \$54,440 |
| Food and Beverage Stores | 8 | 454 | \$12,722,710 | \$28,024 |
| Health and Personal Care Stores | 11 | 199 | \$7,360,231 | \$36,986 |
| Gasoline Stations | 5 | 68 | \$1,476,441 | \$21,712 |
| Clothing and Clothing Accessories Stores | 35 | 448 | \$8,657,769 | \$19,325 |
| Other Retailers | 36 | 1,005 | \$24,544,629 | \$24,423 |
| Transportation and Warehousing and Utilities | 37 | 1,337 | \$82,171,091 | \$61,459 |
| Information | 39 | 195 | \$18,180,409 | \$93,233 |
| Finance and Insurance | 75 | 380 | \$30,078,816 | \$79,155 |
| Real Estate and Rental and Leasing | 74 | 294 | \$15,317,961 | \$52,102 |
| Professional and Technical Services | 175 | 1,044 | \$69,192,933 | \$66,277 |
| Management of Companies | 14 | 789 | \$57,891,957 | \$73,374 |
| Administrative / Support; Waste Mngmt/ Remediation | 101 | 2,366 | \$81,771,708 | \$34,561 |
| Private Education Services | 11 | 296 | \$7,385,926 | \$24,952 |
| Health Care and Social Assistance | 178 | 3,291 | \$206,495,765 | \$62,746 |
| Health Care | 143 | 2,535 | \$185,684,497 | \$73,248 |
| Social Assistance | 35 | 756 | \$20,811,268 | \$27,528 |
| Arts, Entertainment, and Recreation | 23 | 846 | \$15,349,722 | \$18,144 |
| Accommodation and Food Services | 103 | 2,017 | \$41,014,523 | \$20,334 |
| Accommodation | 5 | 97 | \$2,320,012 | \$23,918 |
| Food Services and Drinking Places | 98 | 1,920 | \$38,694,511 | \$20,153 |
| Other Services | 212 | 879 | \$35,547,519 | \$40,441 |
| Government | 14 | 787 | \$43,330,609 | \$55,058 |
| Federal | 3 | 74 | \$4,661,596 | \$62,995 |
| State | 3 | 94 | \$6,666,134 | \$70,916 |
| Local | 8 | 619 | \$32,002,879 | \$51,701 |
| Educational Services | 5 | 393 | \$18,859,472 | \$47,988 |
| Total | 1,725 | 31,102 | \$1,781,628,363 | \$57,283 |

⁹ The following sectors were combined due to confidentiality of QCEW data: utilities, transportation, and warehousing; manufacturing and wholesale trade; finance and insurance, real estate and rental and leasing; health care and social assistance and private education; arts, entertainment, and recreation and accommodation and food services.

Exhibit 9 shows the employment and average pay per employee for sectors in Tualatin. Average pay for all employees (\$57,283) is shown as a light brown line across the graph, and average pay for individual sectors are shown as short red lines. The exhibit shows that Tualatin’s retail, administrative/waste management, and accommodations/food service sectors have below-average wages. The highest wages are in manufacturing (Exhibit 10).

Exhibit 9. Covered Employment and Average Pay by Sector, Tualatin, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

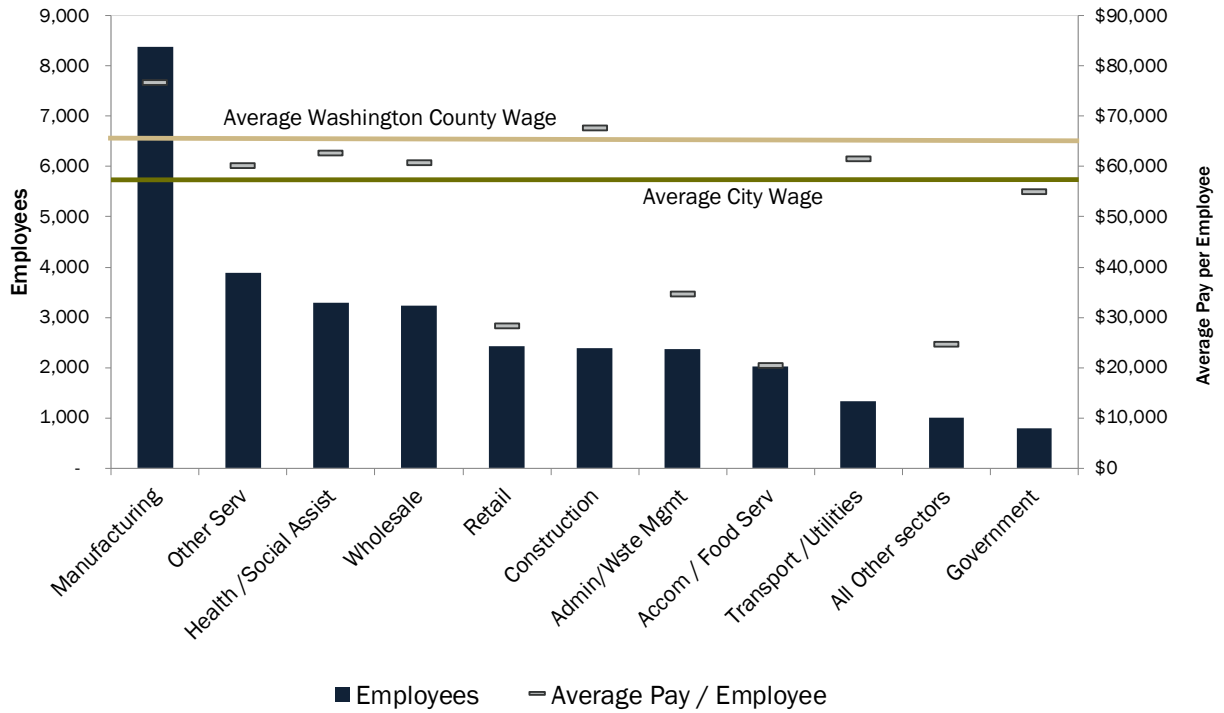


Exhibit 10. Covered Employment and Average Pay by Manufacturing Sub-Sector, Tualatin, 2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2017.

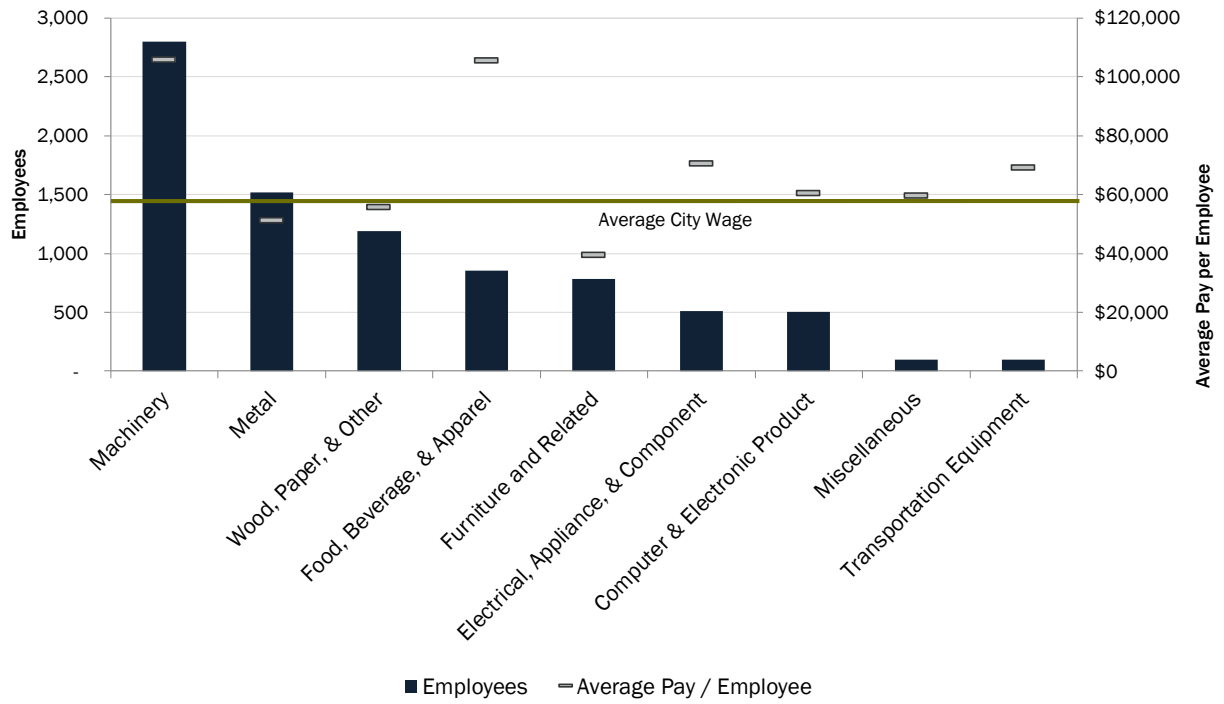


Exhibit 11 shows that employment in Tualatin grew by nearly 7,800 employees between 2007 and 2017 at an average annual growth rate of 2.9%. All sectors grew in employment, with three exceptions: (1) agriculture, forestry, and mining; (2) finance and insurance, and (3) private education services. The sectors with the largest growth were manufacturing, health care and social assistance, and administrative support/waste management and remediation services.

Exhibit 11. Change in Covered Employment, Tualatin, 2007–2017

Source: Oregon Employment Department, Quarterly Census of Employment and Wages, 2007 and 2017. Note: AAGR is Average Annual Growth Rate.

| Sector | Establishments | | Employees | | Change in Employment 2007-2017 | | |
|---|----------------|--------------|---------------|---------------|--------------------------------|------------|-------------|
| | 2007 | 2017 | 2007 | 2017 | Number | Percent | AAGR |
| Agriculture, Forestry, & Mining | 5 | 7 | 199 | 162 | (37) | -19% | -2% |
| Construction | 145 | 142 | 1,707 | 2,384 | 677 | 40% | 3% |
| Manufacturing | 139 | 150 | 6,332 | 8,371 | 2,039 | 32% | 3% |
| Wholesale Trade | 213 | 262 | 2,909 | 3,235 | 326 | 11% | 1% |
| Retail Trade | 141 | 108 | 2,348 | 2,429 | 81 | 3% | 0% |
| Transportation, Warehousing & Utilities | 27 | 37 | 926 | 1,337 | 411 | 44% | 4% |
| Information | 20 | 39 | 87 | 195 | 108 | 124% | 8% |
| Finance & Insurance | 81 | 75 | 435 | 380 | (55) | -13% | -1% |
| Real Estate, Rental, & Leasing | 59 | 74 | 258 | 294 | 36 | 14% | 1% |
| Professional & Technical Services | 112 | 175 | 581 | 1,044 | 463 | 80% | 6% |
| Management of Companies | 14 | 14 | 574 | 789 | 215 | 37% | 3% |
| Admin. & Support / Waste Mgmt & Remediation Serv. | 83 | 101 | 1,400 | 2,366 | 966 | 69% | 5% |
| Private Education Services | 16 | 11 | 299 | 296 | (3) | -1% | 0% |
| Health Care & Social Assistance | 141 | 178 | 2,031 | 3,291 | 1,260 | 62% | 5% |
| Arts, Entertainment, & Recreation | 10 | 23 | 490 | 846 | 356 | 73% | 6% |
| Accommodation & Food Services | 92 | 103 | 1,352 | 2,017 | 665 | 49% | 4% |
| Other Services | 163 | 212 | 655 | 879 | 224 | 34% | 3% |
| Government | 13 | 14 | 743 | 787 | 44 | 6% | 1% |
| Total Non-Farm Employment | 1,474 | 1,725 | 23,326 | 31,102 | 7,776 | 33% | 2.9% |

Outlook for Growth in Washington County

Exhibit 12 shows the Oregon Employment Department’s forecast for employment growth by industry for the Portland Region (Clackamas, Multnomah, and Washington Counties) over the 2017–2027 period. Employment in the region is forecast to grow at an average annual growth rate of 1.2%.

The sectors that will lead employment in the region for the 10-year period are: professional and business services (adding 28,100 jobs); private education and health services (adding 27,300 jobs); trade, transportation, and utilities (adding 21,400); and leisure and hospitality (adding 13,800 jobs). In sum, these sectors are expected to add 90,600 new jobs or about 74% of employment growth in the Portland Region. As of 2017, Washington County accounts for about 36% of employment in these three counties (the Portland Region), and Tualatin accounts for about 10% of the County’s employment.

Exhibit 12. Regional Employment Projections, Portland Region (Clackamas, Multnomah, and Washington County), 2017 and 2027

Source: Oregon Employment Department. Employment Projections by Industry 2017–2027. Note: AAGR is average annual growth rate.

| Industry Sector | 2017 | 2027 | Change 2017 - 2027 | | |
|--|---------|-----------|--------------------|---------|------|
| | | | Number | Percent | AAGR |
| Total private | 856,800 | 971,800 | 115,000 | 13% | 1.3% |
| Natural resources and mining | 9,800 | 10,600 | 800 | 8% | 0.8% |
| Mining and logging | 700 | 700 | 0 | 0% | 0.0% |
| Construction | 50,500 | 59,100 | 8,600 | 17% | 1.6% |
| Manufacturing | 101,100 | 106,000 | 4,900 | 5% | 0.5% |
| Durable goods | 76,300 | 79,200 | 2,900 | 4% | 0.4% |
| Nondurable goods | 24,800 | 26,700 | 1,900 | 8% | 0.7% |
| Trade, transportation, and utilities | 176,900 | 198,300 | 21,400 | 12% | 1.1% |
| Wholesale trade | 48,000 | 51,800 | 3,800 | 8% | 0.8% |
| Retail trade | 95,000 | 104,900 | 9,900 | 10% | 1.0% |
| Transportation, warehousing, and utilities | 33,900 | 41,600 | 7,700 | 23% | 2.1% |
| Information | 21,700 | 24,300 | 2,600 | 12% | 1.1% |
| Financial activities | 60,000 | 63,400 | 3,400 | 6% | 0.6% |
| Professional and business services | 155,500 | 183,600 | 28,100 | 18% | 1.7% |
| Private educational and health services | 140,800 | 168,100 | 27,300 | 19% | 1.8% |
| Health care and social assistance | 118,000 | 141,500 | 23,500 | 20% | 1.8% |
| Leisure and hospitality | 101,100 | 114,900 | 13,800 | 14% | 1.3% |
| Arts, entertainment, and recreation | 14,800 | 17,200 | 2,400 | 16% | 1.5% |
| Accommodation and food services | 86,300 | 97,800 | 11,500 | 13% | 1.3% |
| Other services and private households | 39,400 | 43,500 | 4,100 | 10% | 1.0% |
| Government | 114,100 | 122,000 | 7,900 | 7% | 0.7% |
| Federal government | 14,200 | 14,900 | 700 | 5% | 0.5% |
| State government | 7,600 | 8,200 | 600 | 8% | 0.8% |
| Local government | 92,300 | 98,900 | 6,600 | 7% | 0.7% |
| Local education | 47,200 | 51,500 | 4,300 | 9% | 0.9% |
| Total payroll employment | 970,900 | 1,093,800 | 122,900 | 13% | 1.2% |

Infrastructure Capacity

This section outlines details about Tualatin's infrastructure capacity (including water, wastewater, stormwater, and transportation and transit infrastructure). Findings derive from an interview conducted with the Tualatin Public Works Department.

Water

Tualatin purchases its water from the City of Portland. Tualatin's water system, which extends past Bridgeport Village, is City-owned (and water becomes City-owned once it enters city limits). Its water supply derives from the Bull Run Watershed and Columbia South Shore Well Field. In the summer months, Tualatin uses about 10m gallons of water per day, and in the winter months, Tualatin uses about 4.4m gallons of water per day. The maximum water delivery to Tualatin is 14.1m gallons per day. Tualatin's 10-year water contract expires in 2026.

While Tualatin is closer to capacity in the summer, its water system currently accommodates all existing needs. From an economic development perspective, however, some types of businesses that use significant amounts of water (i.e., 1m gallons of water per day) may not locate in Tualatin because of the available water in the city. For example, Business Oregon was pursuing potential sites for a business looking to locate somewhere in the Greater Portland area—where they could access about 2m gallons of water per day. Tualatin turned this opportunity down.

Currently, Tualatin is helping to pay for a water treatment plant (expected delivery is 2026) that serves the Portland region. In addition, Tualatin is updating its Water Master Plan (expected delivery is summer 2019), developing its Water Emergency Supply Plan (expected delivery is fall 2019), and developing its Water Supply Strategy (expected delivery spring 2020).

On the horizon, Tualatin does not have big plans to expand its system per its Water Master Plan update. Core strategic priorities, per its Water Supply Strategy, are to find ways to access water from other water supplies. The City's water systems are in good repair. The most significant upgrade to water infrastructure is in Basalt Creek, which may need an additional reservoir depending on how fast the sub-area builds out.

Wastewater

Tualatin's wastewater collection system is serviced by Clean Water Services. Clean Water Services treats the wastewater and manages several of Tualatin's pump stations, which are City-owned. Its effluent discharge is typically 2.4m gallons per day (dry peak) and 4 million gallons per day (wet peak). While Tualatin has some issues with inflow to manhole lids, it does not have significant issues with infiltration.

Tualatin is not concerned about its water treatment capacity, as Clean Water Services is continuously improving and expanding its facilities. It is likely that as Basalt Creek grows, however, Tualatin will need to replace its piping and add five new pump stations. Despite growing population and jobs, Tualatin is not concerned with future wastewater capacity.

Tualatin recently finished an update to their Sewer Master Plan (which went to council in August 2019).

Stormwater

Tualatin staff do not think that stormwater management or treatment is a barrier to supporting new business growth. As new development occurs, developers are required to address stormwater issues on a property by property basis.

Transportation Services

This analysis looked at connections and capacity to I-5, regional connectors, and local roadways. Transportation access is both a significant advantage for economic development (because Tualatin is located directly on I-5) and a significant disadvantage because of increasing congestion on I-5 and other major roads.

- **Connection and capacity to I-5.** ODOT finished an auxiliary lanes project last year, which made a notable difference in easing capacity and reducing congestion (particularly from Carmen to Nyberg and the 205 on-ramps). I-5's (regional) pinch points are the Rose Quarter and Boones Bridge. Generally speaking, congestion issues around I-5 are less about Tualatin's interchanges and ramps and more about regional conditions on I-5.
- **Regional connector roads.** Over the last decade and longer, major roads connecting Tualatin to nearby cities have become increasingly congested. Major regional connectors include Tualatin Sherwood Road, Boones Ferry Road N-S, Hwy 99 W, Borland Road E-W, and 124th Avenue. The following provides more information:
 - *Tualatin Sherwood Road.* Washington County plans to complete a road widening project in 2023. The project will widen Tualatin Sherwood Road from three lanes to five lanes. It will include bicycle facilities.
 - *124th Avenue.* New improvements on this road are currently being underused. The City's long-term plan is to implement more signage to direct vehicles onto this currently underutilized roadway (offsetting traffic on other roadways). This road was built with three lanes but was planned for five lanes, allowing for future expansions of the road. Because few people know about (or use) this road, not much traffic exists. It is likely that as this road becomes more used, traffic pressure on Boones Ferry and Tualatin Sherwood Road will be relieved somewhat.
 - *Boones Ferry Road N-S.* Despite congestion near Tualatin Sherwood Road, the City has no plans for expansion at this time.
 - *Highway 99 W.* As this connector is located toward the north portion of Tualatin, this connector is not as extensive of an issue for traffic within the City of Tualatin. The City is, however, looking to develop a funding plan to improve Sherwood through King City and Tigard.

- *65th Avenue*. Running north to south, this road is becoming a bypass to get around 205 and I-5. While it is not considered a regional connector, it is a road likely to be looked at in the next Transportation System Plan update.
- *Mary Borland Road*. Tualatin recently took possession of Borland Road from Washington County. From Lake Oswego to Stafford, the City plans to make pavement improvements and conduct maintenance to make it a more pleasant place to drive. While there are no current plans for expansion, the City will likely address this piece of the network in their next Transportation System Plan update.
- **Local roadways**. Tualatin’s road network is well-built and fairly new. As new development occurs, developers will be required to pay for transportation improvements that will support upgrading local and other roads. Tualatin is working to complete a cyclist pathway across I-5 and is working to increase multimodal pathways to T-S road (developed as part of the T-S Road widening project; expected delivery 2023). A \$20 million general obligation bond passed last year to implement transportation capital projects to improve safety and relieve congestion at key intersections and locations.

Transit

Tualatin has three Tri-Met bus routes that serve the community (the 76, 96, and 97 routes) and the WES commuter rail that connects Tualatin to Beaverton. In addition, Ride Connection, which is funded through a Tri-met grant, offers two fixed, on-call lines that serve the business community on a regular schedule. Development of a 12-mile TriMet MAX line (the Southwest Corridor) between southwest Portland and Bridgeport Village in Tualatin is also on the horizon. To date, the City has not participated in discussions about implementing a local transit agency.

Tualatin's Strengths, Weaknesses, Opportunities, and Threats

OAR 660-009-0015(4) requires that cities conduct an assessment of community economic development potential, as part of the EOA. This assessment considers market factors, infrastructure and public facility availability and access, labor, proximity to suppliers and other necessary business services, regulations, and access to job training. The local factors that form Tualatin's competitive advantage are summarized in the subsections below.

Strengths

- **Location.** Tualatin is located in Washington County, about 13 miles south of Portland and about 36 miles north of Salem, along the I-5 corridor. Tualatin is located about midway between Hillsboro and Gresham. Other nearby and relatively large cities include Tigard, Lake Oswego, and Wilsonville. These locational aspects allow both goods and workers to move in and out of Tualatin relatively efficiently. Tualatin's location is an advantage, especially for freight transportation and households composed of workers that commute to different cities for work.

Due to Tualatin's prime location along the I-5 corridor, about 93% of employees who work in Tualatin commute into Tualatin from other areas. This reality is advantageous for Tualatin, as they can attract workers (at a range of skill sets) from around the region.

- **Availability of transportation.** All firms are heavily dependent upon surface transportation for efficient movement of goods, customers, and workers. Access to an adequate highway and arterial roadway network is needed for all industries. Close proximity to a highway or arterial roadway is critical for firms that generate a large volume of truck or auto trips and firms that rely on visibility from passing traffic to help generate business.

Businesses and residents in Tualatin have access to a variety of modes of transportation: automotive (I-5, 99W, and local roads), commuter train (West Side Express Service [WES]), light rail (Metropolitan Area Express [MAX] connection to WES at Lombard); bus (TriMet lines 76, 96, and 97), and air (Portland International Airport and Hillsboro Airport). These options provide options for residents and workers in Tualatin to commute in and out of the city, though traffic congestion is a growing concern.

Additionally, Tualatin's easy access to I-5 is an advantage for attracting many types of businesses, such as warehouse and distribution or manufacturers that need close access to I-5 for heavy freight

- **Quality of life.** Tualatin residents value the City's many urban services and amenities available to residents while maintaining a small-town character. Tualatin residents and workers have access to numerous local businesses, a high-quality school system, access to retail shopping opportunities, and an expansive parks system (which includes 90 park sites, 60 miles of trails, and 1,500 acres of natural area). Tualatin also provides access to medical care services through the Kaiser Permanente Tualatin Medical Office, Legacy Meridian Park Medical Center, Providence Bridgeport, and other medical and dental

offices. Tualatin is also a relatively safe community; in 2018, criminal citations, traffic citations, total arrests, and traffic crashes (activities) each amounted to less than 0.1 activity per capita.¹⁰

- **Support for local businesses.** Successful local economic development is often a result of effective collaboration among governments, business owners, and community members. To support new and existing small businesses in Tualatin, the City and Chamber of Commerce have developed a small business toolkit. The toolkit helps business owners with permitting their business in Tualatin.¹¹
- **Existing businesses.** Tualatin has several key sectors (e.g., manufacturing, health care, social assistance), which present key opportunities for the creation of local clusters. These sectors may build off of regional clusters on the westside of the metro region. Tualatin also has many small businesses in a range of industries, including those listed above. Tualatin’s existing businesses provide a base to build upon and expand.
- **Access to workers.** Tualatin pulls workers from across the Portland metropolitan area. The types of jobs available at businesses in Tualatin range from highly skilled professional and technical service jobs to service-sector jobs, such as retail services. These jobs require a range of educational background or specialized training.
- **Access to education and training.** Tualatin is also close to higher education facilities, including Clackamas Community College in Wilsonville, Portland Community College (Sylvania), Portland State University, Lewis and Clark, Oregon Institute of Technology, and Reed College. Businesses in Tualatin are able to attract workers from these schools.
- **Infrastructure capacity.** Tualatin has plans for expansion of water, wastewater, and stormwater systems to meet business needs as the city grows. The City recently updated its plans (and planning is ongoing) to address growing demands in the Basalt Creek subarea.

Weaknesses

- **Traffic congestion.** Tualatin’s location along the I-5 corridor within the southern part of the Portland region results in significant congestion within the city, particularly during peak travel hours. Addressing these congestion issues will require addressing regional congestion issues on I-5, as well as expansion of connector roads with neighboring cities, as described in the section above. Part of the resolution of traffic congestion issues is increases in public transit and expansion of bicycling and pedestrian facilities.
- **Limited access to transit.** Tualatin residents and commuters have access to TriMet bus lines 76, 96, and 97; the WES commuter rail line; and the Tualatin Shuttle operated by

¹⁰ City of Tualatin. (2018). Tualatin Police Annual Report.

https://www.tualatinoregon.gov/sites/default/files/fileattachments/police/page/4885/2018_annual_report.pdf

¹¹ Tualatin’s Small Business Toolkit:

www.tualatinoregon.gov/sites/default/files/fileattachments/economic_development/page/4725/small_business_toolkit_final_draft_webpdf.pdf

Ride Connection. These alternative modes of transportation are important but do not meet the scale of the community's public transportation needs. More public transit routes that are more convenient and accessible is desired by the community to reduce congestion and to allow employees to get to work more efficiently.

- **Commuting trends.** While employee commuting trends in Tualatin have their advantages (ability to attract a workforce from across the region), they also present disadvantages. As Tualatin's population grows and as employment in Tualatin grows, it is likely that the number of employees commuting in and out of Tualatin will grow too. Commuting increases road congestion, and with limited access to transit to alleviate this problem, Tualatin's transportation infrastructure will become overloaded.
- **Affordable housing for workers.** A significant concern among Tualatin leaders and community members is the lack of affordable and available housing for people who work at businesses in Tualatin. The cost of housing does not align with the existing salaries of the workforce, which may prevent households from living and working in Tualatin.
- **Need for Replacement Workers.** The population across the region is aging, prompting a need for replacement workers. As workers in Tualatin retire, the need for skilled, educated workers will increase. This trend is consistent with workforce issues common to Oregon's cities.
- **Downtown area that looks dated and has limited draw for residents and visitors.** A perception that Tualatin lacks urban design standards, architectural variety, and amenities in close proximity has resulted in many community members feeling that Tualatin looks dated. Specifically, community members note a need for a refined downtown center to draw visitors to Tualatin from I-5. Potential improvements to the physical appearance of the built environment in the city include increases to allowed building heights in specific areas, more mixed-use development, and improved connectivity to increase walkability.
- **Availability of high-wage jobs.** The average wage in Tualatin is \$57,283, while the average wage in Washington County is \$70,308. The largest sector of employment in Tualatin is in manufacturing industries, which pay higher-than-average wages. Tualatin also has many service-sector jobs, which tend to provide lower-than-average wages. Tualatin's location and cluster of manufacturing industries may help to attract more businesses with high wages, which may allow more workers in Tualatin to afford to also live in the city.
- **Retention of businesses.** Tualatin's Business Outreach Survey uncovered several issues that may make keeping businesses in Tualatin difficult. Issues include a poor perception of public safety (issues around the interstate and rail line and the perception of rising crime), the lack of transportation and freight access, inconvenient public transit,

perceived slowness on part of the City to modify the Development Code,¹² and lack of incentives for development. In addition, businesses cited a mismatch between business needs and workforce skill sets.

Opportunities

- **Public transportation.** Tualatin may work with Tri-Met to expand public transportation to promote connectivity, reduce reliance on cars, and reduce congestion, and to encourage alternative modes of transportation. While local jurisdictions are not mandated to offer transit services, public transit is essential to the households that need it to access services or to get to work. Connections to the Southwest Corridor transit line will be key to connecting Tualatin within the Portland region. Local transit will be necessary to allow riders to get from the Southwest Corridor station to employment centers in Tualatin.
- **Improvements to regional connectors.** Regional transportation corridors, connecting Tualatin to nearby cities, are congested. Plans for road expansions, as well as road expansions completed in the recent past, may improve existing conditions and support further growth.
- **Redevelopment and infill development.** Community members noted the lack of a downtown center of Tualatin to draw visitors. Along with improvements to the physical appearance and urban form of commercial areas in Tualatin, the City can continue to attract small businesses to locate in Tualatin, especially those that would attract visitors and residents to a core area. One potential area for this type of development would be the redevelopment of the Tualatin Commons, to create a more pedestrian-oriented center.
- **Small business retention and growth.** Issues with business retention have created vacant storefronts. The City could develop and promote initiatives that encourage use of currently vacant storefronts through continued support for small businesses and entrepreneurs.

Threats

- **Environmental and climate change risks.** Environmental factors, including climate change, can threaten the success of a variety of industries that rely on key infrastructure that may not be adapted to growing environmental pressures (e.g., flooding, seismic hazards, or powerful storms). The risk of these natural hazards is likely to increase as a result of climate change.¹³ Forest fires and urban heat islands also cause poor air quality, which can decrease quality of life for residents and impact their health.
- **Potential for decline in the State and national economies.** Changes in the State and national economies are beyond local control and directly affect Tualatin's economy.

¹² Tualatin updated its Development Code in 2018 through a project known as the Tualatin Development Code Improvement Project (TDCIP) Phase 1.

¹³ Oregon Climate Change Research Institute. *Fourth Oregon Climate Assessment Report*. January 2019.

National recessions generally have a greater effect on Oregon, with higher job losses and longer recovery periods than the national average.

Summary of Tualatin's Competitive and Comparative Advantages

The prior sections presented Tualatin's strengths, weaknesses, opportunities, and threats for economic development. Based on this, Tualatin's competitive and comparative advantages are:

- **Location.** Tualatin is located along a major transportation corridor (the I-5 corridor) and is 13 miles from downtown Portland. While Tualatin is not an especially large city, it is in close proximity to all of the urban amenities and services one would expect in a large metropolitan area. Residents of Tualatin have access to cultural activities such as concerts and events (like the West Coast Giant Pumpkin Regatta) at the Tualatin Commons and museums, markets, and concert halls in Portland. Residents also have access to outdoor recreational activities such as many park amenities offered by the City and the Tualatin River National Wildlife Refuge in Sherwood. These locational aspects are attractive to businesses who prioritize quality of life for their employees.

Additionally, most of Tualatin's workers commute to the city from other areas. Businesses that need access to or want to attract customers across the Portland Region may locate in Tualatin. Tualatin's location will impact the area's future economic development.

- **Regional Labor Market.** The availability of labor is critical for economic development. Availability of labor depends not only on the number of workers available but the quality, skills, and experience of available workers. Businesses in Tualatin have access to workers in Tualatin and from neighboring communities. Businesses need access to reliable skilled workers, both with and without higher education. The multitude of higher education institutions located in and around the Portland Metro area means that Tualatin has sufficient access to skilled workers.
- **Existing Businesses.** Tualatin's existing businesses provide an opportunity for development of new businesses within the city. The existing business base is an advantage for economic development in numerous ways—as a source of future economic expansion, for attracting skilled workers, and for provision of goods and services to other businesses in Tualatin.
- **Ongoing Planning Projects.** The City is revising its Comprehensive Plan (the Tualatin 2040 process), which will result in ongoing planning work that is necessary to support economic growth. This work may include revisions to the City's economic development strategy, additional planning for housing to provide more opportunities for workers to live in Tualatin, updating the Transportation System Plan, ongoing planning for transit services, area planning for redevelopment that may result from this EOA and the housing needs analysis project, and other ongoing planning projects.

Target Industries

The characteristics of Tualatin will affect the types of businesses most likely to locate in the city. Tualatin’s attributes that may attract firms are Tualatin’s access to industrial land, access to workers, and its location along the I-5 corridor.

Tualatin’s industry concentrations with a potential competitive advantage are defined in Exhibit 13. Tualatin has categorized its existing businesses into four main categories based on the analysis of location quotients (i.e., highly specialized industries), differential shift (i.e., competitive advantage compared to the national level), and critical concentration (i.e., at least five establishments in a defined cluster). These four categories are Growing Base, Emerging Clusters, Mature Clusters, and Transformation Clusters. Exhibit 13 and Exhibit 14 list the specific industries by each category.

Exhibit 13. Concentration of Industries and Employment, Tualatin, 2017

Source: City of Tualatin, Economic Development Department using data from EMSI and Oregon Department of Employment (QECW data).
 Note: Not pictured is Food Processing and Manufacturing, with an LQ of 2.73 and DS 142%. Automotive is also not displayed, with an LQ of 0.51 and DS of -62%.

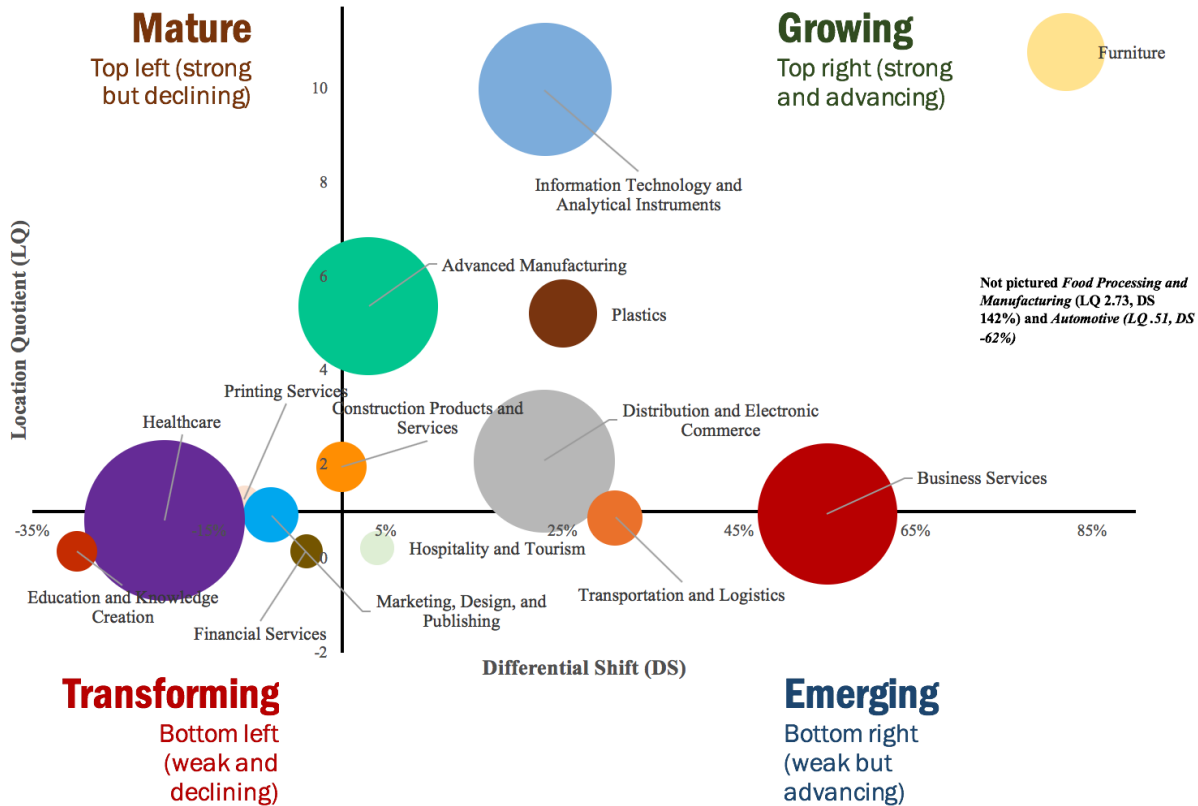


Exhibit 14. Industries Ranked Based on Differential Shift and Location Quotient

Source: City of Tualatin, Economic Development department using EMSI data (2018).

| Rank | Cluster | Location Quotient (LQ) | Cluster Employment, 2017 | Number of Establishments, 2016 | Differential Shift (DS) |
|--------------------------------|---|------------------------|--------------------------|--------------------------------|-------------------------|
| GROWING BASE | | | | | |
| 1 | Food Processing and Manufacturing | 2.73 | 564 | 6 | 142% |
| 2 | Furniture | 10.79 | 776 | 6 | 82% |
| 3 | Plastics | 5.21 | 587 | 10 | 25% |
| 4 | Information Technology and Analytical Instruments | 9.99 | 2,270 | 37 | 23% |
| 5 | Distribution and Electronic Commerce | 2.08 | 2,535 | 193 | 23% |
| 6 | Advanced Manufacturing | 5.38 | 2,433 | 46 | 3% |
| EMERGING CLUSTERS | | | | | |
| 7 | Business Services | 0.96 | 2,506 | 131 | 55% |
| 8 | Transportation and Logistics | 0.88 | 378 | 16 | 31% |
| 9 | Hospitality and Tourism | 0.22 | 144 | 8 | 4% |
| MATURE CLUSTERS | | | | | |
| 10 | Construction Products and Services | 1.96 | 331 | 7 | -0.4% |
| 11 | Printing Services | 1.26 | 110 | 11 | -11% |
| TRANSFORMATION CLUSTERS | | | | | |
| 12 | Financial Services | 0.17 | 141 | 35 | -4% |
| 13 | Marketing, Design, and Publishing | 0.93 | 385 | 28 | -8% |
| 14 | Healthcare | 0.82 | 3,279 | 153 | -20% |
| 15 | Education and Knowledge Creation | 0.16 | 199 | 16 | -30% |

The potential growth industries in Tualatin will draw from existing industry concentration in the City, Washington County, and the Portland Region, along with the City's economic development policies that align with changing or emerging industries and result in employment growth in Tualatin. Tualatin may also have opportunities for employment growth in industries without a concentration of employment or a high location quotient.

Potential Growth Industries

An analysis of growth industries in Tualatin should address two main questions: (1) Which industries are most likely to be attracted to Tualatin? and (2) Which industries best meet Tualatin's economic development goals? The selection of target industries is based on Tualatin's goals for economic development, economic conditions in Tualatin and Washington County, and the City's competitive advantages.

Given the current employment base, which is composed of small and mid-sized businesses, it is reasonable to assume that much of the city's business growth will come from small and mid-sized businesses. This growth will either come from businesses already in Tualatin or new businesses that start or relocate to Tualatin from within the Portland Region or from outside of the region.

The industries identified as having potential for growth in Tualatin are outlined below. This section primarily draws from the City of Tualatin's cluster analysis and reports developed for the Portland Region.

- **Manufacturing.** Tualatin's manufacturing sector accounts for 27% of the city's employment base. Greater Portland, Inc. (GPI) described Portland as a hot spot for manufacturing growth for key sub-clusters (footwear, apparel, knives, and sporting; machinery; and medical devices).¹⁴ Tualatin's potential growth industries in manufacturing are:
 - *Advanced manufacturing.* This industry is an internally preferred grouping of five independent traded clusters: (1) downstream metal products, (2) lighting and electrical equipment, (3) metalworking technology, (4) production technology and heavy machinery, and (5) upstream metal manufacturing. In a report by the U.S. Subcommittee on Advanced Manufacturing, this industry is challenged by "a shortage of Americans with the science, technology, engineering, and mathematics knowledge and technical skills needed for advanced manufacturing jobs."¹⁵ Tualatin has a larger share of highly educated residents compared to Washington County and the Portland Region, alleviating some concerns related to not having sufficient levels of skilled workers.

Greater Portland Global (GPG), in its latest Investment Plan,¹⁶ states that "[t]he region is rich with firms in legacy industries such as metals manufacturing and wood processing that use advanced processes and possess a highly skilled labor pool, [motor vehicle manufacturing, and computers and electronics]." While GPG indicates that there is "a limited economic development role to play,"

¹⁴ Greater Portland, Inc. (n.d.). Regional Trends in Greater Portland's Target Clusters. Greater Portland 2020.

¹⁵ The United States Subcommittee on Advanced Manufacturing. *Strategy for American Leadership in Advanced Manufacturing*. Office of the President, Committee on Technology of the National Science and Technology Council.

¹⁶ Greater Portland Global. (n.d.). *Global Trade and Investment Plan*. Global Cities Initiative, A Joint Project of Brookings and JPMorgan Chase.

Tualatin has substantial access to labor talent and may continue to support expansions of existing advanced metals manufacturing, family-owned operations, and wood products manufacturing.

- *Food processing and manufacturing.* The Bureau of Labor Statistics describes this industry cluster as one that takes livestock and agricultural products (raw food materials) and transforms them into products for intermediate or final consumption (sold to wholesalers or retailers for distribution). Tualatin’s food processing and manufacturing cluster is its fastest growing industry (projected to grow 64% from 2017 to 2028). GPG cites the region’s food processing sector as an established sector, requiring support in the form of industrial lands readiness and continued recruitment.
- *Furniture.* The furniture industry cluster comprises establishments that manufacture furniture, cabinets, shelving, and manufactured homes using products made of wood, metal, plastic, or textiles. While the furniture cluster provides the lowest annual wage of \$38,911 per year (almost \$19,000 less than the city average), it is the most concentrated cluster in Tualatin (with an LQ of 10.79).
- *Plastics.* Wages in the plastics industry cluster (comprising establishments that manufacture plastic materials and other plastic components/products) grew 14% from 2012 to 2017. As the fourth most concentrated cluster in Tualatin (with an LQ of 5.21), this industry presents objective growth potential for lower-skilled workers.
- *Consumer products.* Per a 2019 discussion with GPI, the consumer products sector was described as an important industry target for Oregon, particularly for food and beverage products but also apparel, outdoor wear, and footwear, as well as health and beauty products, home accessories, and pet products. Consumer products consists of convenience, shopping, specialty, or unsought products (e.g., final goods). BuiltOregon, purposed to make Oregon the leader in consumer product innovation and development, launched the United States first nonprofit consumer product accelerator in Oregon. Tualatin may support efforts to connect consumer product businesses with BuiltOregon to encourage growth in its manufacturing target industries (e.g., advanced manufacturing, food processing, furniture manufacturing, etc.).
- **Information technology and analytical systems.** This industry cluster comprises establishments that work in computers, software, audio visual equipment, laboratory instruments, and medical apparatus development (e.g., standard and precision electronics like circuit boards and semiconductors). As of 2017, employees working in this industry cluster maintain an average wage of \$109,832 (about \$52,000 above the city’s average)—representing the highest average-waged industry in Tualatin. Tualatin’s information technology and analytical system industry has, however, grown slower (17%) than the nation.

- **Business services.** Business services establishments, including corporate headquarters and other professional services (e.g., consulting, back office services, financial services/legal services, facilities support, computer services, etc.). In Tualatin, this industry is expected to see the largest growth in total jobs and had the largest growth in average wage.

3. Employment Growth and Site Needs

Goal 9 requires cities to prepare an estimate of the amount of commercial and industrial land that will be needed over a 20-year planning period. The estimate of employment land need and site characteristics for Tualatin is based on expected employment growth and the types of firms that are likely to locate in Tualatin over the 20-year period. This section presents an employment forecast and analysis of target industries that build from recent economic trends.

Forecast of Employment Growth and Commercial and Industrial Land Demand

Demand for industrial and non-retail commercial land will be driven by the expansion and relocation of existing businesses and by the growth of new businesses in Tualatin. This employment land demand is driven by local growth independent of broader economic opportunities, including the growth of target industries.

The employment projections in this section build off of Tualatin's existing employment base, assuming future growth is similar to the Portland Region's long-term historical employment growth rates. The employment forecast does not take into account a major change in employment that could result from the location (or relocation) of one or more large employers in the community during the planning period. Such a major change in the community's employment would exceed the growth anticipated by the city's employment forecast and its implied land needs (for employment, housing, parks, and other uses). Major economic events, such as the successful recruitment of a very large employer, are difficult to include in a study of this nature. The implications, however, are relatively predictable—more demand for land (of all types) and public services.

Projecting demand for industrial and non-retail commercial land has four major steps:

1. **Establish base employment for the projection.** We start with the estimate of covered employment in Tualatin presented in Exhibit 8. Covered employment does not include all workers, so we adjust covered employment to reflect total employment in the city.
2. **Project total employment.** The projection of total employment considers forecasts and factors that may affect employment growth in Tualatin over the 20-year planning period.
3. **Allocate employment.** This step involves allocating types of employment to different land use types.
4. **Estimate land demand.** This step estimates general employment land demand based on employment growth and assumptions about future employment densities.

The remainder of this section follows this outline to estimate employment growth and commercial and industrial land demand for Tualatin.

Employment Base for Projection

The purpose of the employment projection is to model future employment land need for general employment growth. The forecast of employment growth in Tualatin starts with a base of employment growth on which to build the forecast.

Exhibit 15 shows ECONorthwest's estimate of total employment in Tualatin in 2017. Tualatin had an estimated 38,838 total employees in 2017.

To develop the figures, ECONorthwest started with estimated covered employment in Tualatin using confidential Quarterly Census of Employment and Wages (QCEW) data provided by the Oregon Employment Department. Based on this information, Tualatin had about 31,102 covered employees in 2017.

Covered employment, however, does not include all workers in an economy. Most notably, covered employment does not include sole proprietors. Analysis of data shows that covered employment reported by the Oregon Employment Department for Washington County is only about 77% of total employment reported by the U.S. Department of Commerce.¹⁷ We evaluated this ratio for each industrial sector for Washington County and used the resulting ratios to determine the number of noncovered employees. This allowed us to determine the total employment in Tualatin.

¹⁷ **Covered employment** includes employees covered by unemployment insurance. Examples of workers not included in covered employment are sole proprietors, some types of contractors (often referred to as "1099 employees"), or some railroad workers. Covered employment data is from the Oregon Employment Department.

Total employment includes all workers based on data from the U.S. Department of Commerce. Total employment includes all covered employees, plus sole proprietors and other noncovered workers.

Exhibit 15. Estimated Total Employment by Sector, Tualatin Planning Area, 2017

Source: 2017 covered employment from confidential Quarterly Census of Employment and Wage (QCEW) data provided by the Oregon Employment Department.

| Sector | Covered Employment | Estimated Total Employment | Covered % of Total |
|---|--------------------|----------------------------|--------------------|
| Agriculture, Forestry, & Mining | 162 | 162 | 100% |
| Construction | 2,384 | 3,018 | 79% |
| Manufacturing | 8,371 | 8,761 | 96% |
| Wholesale Trade | 3,235 | 3,805 | 85% |
| Retail Trade | 2,429 | 2,926 | 83% |
| Transportation, Warehousing & Utilities | 1,337 | 1,734 | 77% |
| Information | 195 | 235 | 83% |
| Finance & Insurance | 380 | 675 | 56% |
| Real Estate, Rental, & Leasing | 294 | 1,175 | 25% |
| Professional & Technical Services | 1,044 | 1,821 | 57% |
| Management of Companies | 789 | 827 | 95% |
| Admin. & Support / Waste Mgmt & Remediation Serv. | 2,366 | 2,942 | 80% |
| Private Education Services | 296 | 552 | 54% |
| Health Care & Social Assistance | 3,291 | 4,019 | 82% |
| Arts, Entertainment, & Recreation | 846 | 1,658 | 51% |
| Accommodation & Food Services | 2,017 | 2,201 | 92% |
| Other Services | 879 | 1,532 | 57% |
| Government | 787 | 795 | 99% |
| Total Non-Farm Employment | 31,102 | 38,838 | 77% |

Exhibit 16 shows that industrial employment (i.e., manufacturing, warehousing, or construction) is predominantly located in Industrial Plan Designations, with small amounts of employment located in commercial Plan Designations (such as contractors and delivery or transportation logistics services) and in residential Plan Designations (such as contractors, plumbers, electricians, contractors, and delivery or transportation logistics services).

In contrast, about one-fifth of commercial employment (i.e., retail, health care, financial services, and other commercial uses) are located in industrial Plan Designations (such as gas stations, auto body shops, storage facilities, and professional or technical-service businesses) and 12% are located in residential Plan Designations (such as financial institutions, property management or real estate offices, cafes, restaurants, and professional or technical-service businesses).

In the future, it is reasonable to expect that employment in Tualatin will continue to mix within existing Plan Designations, with substantial amounts of commercial employment locating in industrial and residential Plan Designations. Existing commercial and industrial employment in residential Plan Designations (Exhibit 16) consists of construction businesses, some wholesale and retail, as well as financial and real estate businesses.

Exhibit 16. Location of Employment by Plan Designation, Tualatin Planning Area, 2017

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wage, summarized by ECONorthwest. Note: Data is organized by 2-digit NAICS and only includes employment at businesses with private ownership.

| General Plan Designation | Industrial employment | | Commercial employment | | Total | |
|--------------------------|-----------------------|-------------|-----------------------|-------------|---------------|-------------|
| | Employees | Percent | Employees | Percent | Employees | Percent |
| Industrial | 13,985 | 94% | 3,090 | 20% | 17,075 | 56% |
| Commercial | 547 | 4% | 10,352 | 67% | 10,899 | 36% |
| Residential | 382 | 3% | 1,881 | 12% | 2,263 | 7% |
| Institutional | - | 0% | 78 | 1% | 78 | 0% |
| Total | 14,914 | 100% | 15,401 | 100% | 30,315 | 100% |

Employment Projection

The employment forecast covers the 2020–2040 period, requiring an estimate of total employment for Tualatin in 2020. Tualatin does not have an existing employment forecast, and there is no required method for employment forecasting. OAR 660-024-0040(9) sets out some optional “safe harbors” that allow a city to determine employment land need.

ECONorthwest modeled four scenarios of employment growth. The employment growth assumption and basis for the scenarios are outlined below and in Exhibit 17:

- **Metro’s Household Growth Rate for Tualatin:** The growth rate of 0.44% based on Tualatin’s household growth forecast for the 2020–2040 period. This rate is consistent with the household forecast used in Tualatin’s Housing Needs Analysis (2020–2040). Use of this growth rate is consistent with the safe harbor in OAR 660-024-0040(9)(a).
- **OED’s Employment Growth Rate for the Tri-County Region:** The growth rate of 1.2% based on Oregon Employment Departments’ (OEDs’) forecast for employment growth for the Portland Region (Clackamas County, Multnomah County, and Washington County). Use of this growth rate is consistent with the safe harbor in OAR 660-024-0040(9)(a).
- **Metro’s Employment Growth Rate for Tualatin:** The growth rate of 1.4% based on Metro’s employment forecast for Tualatin for the 2015–2040 period.
- **Tualatin’s Historic Employment Growth Rate:** The growth rate of 2.9% based on Tualatin’s employment growth for the 2007–2017 period.

Exhibit 17. Employment Growth Scenarios, Tualatin Planning Area, 2020–2040

Source: (1) Metro's 2040 Household Distributed Forecast, July 12, 2016. Metro's 2040 TAZ Forecast for households, November 6, 2015. Calculations by ECONorthwest. (2) State of Oregon Employment Department, Employment Projections by Industry, 2017–2027. (3) Metro's 2040 Employment Distributed Forecast, July 12, 2016. (4) Bureau of Labor Statistics, Quarterly Census of Employment and Wage, 2007 and 2017. Note: "HH" is household and "Emp." is employment.

| Year | Total Employment Scenarios | | | |
|----------------------------|--------------------------------|---|----------------------------------|-----------------------------------|
| | Metro's HH Growth for Tualatin | OED's Emp. Growth for Tri-County Region | Metro's Emp. Growth for Tualatin | Historic Emp. Growth for Tualatin |
| 2020 | 39,355 | 40,252 | 40,478 | 42,339 |
| 2040 | 42,985 | 51,089 | 53,332 | 75,272 |
| Change 2020 to 2040 | | | | |
| Employees | 3,630 | 10,837 | 12,854 | 32,933 |
| Percent | 9% | 27% | 32% | 78% |
| AAGR | 0.44% | 1.20% | 1.39% | 2.92% |

Tualatin is assuming that the City will grow at the rate forecast by Metro, 1.4% average annual growth rate. This assumption is based on the fact that Tualatin grew at a substantially faster rate over the 2007–2017 period (2.9% average annual growth rate), as well as Tualatin's key comparative advantages, such as the city's location along I-5 and its land base of industrial land.

Exhibit 18 shows employment growth for Tualatin between 2020 and 2040, based on the assumption that the City will grow at an average annual growth rate of 1.4%. Tualatin will have 53,332 employees by 2040, which is an increase of 12,854 employees (32%) between 2020 and 2040.

Tualatin is forecast to have 12,854 new employees over the 20-year period.

Exhibit 18. Forecast of Employment Growth, Tualatin Planning Area, 2020–2040

Source: ECONorthwest.

| Year | Total Employment |
|---|------------------|
| 2020 | 40,478 |
| 2040 | 53,332 |
| Change in Employees (2020 to 2040) | |
| Employees | 12,854 |
| Percent | 32% |
| AAGR | 1.39% |

Allocate Employment to Different Land Use Types

The next step in forecasting employment is to allocate future employment to broad categories of land use. Firms wanting to expand or locate in Tualatin will look for a variety of site characteristics, depending on the industry and specific circumstances. We grouped employment into four broad categories of land use based on North American Industrial Classification System (NAICS): industrial, retail commercial, office and commercial services, and government.

Exhibit 19 shows the expected share of employment by land use type in 2020 and the forecast of employment growth by land use type in 2040 in Tualatin. For each land use type, we assumed that the share of total employment will stay the same.

Exhibit 19. Forecast of Employment Growth by Land Use Type, Tualatin Planning Area, 2020–2040

Source: ECONorthwest. Note: The shaded percentages denote an assumption about the future share of employment (as a percent of total) by land use type. It assumes that the share of employment by land use type will remain the same.

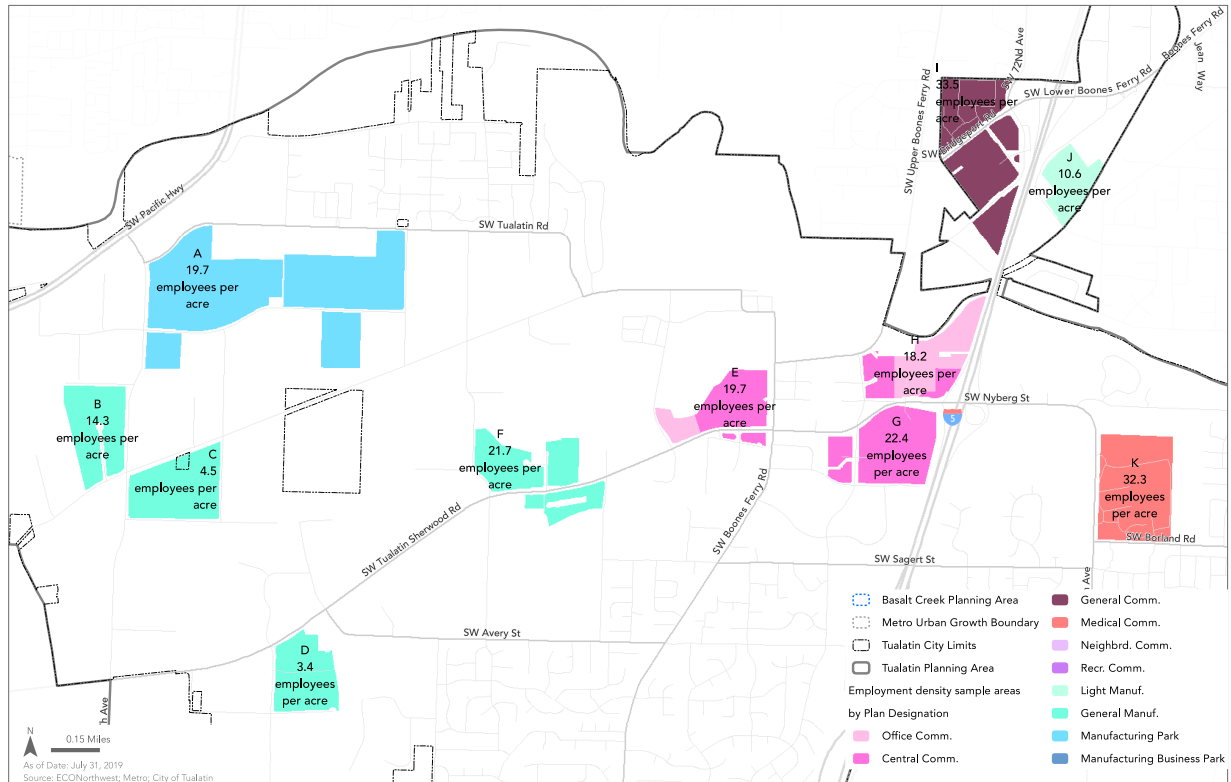
| Land Use Type | 2020 | | 2040 | | Change 2020 to 2040 |
|------------------------------|---------------|-------------|---------------|-------------|------------------------|
| | Employment | % of Total | Employment | % of Total | |
| Industrial | 18,218 | 45% | 24,004 | 45% | 5,786 |
| Retail Commercial | 3,050 | 8% | 4,018 | 8% | 968 |
| Office & Commercial Services | 18,382 | 45% | 24,219 | 45% | 5,837 |
| Government | 829 | 2% | 1,092 | 2% | 263 |
| Total | 40,478 | 100% | 53,332 | 100% | 12,854 |

Estimate of Demand for Commercial and Industrial Land

Converting from employment growth to land need (in acres) requires assumptions about future employment densities. Employees per acre is a measure of employment density based on the ratio of the number of employees per acre of employment land that is developed for employment uses. Exhibit 20 displays sample sites that informed ECONorthwest’s analysis of employment densities for businesses and sites in Tualatin based on existing employment. Results of the employment density analysis are summarized in Exhibit 21.

Exhibit 20. Employment Densities in Tualatin, Tualatin Sample Sites, 2019

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wage, 2017; analysis by ECONorthwest.



Based on a sampling of sites in Tualatin, industrial areas average about 15 employees per acre (EPA) and commercial areas average about 27 EPA.

Exhibit 21. Summary of Employment Average Employment Densities, Tualatin Planning Area, 2018

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wage; summarized by ECONorthwest. Note1: Area names (A through K) correspond to areas mapped in Exhibit 20. Note2: "EPA" is employees per acre.

| Land Use Type/ Area Name on Map | Type of Use | Average density (EPA) |
|------------------------------------|---------------------------|-----------------------------|
| Industrial | | 15 |
| A | Manufacturing Park | 20 |
| B | General Manufacturing | 14 |
| C | General Manufacturing | 5 |
| D | General Manufacturing | 3 |
| F | General Manufacturing | 22 |
| J | Light Manufacturing | 11 |
| Commercial and Retail | | 27 |
| E | Office/Central Commercial | 20 |
| G | Central Commercial | 22 |
| H | Office/Central Commercial | 18 |
| I | General Commercial | 34 |
| K | Medical Commercial | 32 |

Exhibit 22 shows demand for vacant (including partially vacant) land in Tualatin over the 20-year period. ECONorthwest uses two assumptions in Exhibit 22: (1) employment density and (2) net-to-gross conversion factor.

- **Employment density.** Exhibit 22 displays the density assumptions as net employees per acre (EPA) for use in the analysis of employment land demand. It assumes industrial will have an average of 15 EPA, retail commercial will have an average of 25 EPA, and office commercial will have an average of 40 EPA.

These employment densities are consistent with Tualatin’s historic densities and employment densities in Oregon cities of a similar size as Tualatin. Some types of employment will have higher employment densities (e.g., a multistory office building), and some will have lower employment densities (e.g., a convenience store with a large parking lot).

This analysis assumes 15 EPA for industrial uses, as it is consistent with the EPA weighted average of industrial sample sites. This analysis assumes 25 EPA for retail, as it is consistent with the weighted average of sample site G, H, and I. This analysis assumes 40 EPA for office based on the assumption that Tualatin will encourage more two and three-story office buildings over the 20-year planning period (meaning we assume a higher employment density than historical).

- **Conversion from net-to-gross acres.** The data about employment density is in *net* acres, which does not include land for public right-of-way. Future land need for employment should include land in tax lots needed for employment plus land needed for public right-of-way. One way to estimate the amount of land needed for employment, including public right-of-way, is to convert from *net* to *gross* acres based on assumptions about the amount of land needed for public right-of-way.¹⁸ A net-to-gross conversion is expressed as a percentage of gross acres that are in public right-of-way.

Based on empirical evaluation of Tualatin’s existing net-to-gross ratios, ECONorthwest uses a net-to-gross conversion factor of 9% for industrial and 27% for commercial.

Using these assumptions, the forecast for growth is 12,854 new employees. Exhibit 22 displays and accounts for 12,591 new employees, as government employees (263 employees) were deducted from the analysis of land demand. Tualatin will accommodate new government employees in institutional Plan Designations. The 12,591 new employees will result in the following demand for employment land: 424 gross acres of industrial land, 53 gross acres of retail commercial land, and 200 gross acres of office and commercial services land.

Exhibit 22. Demand for Land to Accommodate Employment Growth, Tualatin Planning Area, 2020–2040

Source: ECONorthwest.

| Land Use Type | New Emp. on Vacant Land | Employees per Acre (Net Acres) | Land Demand (Net Acres) | Land Demand (Gross Acres) |
|------------------------------|-------------------------|--------------------------------|-------------------------|---------------------------|
| Industrial | 5,786 | 15 | 386 | 424 |
| Retail Commercial | 968 | 25 | 39 | 53 |
| Office & Commercial Services | 5,837 | 40 | 146 | 200 |
| Total | 12,591 | - | 570 | 677 |

Exhibit 23 shows land demand by general Plan Designation based on the existing distribution of employment in Exhibit 16. For example, Exhibit 23 assumes that 94% of growth in industrial employment (demand for 424 acres shown in Exhibit 22) will occur in industrial Plan Designations, with 4% in commercial Plan Designations and 3% in residential Plan Designations.

¹⁸ OAR 660-024-0010(6) uses the following definition of net buildable acre. “Net Buildable Acre” consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

Exhibit 23. Demand for Land to Accommodate Employment Growth by Generalized Plan Designation, Tualatin Planning Area, 2020–2040

Source: ECONorthwest.

| Land Use Type | General Plan Designation | | | | Total (Acre) |
|--------------------------------|--------------------------|------------|-------------|---------------|--------------|
| | Industrial | Commercial | Residential | Institutional | |
| Industrial | 397 | 16 | 11 | - | 424 |
| Retail, Office, & Com Services | 51 | 170 | 31 | 1 | 253 |
| Total (Acres) | 448 | 186 | 42 | 1 | 677 |

Site Needs for Potential Growth Industries

OAR 660-009-0015(2) requires the EOA to “identify the number of sites by type reasonably expected to be needed to accommodate the expected [20-year] employment growth based on the site characteristics typical of expected uses.” The Goal 9 rule does not specify how jurisdictions conduct and organize this analysis.

The rule, OAR 660-009-0015(2), does state that “[i]ndustrial or other employment uses with compatible site characteristics may be grouped together into common site categories.” The rule suggests, but does not require, that the city “examine existing firms in the planning area to identify the types of sites that may be needed.” For example, site types can be described by (1) plan designation (e.g., heavy or light industrial), (2) general size categories that are defined locally (e.g., small, medium, or large sites), or (3) industry or use (e.g., manufacturing sites or distribution sites). For purposes of the EOA, Tualatin groups its future employment uses into categories based on their need for land with a particular plan designation (i.e., industrial or commercial) and by their need for sites of a particular size.

Based on the forecast of employment growth in Exhibit 19 and the average business size of business in Tualatin in 2017 (using analysis of Quarterly Census of Employment and Wage data), employment growth in Tualatin will require:

- **Industrial** employment will grow by 5,785 employees, with 5,785 employees requiring buildable land. The average site of industrial employers in Tualatin in 2017 was 26 employees per business. At that average size, Tualatin will need 223 industrial sites. Exhibit 29 (in Chapter 4) shows that Tualatin has 697 sites for industrial development (with a total of 374 buildable acres of land). The majority of these sites (626 sites) are smaller than 0.5 acres. Tualatin has seven industrial sites between 10 and 20 acres and 2 industrial sites larger than 20 acres. These sites provide a range of sizes that may be needed by future industrial businesses in Tualatin.
- **Commercial** employment will grow by 6,805 employees, with 6,805 employees requiring buildable land. The average site of commercial employers in Tualatin in 2017 was 13 employees per business. At that average size, Tualatin will need 511 commercial sites. Exhibit 29 (in Chapter 4) shows that Tualatin has 149 sites for commercial development (with a total of 10.5 buildable acres of land). The majority of these sites (143 sites) are smaller than 0.5 acres. Tualatin has four commercial sites between 0.5 and 1 acre, one

commercial site between 1 and 2 acres, and one commercial site between 2 and 5 acres. Limited available sites will affect commercial development in Tualatin.

The potential growth industries described in the prior section are a mixture of business sizes, from small businesses to larger businesses. For the most part, Tualatin's potential growth industries need relatively flat sites, especially for industrial or manufacturing businesses with access to arterial roads to connect with I-5 or key employment centers in Beaverton, Hillsboro, and Portland.

Manufacturing and other industrial businesses that are likely to locate in Tualatin will have a range of space needs:

- **Small-scale manufacturing spaces.** Businesses would be located in an industrial building with many other users.
- **Space in flex-service buildings.** These businesses may locate in a building that includes other industrial businesses, as well as commercial businesses that prefer to locate in flex space buildings. Per a 2019 discussion with GPI, we find that vacancy rates in flex-service buildings are exceptionally low compared to more traditional employment spaces.
- **Mid-sized manufacturing.** Businesses would be located potentially in a building with a few other businesses. Between 2015 and 2019, Greater Portland Inc. (GPI) reported manufacturing projects in its pipeline that requested an average square footage between 35,000 square feet (approximately two to four-acre sites) and 118,000 square feet (approximately eight to 10-acre sites).¹⁹ Average space needs (per square foot) have increased each year, between 2015 and 2019.

Retail, office, and commercial service businesses have a range of space needs ranging from:

- **Small- or mid-sized space.** Between 2015 and 2019, on average, GPI reported office projects seeking sites that range from about 14,045 square feet to about 39,000.
- **Space in a building dominated by one firm or in a building with many other businesses.** Some commercial employment will locate in a newly constructed building with other commercial businesses of all types. This could potentially be with other commercial (or light industrial) uses in the building. Other businesses may require or desire their own space.
- **Land for construction of a building designed for the firm.** However, in the case where the business needs to build a building, they are typically seeking existing space rather than land to build a new facility.

¹⁹ Greater Portland Inc. (May 2019). "Almost Mid-Year Pipeline Analysis."

Overall, of the businesses included in GPI's 2019 pipeline analysis—both office and manufacturing projects consistently requested existing space over “greenfield” space for their facility. In 2019, about 33% requested either greenfield space, up from 21% in 2017.

4. Buildable Lands Inventory

This chapter provides a summary of the commercial and industrial buildable lands inventory (BLI) for the Tualatin Planning Area. The buildable lands inventory analysis complies with Statewide Planning Goal 9 policies that govern planning for employment uses. The detailed methodology used to complete the buildable lands inventory completed is presented in Appendix B.

The analysis established the employment land base (parcels or portions of parcels with appropriate zoning), classified parcels by buildable status, identified/deducted environmental constraints, and summarized total buildable area by Plan Designation.

Definitions

ECONorthwest developed the buildable lands inventory with a tax lot database from Metro Regional Land Information Systems (RLIS). Maps produced for the buildable lands inventory used a combination of GIS data based on the Metro BLI for the 2018 Urban Growth Report, adopted maps, and used visual verification to verify the accuracy of Metro data. The tax lot database is current as of 2016, accounting for changes and development updates through April 2019. The inventory builds from the database to estimate buildable land per Plan Designations that allow employment uses. The following definitions were used to identify buildable land for inclusion in the inventory:

- *Vacant land.* Tax lots designated as vacant by Metro based on the following criteria: (1) fully vacant based on Metro aerial photo; (2) tax lots with less than 2,000 square feet developed and the developed area is less than 10% of lot; and (3) lots 95% or more vacant from GIS vacant land inventory.
- *Partially vacant land.* Tax lots located on land designated for employment uses but have an existing single-family structure. These lots are assumed to likely develop with an employment use within the planning period.
- *Potentially redevelopable land.* Lots determined to have redevelopment capacity based on Metro's threshold price methodology. This method identifies lots that meet size and price thresholds based on location in the Metro UGB and Plan Designation. The methods use property value thresholds where it is economically viable for a lot to redevelop. For example, if the unconstrained area of tax lot in a central commercial Plan Designation is greater than 0.249 acres, and the real market value per square foot is below \$12, then the unconstrained acreage is considered as potentially redevelopable.
- *Public or exempt land.* Lands in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in federal, state, county, or city ownership as well as lands owned by churches and

other semi-public organizations and properties with conservation easements. These lands are identified using Metro's definitions and categories.

- *Developed land.* Lands not classified as vacant, partially vacant, or public/exempt are considered developed. Developed land includes lots with redevelopment capacity, which are also included in BLI. The capacity of developed but redevelopable lots is based on Metro's estimates.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted the following constraints from the buildable lands inventory and classified those portions of tax lots that fall within the following areas as constrained, unbuildable land:

- *Lands within floodplains.* Flood insurance rate maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways and 100-year floodplains, as well as lands identified in Metro's Title 3 Stream and Floodplain Protection Plan.
- *Land within natural resource protection areas.* The Locally Significant Wetlands shapefile was used to identify areas within wetlands. Riparian corridors and other natural resource areas identified in Tualatin's Natural Resource Protection Overlay District were all considered undevelopable. These areas are consistent with chapter 72 of the City's Development Code.
- *Land with slopes over 15%.* Lands with slopes over 15% are considered unsuitable for commercial or industrial development.

Buildable Lands Inventory Results

Land Base

Exhibit 24 shows commercial and industrial land in Tualatin by classification (development status). The results show that the Tualatin Planning Area has 2,731 total acres in commercial or industrial Plan Designations. Of these 2,731 acres, about 1,534 acres (56%) are classified as developed or public (or exempt) and do not have development capacity, about 683 acres (25%) are on lots classified as potentially redevelopable, and the remaining 514 acres (19%) are vacant or partially vacant and have development capacity (not including development constraints).

Exhibit 24. Commercial and Industrial Acres by Classification and Plan Designation, Tualatin Planning Area, 2019

Source: Metro BLI, ECONorthwest Analysis. Note: The numbers in the table may not sum to the total as a result of rounding.

| Generalized Plan Designation | Vacant | Partially Vacant | Developed | Public or Exempt | Potentially Redevelopable | Total Acres | Percent of Total |
|--|------------|------------------|--------------|------------------|---------------------------|--------------|------------------|
| Commercial | | | | | | | |
| Central Commercial | - | - | 0 | 4 | - | 4 | 0% |
| General Commercial | 4 | - | 125 | 3 | 3 | 134 | 5% |
| Medical Commercial | - | - | - | 46 | - | 46 | 2% |
| Neighborhood Commercial | - | - | - | - | - | - | 0% |
| Office Commercial | 3 | - | 53 | 19 | 3 | 78 | 3% |
| Recreational Commercial | - | - | 9 | - | - | 9 | 0% |
| Industrial | | | | | | | |
| General Manufacturing | 184 | - | 569 | 97 | 264 | 1,114 | 41% |
| Light Manufacturing | 35 | - | 214 | 54 | 43 | 346 | 13% |
| Manufacturing Business Park | 107 | - | 3 | 1 | 260 | 372 | 14% |
| Manufacturing Park | 60 | - | 40 | 27 | 89 | 216 | 8% |
| Mixed-Use Commercial Overlay Zone | | | | | | | |
| General Commercial | - | - | 25 | - | - | 25 | 1% |
| Central Tualatin Overlay Zone | | | | | | | |
| Central Commercial | 3 | - | 95 | 50 | 5 | 153 | 6% |
| General Commercial | - | - | 7 | 0 | - | 7 | 0% |
| Office Commercial | - | - | 23 | - | - | 23 | 1% |
| General Manufacturing | - | - | 33 | - | - | 33 | 1% |
| Light Manufacturing | - | - | 17 | - | - | 17 | 1% |
| Basalt Creek Planning Area | | | | | | | |
| Manufacturing Park | 36 | 78 | 2 | 19 | 15 | 150 | 5% |
| Neighborhood Commercial | 4 | 1 | - | - | - | 4 | 0% |
| Total | 436 | 78 | 1,215 | 319 | 683 | 2,731 | 100% |

Exhibit 25 shows land in all commercial and industrial Plan Designations by development and constraint status. After development constraints have been applied, about 63% of Tualatin’s total employment land (1,714 acres) has no development capacity (i.e., committed), 23% (632 acres) is constrained, and 14% (385 acres) is unconstrained and buildable.

Exhibit 25. Commercial and Industrial Land by Comprehensive Plan Designation and Constraint Status, Tualatin Planning Area, 2019

Source: Metro BLI, ECONorthwest Analysis. Note: The numbers in the table may not sum to the total as a result of rounding.

| Generalized Plan Designation | Total acres | Committed acres | Constrained acres | Buildable acres |
|--|--------------|-----------------|-------------------|-----------------|
| Commercial | | | | |
| Central Commercial | 4 | 0 | 4 | 0 |
| General Commercial | 134 | 117 | 13 | 4 |
| Medical Commercial | 46 | 43 | 3 | 0 |
| Neighborhood Commercial | 0 | 0 | 0 | 0 |
| Office Commercial | 78 | 63 | 12 | 3 |
| Recreational Commercial | 9 | 2 | 6 | 0 |
| Industrial | | | | |
| General Manufacturing | 1,114 | 694 | 321 | 99 |
| Light Manufacturing | 346 | 283 | 34 | 29 |
| Manufacturing Business Park | 372 | 211 | 76 | 85 |
| Manufacturing Park | 216 | 129 | 31 | 56 |
| Mixed-Use Commercial Overlay Zone | | | | |
| General Commercial | 25 | 20 | 5 | 0 |
| Central Tualatin Overlay Zone | | | | |
| Central Commercial | 153 | 45 | 108 | 0 |
| General Commercial | 7 | 2 | 5 | 0 |
| Office Commercial | 23 | 18 | 4 | 0 |
| General Manufacturing | 33 | 28 | 6 | 0 |
| Light Manufacturing | 17 | 17 | 0 | 0 |
| Basalt Creek Planning Area | | | | |
| Manufacturing Park | 150 | 41 | 4 | 105 |
| Neighborhood Commercial | 4 | 0 | 0 | 4 |
| Total | 2,731 | 1,714 | 632 | 385 |

Vacant Buildable Land

Exhibit 26 shows buildable acres (e.g., acres in tax lots after constraints are deducted) for vacant and partially vacant land by Plan Designation. Of Tualatin’s 385 unconstrained buildable commercial or industrial acres, about 82% of the land is in tax lots classified as vacant, and 18% is in tax lots classified as partially vacant. About 28% of Tualatin’s buildable commercial and industrial land is located in the Basalt Creek Planning Area.

Exhibit 26. Buildable Acres in Vacant and Partially Vacant Tax Lots by Plan Designation and Zoning, Tualatin Planning Area, 2019

Source: Metro BLI, ECONorthwest Analysis. Note: The numbers in the table may not sum to the total as a result of rounding.

| Generalized Plan Designation | Total buildable acres | Buildable acres on vacant lots | Buildable acres on partially vacant lots |
|--|-----------------------|--------------------------------|--|
| Commercial | | | |
| Central Commercial | 0 | 0 | 0 |
| General Commercial | 4 | 4 | 0 |
| Medical Commercial | 0 | 0 | 0 |
| Neighborhood Commercial | 0 | 0 | 0 |
| Office Commercial | 3 | 3 | 0 |
| Recreational Commercial | 0 | 0 | 0 |
| Industrial | | | |
| General Manufacturing | 99 | 99 | 0 |
| Light Manufacturing | 29 | 29 | 0 |
| Manufacturing Business Park | 85 | 85 | 0 |
| Manufacturing Park | 56 | 56 | 0 |
| Mixed-Use Commercial Overlay Zone | | | |
| General Commercial | 0 | 0 | 0 |
| Central Tualatin Overlay Zone | | | |
| Central Commercial | 0 | 0 | 0 |
| General Commercial | 0 | 0 | 0 |
| Office Commercial | 0 | 0 | 0 |
| General Manufacturing | 0 | 0 | 0 |
| Light Manufacturing | 0 | 0 | 0 |
| Basalt Creek Planning Area | | | |
| Manufacturing Park | 105 | 35 | 70 |
| Neighborhood Commercial | 4 | 4 | 0 |
| Total | 385 | 314 | 70 |

Exhibit 27 and Exhibit 28 (upcoming pages) show the results of Tualatin’s commercial and industrial BLI.

Exhibit 27. Commercial and Industrial Land by Development Status with Constraints, Tualatin Planning Area, 2019

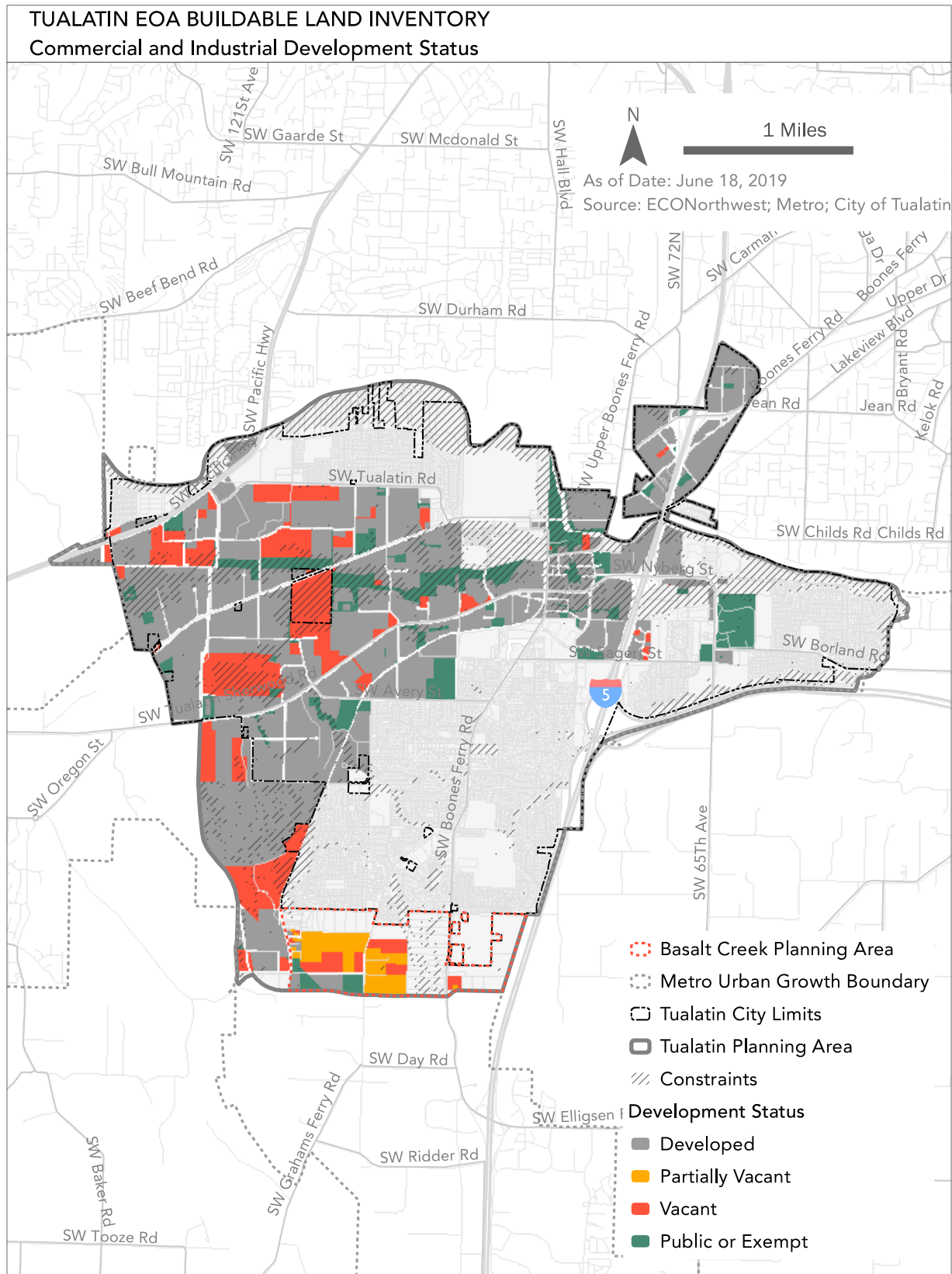


Exhibit 28. Unconstrained Vacant and Partially Vacant Commercial and Industrial Land, Tualatin Planning Area, 2019

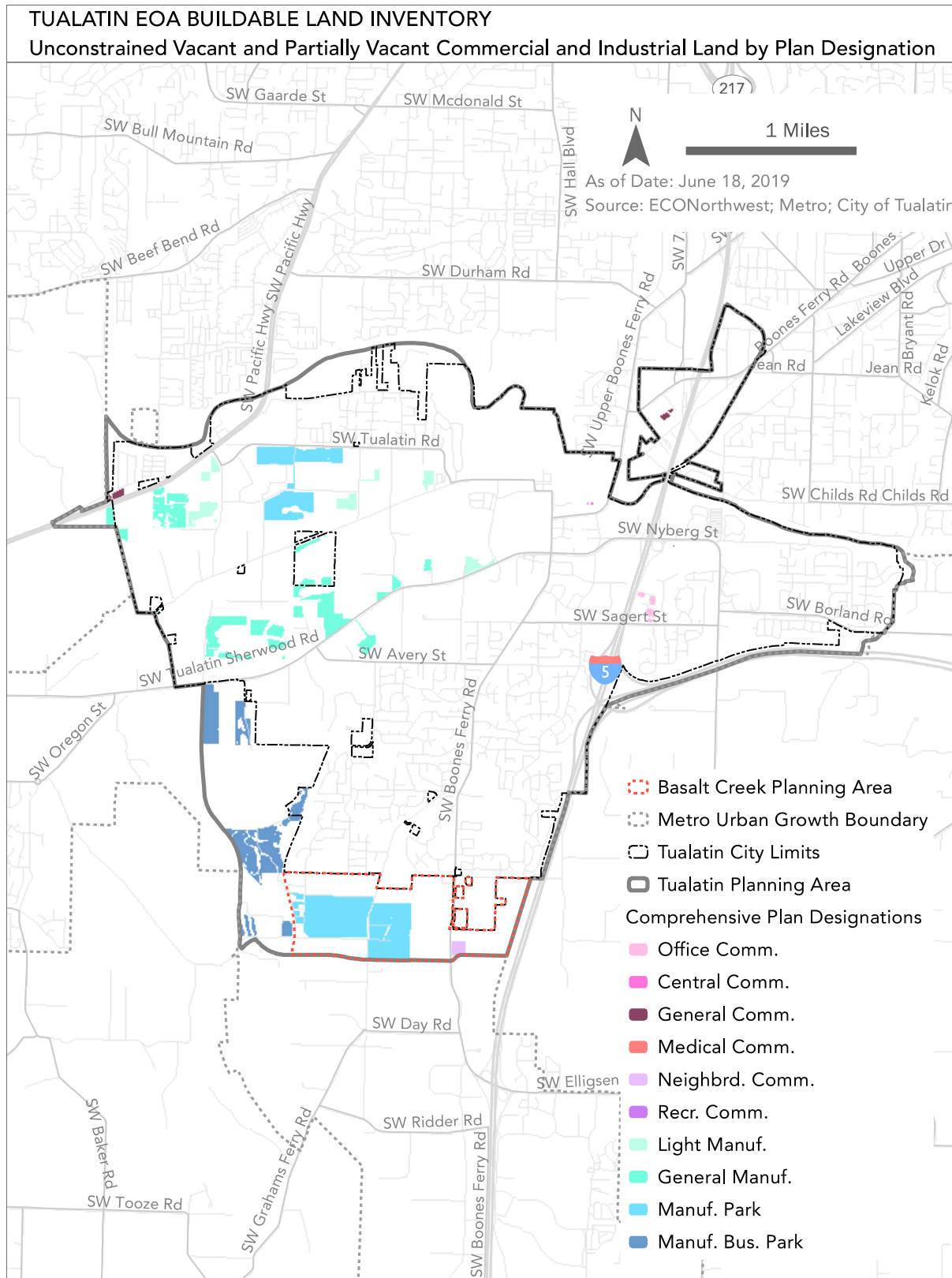


Exhibit 29 shows the size of lots by Plan Designations for buildable employment land. Tualatin has:

- 24 lots that are smaller than 0.5 acres (with 4.7 acres of land),
- 9 lots between 0.5 and 1 acres (6.3 acres of land),
- 13 lots between 1 and 2 acres (19.6 acres of land),
- 35 lots between 2 and 5 acres in size (132 acres of land),
- 11 lots between 5 and 10 acres in size (81 acres of land),
- 7 lots between 10 and 20 acres in size (95.5 acres of land), and
- 2 lots 20 acres or more in size (45.3 acres of land).

Exhibit 29. Lot Size by Plan Designation, Buildable Acres, Tualatin Planning Area, 2019

Source: ECONorthwest analysis of data from Metro.

| | Buildable acres in taxlots | | | | | | |
|---|----------------------------|-------------|-------------|--------------|-------------|-------------|-------------|
| | <0.5 acres | 0.5-1 acres | 1-2 acres | 2-5 acres | 5-10 acres | 10-20 acres | 20+ acres |
| Buildable acres on tax lots | | | | | | | |
| Commercial | | | | | | | |
| General Commercial | 0.4 | 1.5 | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Office Commercial | 1.7 | 1.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Industrial | | | | | | | |
| General Manufacturing | 0.1 | 2.8 | 2.8 | 36.5 | 17.6 | 39.8 | 0.0 |
| Light Manufacturing | 0.0 | 0.0 | 9.7 | 13.3 | 5.8 | 0.0 | 0.0 |
| Manufacturing Business Park | 0.0 | 0.0 | 4.1 | 19.4 | 27.5 | 13.1 | 20.9 |
| Manufacturing Park | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 31.5 | 24.4 |
| Basalt Creek Planning Area | | | | | | | |
| Manufacturing Park | 2.3 | 0.9 | 1.2 | 59.1 | 30.2 | 11.2 | 0.0 |
| Neighborhood Commercial | 0.3 | 0.0 | 0.0 | 3.7 | 0.0 | 0.0 | 0.0 |
| Acreage subtotal | 4.7 | 6.3 | 19.6 | 132.0 | 81.0 | 95.5 | 45.3 |
| Number of taxlots with buildable acreage | | | | | | | |
| Commercial | | | | | | | |
| General Commercial | 2 | 2 | 1 | 0 | 0 | 0 | 0 |
| Office Commercial | 5 | 2 | 0 | 0 | 0 | 0 | 0 |
| Industrial | | | | | | | |
| General Manufacturing | 3 | 4 | 2 | 10 | 2 | 3 | 0 |
| Light Manufacturing | 0 | 0 | 6 | 4 | 1 | 0 | 0 |
| Manufacturing Business Park | 1 | 0 | 3 | 6 | 4 | 1 | 1 |
| Manufacturing Park | 0 | 0 | 0 | 0 | 0 | 2 | 1 |
| Basalt Creek Planning Area | | | | | | | |
| Manufacturing Park | 12 | 1 | 1 | 14 | 4 | 1 | 0 |
| Neighborhood Commercial | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| Tax lot count subtotal | 24 | 9 | 13 | 35 | 11 | 7 | 2 |

Redevelopment Potential

Over the 20-year study period a portion of developed lots are likely to redevelop within new buildings. To account for the development capacity on these developed lots, Metro identifies a subset of developed lots as “redevelopable.” Metro has created two “filters” to identify lots with the potential to redevelop.

- **Threshold Method.** This method identifies lots that meet size and price thresholds based on location in the Metro UGB and Plan Designation. The method uses property value thresholds where it is economically viable for a lot to redevelop. For example, if the *unconstrained* area of a tax lot in a central commercial Plan Designation is greater than 0.249 acres, and the real market value per square foot is below \$12, then the unconstrained acreage is considered as potentially redevelopable.²⁰
- **Historic Probability Method.** This method determines the probability of a lot redeveloped based on a statistical analysis of lots that historically redeveloped within the region. The probability for each lot is multiplied by the total zoned capacity of the lot to determine the likely future capacity.

For the Tualatin BLI, ECONorthwest proposes to use redevelopable acreage identified based on the threshold method, a recommendation that is based on discussion with Metro staff. Exhibit 30Exhibit 11 shows the estimate of potentially redevelopable acreage by Plan Designation.

²⁰ “Appendix 2: Buildable Land Inventory.” Oregon Metro. Urban Growth Report 2018.
https://www.oregonmetro.gov/sites/default/files/2018/12/03/Appendix2-BuildableLandsInventory_12032018.pdf

Exhibit 30. Estimate of Potentially Redevelopable Land by Plan Designation, Tualatin Planning Area, 2019

Source: Metro BLI, using 2016 data to calculate redevelopment potential.

| Generalized Plan Designation | Potentially Redevelopable Acres |
|--|---------------------------------|
| Commercial | |
| Central Commercial | 0 |
| General Commercial | 3 |
| Medical Commercial | 0 |
| Neighborhood Commercial | 0 |
| Office Commercial | 1 |
| Recreational Commercial | 0 |
| Industrial | |
| General Manufacturing | 135 |
| Light Manufacturing | 37 |
| Manufacturing Business Park | 71 |
| Manufacturing Park | 36 |
| Mixed-Use Commercial Overlay Zone | |
| General Commercial | 0 |
| Central Tualatin Overlay Zone | |
| Central Commercial | 0 |
| General Commercial | 0 |
| Office Commercial | 0 |
| General Manufacturing | 0 |
| Light Manufacturing | 0 |
| Basalt Creek Planning Area | |
| Manufacturing Park | 15 |
| Neighborhood Commercial | 0 |
| Total | 297 |

The analysis of redevelopment in Exhibit 30Exhibit 11 is based on analysis of existing land values (i.e., the threshold method). In considering likely commercial and industrial redevelopment that may occur over the next 20 years, stakeholders discussed the possibility of change of use (and redevelopment) of the gravel pit in the southwest area of the city, zoned Manufacturing Business Park. This area is classified as “committed” in the buildable lands inventory. The six tax lots in the gravel pit are a total size of 181 acres with about 47 constrained acres, mostly due to steep slopes and wetlands. When mining ceases in the gravel pit, which may or may not occur in the 20-year planning period, the gravel pit may be redevelopable and available for new employment uses.

5. Land Sufficiency and Conclusions

This chapter presents conclusions about Tualatin’s employment land sufficiency for the 2020–2040 period. The chapter then concludes with a discussion about Tualatin’s land base and its ability to accommodate growth over the next 20 years, as well as recommendations for the City to consider, ensuring it meets its economic growth needs throughout the planning period.

Land Sufficiency

Exhibit 31 shows commercial and industrial land sufficiency within the Tualatin Planning Area. It shows:

- **Capacity of Land** (supply) within the Tualatin Planning Area (see Exhibit 26). Exhibit 31 shows that Tualatin has 374 gross acres of industrial land and 11 gross acres of commercial land.
- **Demand for Commercial and Industrial Land** in the Tualatin Planning Area (see Exhibit 22 and Exhibit 23). Exhibit 31 shows Tualatin will need a total of 448 gross acres for industrial uses and 186 gross acres for commercial uses (including retail and office) over the 2020–2040 period.

Exhibit 31 shows that Tualatin has:

- A 74-acre deficit of industrial land in the Tualatin Planning Area.
- A 175-acre deficit of commercial land (including retail and office) in the Tualatin Planning Area.

Exhibit 31. Comparison of the Capacity of Land with Employment Land Demand by Land Use Type, Tualatin Planning Area, 2020–2040

Source: ECONorthwest. Note: Employment demand requires an additional 42 gross acres on land in residential Plan Designations and one gross acre on land in an institutional (public) Plan Designation.

| General Plan Designation | Land Supply (Suitable Gross Acres) | Land Demand (Gross Acres) | Land Sufficiency (Deficit) |
|-------------------------------------|--|------------------------------|-------------------------------|
| Industrial | 374 | 448 | (74) |
| Commercial (incl Retail and Office) | 11 | 186 | (175) |

Conclusions and Recommendations

The conclusions about commercial and industrial land sufficiency in Tualatin are:

- **Tualatin is expected to have job growth in commercial and industrial sectors over the 20-year period.** Tualatin is forecast to grow by about 12,591 new employees (excluding new government employees) over the 2020–2040 period, with about 5,800 new industrial employees and 6,800 new employees in retail, office, and commercial services, with the remaining employees in government.
- **Tualatin has a deficit of land to accommodate new employment growth.** Tualatin has a deficit of about 74 acres of land in industrial Plan Designations and 175 acres of employment in commercial Plan Designations to accommodate employment. Tualatin will need to consider policies to increase the efficiency of employment land use within the city, such as policies to encourage denser employment development and redevelopment that results in higher-density development.
- **Tualatin has substantial redevelopment potential.** A majority of redevelopable lots are in industrial areas. For example, change of use (and redevelopment) of the gravel pit in the southwest area of the Manufacturing Business Park presents substantial redevelopment opportunities. The six tax lots in the gravel pit are a total size of 181 acres with about 47 constrained acres, mostly due to steep slopes and wetlands. When mining ceases in the gravel pit, which may or may not occur in the 20-year planning period, the gravel pit may be redevelopable and available for new employment uses.
- **Tualatin’s primary comparative advantages for economic development are its location along the I-5 corridor and proximity to urban and cultural amenities/services in the Portland Region, making Tualatin an attractive place for businesses to locate.** Tualatin has advantages through its access to the regional labor market and the region’s growing labor force comprising diverse skill sets.
- **Tualatin will need to address transportation capacity issues to accommodate growth, particularly along regional connectors (roads and avenues).** Traffic congestion is a substantial issue in Tualatin and surrounding areas, making it difficult to commute to Tualatin from other cities within the Portland Region and within Tualatin. Stakeholders are concerned that additional employment growth will make congestion substantially worse.
- **New employment will require additional urban infrastructure.** Growth in Basalt Creek will prompt the need for new pipes, pump stations, and potentially another reservoir to accommodate water and wastewater capacity demands in the sub-area. If Tualatin wishes to accommodate businesses that are more water-intensive, Tualatin will need to look to new or additional water supplies.

Following is a summary of ECONorthwest’s recommendations to Tualatin based on the analysis and conclusions in this report. The *Tualatin Economic Development Strategy* memorandum presents the full list of recommendations for Tualatin.

- **Ensure that Tualatin has enough land to accommodate expected employment growth and that land has infrastructure to support employment growth.** Tualatin should identify opportunities to support mixed-use development (especially development that includes commercial and residential uses) to accommodate employment growth, especially commercial employment growth. The City should identify opportunities to make more efficient use of employment land, such as limiting development of businesses that have large land requirements and little employment (such as distribution). In addition, the City should work with landowners to get key employment sites certified as “shovel ready” to speed the development process.
- **Identify opportunities for redevelopment, especially mixed-use redevelopment.** The City has a substantial deficit of industrial and commercial land. The City may be able to address some or most of this deficit within the existing planning area (without a UGB expansion). To do so, the City should identify districts for redevelopment, such as mixed-use development. This planning includes revising the Tualatin Town Center Plan to focus on opportunities to support redevelopment, identify tools to support redevelopment, and identify areas appropriate for more intense industrial uses (e.g., redevelopment of the gravel pit in the southwest area of the city once mining activity has ceased).
- **Grow jobs and businesses in Tualatin by supporting business retention, growth, and attraction.** The first step in growing jobs and businesses in Tualatin is revising the economic development strategy, including developing a clear vision for economic development in Tualatin, and creating an action plan to implement the vision. The revised strategy can build on the *Tualatin Economic Development Strategy* produced as part of this analysis, but the revised strategy should include a detailed action plan to implement the newly developed vision for economic development. In revising the strategy, the City should identify partnerships and incentive programs to grow, retain, and attract businesses as well as support entrepreneurial businesses in Tualatin.
- **Ensure that the City connects planning for economic development with other community planning.** Throughout the project, stakeholders emphasized the need to coordinate economic development planning with housing, transportation planning, and other community planning. Updates to the Tualatin Transportation System Plan should be coordinated with planning for employment and business growth. A key approach to accommodating new commercial development is redevelopment that results in mixed-use districts, providing opportunities for more housing affordable to people working at businesses in Tualatin and living closer to work (thus reducing transportation issues). In addition, stakeholders would like to see the incorporation of services needed to meet daily needs of residents of neighborhoods without driving.

The *Tualatin Economic Development Strategy* memorandum presents more details about each of these topics and recommendations for specific actions to implement these recommendations.

Appendix A. National, State, and Regional and Local Trends

National Trends

Economic development in Tualatin over the next 20 years will occur in the context of long-run national trends. The most important of these trends include:

- **Economic growth will continue at a moderate pace.** Analysis from the Congressional Budget Office (CBO) predicts real GDP to grow by 3.1% in 2018 and 2.4% in 2019, while settling just under 2% growth for the rest of the decade (through 2028), assuming current laws remain intact.²¹

The unemployment rate is expected to decrease to 3.6% by the end of 2018 and fall to 3.4% in 2019. Thereafter, the CBO predicts the unemployment rate will rise to 3.8% in 2020 and approach 4.8% through the end of the forecast period (2028).²²

As demand for labor increases and market competition for workers pushes the growth of hourly wage compensation, the CBO projects that “the increase in labor compensation, [will dampen] demand for labor, slowing employment growth and, by 2020, diminishing the positive employment gaps.”²³

- **The aging of the Baby Boomer generation accompanied by increases in life expectancy.** As the Baby Boomer generation continues to retire, the number of Social Security recipients is expected to increase from 61 million in 2017 to over 86 million in 2035, a 41% increase. However, due to lower-birth rate replacement generations, the number of covered workers is only expected to increase 9% over the same time period, from 174 million to almost 190 million in 2035. Currently, there are 35 Social Security beneficiaries per 100 covered workers in 2014, but by 2035, there will be 46 beneficiaries per 100 covered workers. This will increase the percent of the federal budget dedicated to Social Security and Medicare.²⁴

Baby Boomers are expecting to work longer than previous generations. An increasing proportion of people in their early- to mid-50s expect to work full-time after age 65. In 2004, about 40% of these workers expect to work full-time after age 65, compared with

²¹ Congressional Budget Office. *An Update to the Economic Outlook: 2018 to 2028. August 2018.* Retrieved from: <https://www.cbo.gov/system/files?file=2018-08/54318-EconomicOutlook-Aug2018-update.pdf>.

²² *Ibid.*

²³ *Ibid.*

²⁴ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2015, the 2018 *Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 5, 2018. Retrieved from: <https://www.ssa.gov/oact/tr/2018/tr2018.pdf>.

about 30% in 1992.²⁵ This trend can be seen in Oregon, where the share of workers 65 years and older grew from 2.9% of the workforce in 2000 to 4.1% of the workforce in 2010. In 2017, this share reached 5.5%, or a 90% increase over the 2000–2017 period. Over the same seventeen-year period, workers 45 to 64 years increased by about 7%.²⁶

- **The population identifying as Latinx will continue to grow and be an important driver in the economy.** The U.S. Census projects that by about 2040, the Latinx population will account for one-quarter of the nation’s population. The share of Latinx population in the western United States is likely to be higher. The Latinx population currently accounts for about 16% of Tualatin’s population. In addition, the Latinx population is generally younger than the U.S. average, with many Latinx individuals belonging to the Millennial generation.
- **Need for replacement workers.** The need for workers to replace retiring Baby Boomers will outpace job growth. According to the Bureau of Labor Statistics, total employment in the United States will grow by about 11.5 million jobs over 2016 to 2026. Annually, they estimate there will be 18.7 million occupational openings over the same period. This exhibits the need for employees over the next decade, as the quantity of openings per year is large relative to expected employment growth. About 71% of annual job openings are in occupations that do not require postsecondary education.²⁷
- **The importance of education as a determinant of wages and household income.** According to the Bureau of Labor Statistics, a majority of the fastest growing occupations will require an academic degree, and on average, they will yield higher incomes than occupations that do not require an academic degree. The fastest-growing occupations requiring an academic degree will be registered nurses, software developers, general and operations managers, accountants and auditors, market research analysts and marketing specialists, and management analysts. Occupations that do not require an academic degree (e.g., retail salespeople, food preparation workers, and home care aides) will grow, accounting for approximately 71% of all new jobs by 2026. These occupations typically have lower pay than occupations requiring an academic degree.²⁸

The national median income for people over the age of 25 in 2017 was about \$47,164. Workers without a high school diploma earned \$20,124 less than the median income, and workers with a high school diploma earned \$10,140 less than the median income. Workers with some college earned \$6,916 less than median income, and workers with a bachelor’s degree earned \$13,832 more than median. Workers in Oregon experience the

²⁵ “The Health and Retirement Study,” 2007, National Institute of Aging, National Institutes of Health, U.S. Department of Health and Human Services.

²⁶ Analysis of 2000 Decennial Census data, 2010 U.S. Census American Community Survey, 1-Year Estimates, and 2017 U.S. Census American Community Survey, 1-Year Estimates, for the table Sex by Age by Employment Status for the Population 16 Years and Over.

²⁷ “Occupational Employment Projections to 2016–2026,” Bureau of Labor Statistics, 2018.

²⁸ “Occupational Employment Projections to 2016–2026,” Bureau of Labor Statistics, 2018.

same patterns as the nation, but pay is generally lower in Oregon than the national average.²⁹

- **Increases in labor productivity.** Productivity, as measured by output per hour of labor input, increased in most sectors between 2000 and 2010, peaking in 2007. However, productivity increases were interrupted by the recession. After productivity decreases from 2007 to 2009, many industries saw large productivity increases from 2009 to 2010. Industries with the fastest productivity growth were information technology–related industries. These include wireless telecommunications carriers, computer and peripheral equipment manufacturing, electronics and appliance stores, and commercial equipment manufacturing wholesalers.³⁰

Since the end of the recession (or 2010), labor productivity has increased across a handful of large sectors but has also decreased in others. In wholesale trade, productivity—measured in output per hour—increased by 19% over 2009 to 2017. Retail trade gained even more productivity over this period at 25%. Food services, however, have remained stagnant since 2009, fluctuating over the nine-year period and shrinking by 0.01% over this time frame. Additionally, the Bureau of Labor Statistics reports that multifactor productivity in manufacturing has been slowing down 0.3% per year over the 2004–2016 period. Much of this, they note, is due to slowdown in semiconductors, other electrical component manufacturing, and computer and peripheral equipment manufacturing.³¹

- **The importance of entrepreneurship and growth in small businesses.** According to the 2018 Small Business Profile from the US Small Business Office of Advocacy, small businesses account for over 99% of total businesses in the United States, and their employees account for nearly 50% of American workers.³² The National League of Cities suggests ways that local governments can attract entrepreneurs and increase the number of small businesses, including strong leadership from elected officials; better communication with entrepreneurs, especially about the regulatory environment for businesses in the community; and partnerships with colleges, universities, small business development centers, mentorship programs, community groups, businesses groups, and financial institutions.³³

²⁹ Bureau of Labor Statistics, Employment Projections, March 2018. http://www.bls.gov/emp/ep_chart_001.htm

³⁰ Brill, Michael R. and Samuel T. Rowe, “Industry Labor Productivity Trends from 2000 to 2010.” Bureau of Labor Statistics, *Spotlight on Statistics*, March 2013.

³¹ Michael Brill, Brian Chanksy, and Jennifer Kim. “Multifactor productivity slowdown in U.S. manufacturing,” *Monthly Labor Review*, U.S. Bureau of Labor Statistics, July 2018. Retrieved from: <https://www.bls.gov/opub/mlr/2018/article/multifactor-productivity-slowdown-in-us-manufacturing.htm>.

³² U.S. Small Business Office of Advocacy. 2018 Small Business Profile. <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>

³³ National League of Cities, “Supporting Entrepreneurs and Small Businesses” (2012). <https://www.nlc.org/supporting-entrepreneurs-and-small-business>

- **Increases in automation across sectors.** Automation is a long-running trend in employment, with increases in automation (and corresponding increases in productivity) over the last century and longer. The pace of automation is increasing, and the types of jobs likely to be automated over the next 20 years (or longer) is broadening. Lower-paying jobs are more likely to be automated, with potential for automation of more than 80% of jobs paying less than \$20 per hour over the next 20 years. About 30% of jobs paying \$20 to \$40 per hour and 4% of jobs paying \$40 or more are at risk of being automated over the next 20 years.³⁴

Low- to middle-skilled jobs that require interpersonal interaction, flexibility, adaptability, and problem solving will likely persist into the future, as will occupations in technologically lagging sectors (e.g., production of restaurant meals, cleaning services, hair care, security/protective services, and personal fitness).³⁵ This includes occupations such as recreational therapists; first-line supervisors of mechanics, installers, and repairers; emergency management directors; mental health and substance abuse social workers; audiologists; occupational therapists; orthotists and prosthetists; health-care social workers; oral and maxillofacial surgeons; and first-line supervisors of firefighting and prevention workers. Occupations in the service and agricultural or manufacturing industry are most at risk of automation because of the manual-task nature of the work.^{36,37,38} This includes occupations such as telemarketers; title examiners, abstractors, and searchers; hand sewers; mathematical technicians; insurance underwriters; watch repairers; cargo and freight agents; tax preparers; photographic process workers and processing machine operators; and accounts clerks.³⁹

- **Consolidation of Retail.** Historical shift in retail businesses, starting in the early 1960s, was the movement from one-off mom-and-pop shops toward superstores and the clustering of retail into centers or hubs. Notably, we still see this trend persist. For example, in 1997, the 50 largest retail firms accounted for about 26% of retail sales, and by 2007, they accounted for about 33%.⁴⁰ The more recent shift began in the late 1990s, where technological advances have provided consumers with the option to buy goods through e-commerce channels. The trend toward e-commerce has become increasingly

³⁴ Executive Office of the President. (2016). *Artificial Intelligence, Automation, and the Economy*.

³⁵ Autor, David H. (2015). *Why Are There Still So Many Jobs? The History and Future of Workplace Automation*. *Journal of Economic Perspectives*, Volume 29, Number 3, Summer 2015, Pages 3–30.

³⁶ Frey, Carl Benedikt and Osborne, Michael A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

³⁷ Otekhile, Cathy-Austin and Zeleny, Milan. (2016). *Self Service Technologies: A Cause of Unemployment*. *International Journal of Entrepreneurial Knowledge*. Issue 1, Volume 4. DOI: 10.1515/ijek-2016-0005.

³⁸ PwC. (n.d.). *Will robots really steal our jobs? An international analysis of the potential long-term impact of automation*.

³⁹ Frey, Carl Benedikt and Osborne, Michael A. (2013). *The Future of Employment: How Susceptible Are Jobs to Computerisation?* Oxford Martin School, University of Oxford.

⁴⁰ Hortaçsu, Ali and Syverson, Chad. (2015). *The Ongoing Evolution of U.S. Retail: A Format Tug-of-War*. *Journal of Economic Perspectives*, Volume 29, Number 4, Fall 2015, Pages 89–112.

preferential to Millennials and Generation Xers, who are easier to reach online and are more responsive to digital ads than older generations.⁴¹ Since 2000, e-commerce sales have grown from 0.9% to 6.4% (2014) and are forecast to reach 12% by 2020. It is reasonable to expect this trend to continue. With it has come closures of retail stores. By 2027, for example, an estimated 15% of about 1,050 U.S. malls in smaller markets will close, impacting local employment levels, local government revenue streams (tax dollars), and neighborhood character.

While it is unclear what impact e-commerce will have on employment and brick-and-mortar retail, it seems probable that e-commerce sales will continue to grow, shifting business away from some types of retail. Over the next decades, communities must begin considering how to redevelop and reuse retail buildings in shopping centers, along corridors, and in urban centers.

The types of retail and related services that remain will likely be sales of goods that people prefer to purchase in person or that are difficult to ship and return (e.g., large furniture), specialty goods, groceries and personal goods that maybe needed immediately, restaurants, and experiences (e.g., entertainment or social experiences).

- **The importance of high-quality natural resources.** The relationship between natural resources and local economies has changed as the economy has shifted away from resource extraction. High-quality natural resources continue to be important in some states, especially in the western United States. Increases in the population and in household incomes, plus changes in tastes and preferences, have dramatically increased demand for outdoor recreation, scenic vistas, clean water, and other resource-related amenities. Such amenities contribute to a region's quality of life and play an important role in attracting both households and firms.⁴²
- **Continued increase in demand for energy.** Energy prices are forecast to increase over the planning period. While energy use per capita is expected to decrease through 2050, total energy consumption will increase with rising population. Energy consumption is expected to grow primarily from industrial (0.9%) and, to a lesser extent, commercial users (0.4%). Residential consumption is forecast to stagnate (0.0%), and transportation will slightly decrease (-0.1%). This decrease in energy consumption for transportation is primarily due to increased federal standards and increased technology for energy efficiency in vehicles. Going forward through the projection period, potential changes in federal laws (such as decreases in car emissions) leave energy demand somewhat uncertain.

⁴¹ Pew Research Center (2010b). Generations 2010. Retrieved Online at: <http://www.pewinternet.org/Reports/2010/Generations-2010.aspx>

⁴² For a more thorough discussion of relevant research, see Power, T.M. and R.N. Barrett. 2001. *Post-Cowboy Economics: Pay and Prosperity in the New American West*. Island Press, and Kim, K.-K., D.W. Marcouiller, and S.C. Deller. 2005. "Natural Amenities and Rural Development: Understanding Spatial and Distributional Attributes." *Growth and Change* 36 (2): 273–297.

Energy consumption by type of fuel is expected to change over the planning period. In 2050, the United States will be continuing to shift from crude oil toward natural gas and renewables. For example, from 2017 to 2050, the Energy Information Administration projects that the United States' overall energy consumption will average a 0.4% annual growth rate, while consumption of renewable sources will grow by 1.4% per year. With increases in energy efficiency, strong domestic production of energy, and relatively flat demand for energy by some industries, the United States will be able to be a net exporter of energy over the 2017–2050 period. Demand for electricity is expected to increase, albeit slowly, over the 2017–2050 period as the population grows and economic activity increases.⁴³

- **Impact of rising energy prices on commuting patterns.** As energy prices increase over the planning period, energy consumption for transportation will decrease. These increasing energy prices may decrease willingness to commute long distances, though with expected increases in fuel economy, it could be that people commute further while consuming less energy.⁴⁴ Over 2019 to 2035, the U.S. Energy Information Administration estimates that the decline in transportation energy consumption, a result of increasing fuel economy, will more than offset the total growth in vehicle miles traveled (VMT). VMT for passenger vehicles is forecast to increase through 2050.
- **Potential impacts of global climate change.** The consensus among the scientific community that global climate change is occurring expounds important ecological, social, and economic consequences over the next decades and beyond.⁴⁵ Extensive research shows that Oregon and other western states already have experienced noticeable changes in climate and predicts that more change will occur in the future.⁴⁶

In the Pacific Northwest, climate change is likely to (1) increase average annual temperatures, (2) increase the number and duration of heat waves, (3) increase the amount of precipitation falling as rain during the year, (4) increase the intensity of rainfall events, (5) increase sea level, (6) increase wildfire frequency, and (7) increase

⁴³ Energy Information Administration, 2018, *Annual Energy Outlook 2018 with Projections to 2050*, U.S. Department of Energy, February 2018. <https://www.eia.gov/outlooks/aeo/pdf/AEO2018.pdf>. Note, the cited growth rates are shown in the Executive Summary and can be viewed here: <https://www.eia.gov/outlooks/aeo/data/browser/#/?id=2-AEO2018&cases=ref2018&sourcekey=0>.

⁴⁴ Energy Information Administration, 2018, *Annual Energy Outlook 2018 with Projections to 2050*, U.S. Department of Energy, February 2018.

⁴⁵ U.S. Global Change Research Program. *National Climate Assessment*. 2018. <https://nca2018.globalchange.gov/>

⁴⁶ Oregon Global Warming Commission. *2018 Biennial Report to the Legislature*. 2018. <https://www.keeporegoncool.org/reports/>

forest vulnerability to tree disease.⁴⁷ These changes are also likely to reduce winter snowpack and shift the timing of spring runoff earlier in the year.⁴⁸

These anticipated changes point toward some of the ways that climate change is likely to impact ecological systems and the goods and services they provide. There is considerable uncertainty about how long it would take for some of the impacts to materialize and the magnitude of the associated economic consequences. Assuming climate change proceeds as today's models predict, however, some of the potential economic impacts of climate change in the Pacific Northwest will likely include:⁴⁹

- *Potential impact on agriculture and forestry.* Climate change may impact Oregon's agriculture through changes in growing season, temperature ranges, and water availability.⁵⁰ Climate change may impact Oregon's forestry through an increase in wildfires, a decrease in the rate of tree growth, a change in the mix of tree species, and increases in diseases and pests that damage trees.⁵¹
- *Potential impact on tourism and recreation.* Impacts on tourism and recreation may range from (1) decreases in snow-based recreation if snow-pack in the Cascades decreases, (2) negative impacts to tourism along the Oregon Coast as a result of damage and beach erosion from rising sea levels,⁵² (3) negative impacts on availability of summer river recreation (e.g., river rafting or sports fishing) as a result of lower summer river flows, and (4) negative impacts on the availability of water for domestic and business uses.

⁴⁷ U.S. Global Change Research Program. *National Climate Assessment*. "Chapter 24: Northwest." 2018. <https://nca2018.globalchange.gov/chapter/24/>

⁴⁸ Mote, P., E. Salathe, V. Duliere, and E. Jump. 2008. *Scenarios of Future Climate for the Pacific Northwest*. Climate Impacts Group, University of Washington. March. Retrieved June 16, 2009, from <http://cse.washington.edu/db/pdf/moteetal2008scenarios628.pdf>; Littell, J.S., M. McGuire Elsner, L.C. Whitely Binder, and A.K. Snover (eds). 2009. "The Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate - Executive Summary." In the *Washington Climate Change Impacts Assessment: Evaluating Washington's Future in a Changing Climate*, Climate Impacts Group, University of Washington. Retrieved June 16, 2009, from www.cse.washington.edu/db/pdf/wacciaexecsummary638.pdf; Madsen, T. and E. Figdor. 2007. *When it Rains, it Pours: Global Warming and the Rising Frequency of Extreme Precipitation in the United States*. Environment America Research & Policy Center and Frontier Group.; and Mote, P.W. 2006. "Climate-driven variability and trends in mountain snowpack in western North America." *Journal of Climate* 19(23): 6209–6220.

⁴⁹ The issue of global climate change is complex, and there is a substantial amount of uncertainty about climate change. This discussion is not intended to describe all potential impacts of climate change but to present a few ways that climate change may impact the economy of cities in Oregon and the Pacific Northwest.

⁵⁰ "The Economic Impacts of Climate Change in Oregon: A Preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

⁵¹ "Economic Impacts of Climate Change on Forest Resources in Oregon: A Preliminary Analysis," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, May 2007.

⁵² "The Economic Impacts of Climate Change in Oregon: A Preliminary Assessment," Climate Leadership Initiative, Institute for Sustainable Environment, University of Oregon, October 2005.

Short-term national trends will also affect economic growth in the region, but these trends are difficult to predict. At times, these trends may run counter to the long-term trends described above. A recent example is the downturn in economic activity in 2008 and 2009 following declines in the housing market and the mortgage banking crisis. The result of the economic downturn was decreases in employment related to the housing market, such as construction and real estate. As these industries recover, they will continue to play a significant role in the national, state, and local economy over the long run. This report takes a long-run perspective on economic conditions (as the Goal 9 requirements intend) and does not attempt to predict the impacts of short-run national business cycles on employment or economic activity.

State Trends

Short-Term Trends

According to the Oregon Office of Economic Analysis (OEA), the Oregon economy “continues to hit the sweet spot.”⁵³ They also report, “job gains are enough to match population growth and absorb the workers coming back into the labor market. Wages are rising faster than in the typical state, as are household incomes.”⁵⁴ Though they note recent growth is slower than growth experienced several years ago.

Wages in Oregon continue to remain below the national average, but they are at their highest since the early 1980s. The OEA reports that new Oregon Employment Department research “shows that median hourly wage increases for Oregon workers since 2014 has been 3.1 percent annually for the past three years.”⁵⁵ These wage increases are “substantially stronger for the Oregonians who have been continually employed over the last three years.”⁵⁶

By the end of 2018, the OEA forecasts 41,700 jobs will be added to Oregon’s economy. This is an approximate 2.2% annual growth in total nonfarm employment relative to 2017 levels.⁵⁷ The leisure and hospitality, construction, professional and business services, and health services industries are forecast to account for well over half of the total job growth in Oregon for 2018. Oregon continues to have an advantage in job growth compared to other states, due to its industrial sector and in-migration flow of young workers in search of jobs.

The housing market continues to recover as Oregon’s economy improves. Oregon is seeing an increase in household formation rates, which is good for the housing market, as this will “help drive up demand for new houses.”⁵⁸ Though younger Oregonians are tending to live at home

⁵³ Office of Economic Analysis. Oregon Economic and Revenue Forecast, September 2018. Vol. XXXVIII, No. 3, page 2.

⁵⁴ *Ibid*, page 2.

⁵⁵ *Ibid*, page 5.

⁵⁶ *Ibid*, page 5.

⁵⁷ *Ibid*, page 13.

⁵⁸ *Ibid*, page 13.

with their parents longer, the aging Millennial generation (from their early 20s to mid-to-late 30s) and the state's increase in migration will drive demand for homes in the coming years. Housing starts in 2018 are on track to just under 22,000 units annually. This is "driven in large part by a decline in multifamily permit activity."⁵⁹ Through 2020, the OEA forecasts moderate to strong housing growth. Beyond this time frame, the OEA forecasts an average growth of 24,000 units per year to satisfy the demand for Oregon's growing population and to make up for the under development of housing post-recession.⁶⁰

The Oregon Index of Leading Indicators (OILI) has grown quite rapidly since January 2017. The leading indicators showing improvement are consumer sentiment, industrial production, initial claims, the manufacturing purchasing managers index (PMI), new incorporations, semiconductor billings, and withholdings. The indicators that are slowing include air freight and the Oregon Dollar Index, and the indicators not improving include help wanted ads and housing permits.⁶¹

Oregon's economic health is dependent on the export market. The value of Oregon exports in 2017 was \$21.9 billion. The countries that Oregon exports the most to are China (18% of total Oregon exports), Canada (11%), Malaysia (11%), South Korea (9%), Japan (8%), and Vietnam (7%).⁶² With straining trade relations overseas, specifically with China, Oregon exports are left potentially vulnerable, as China is a top destination for Oregon exports.⁶³ An economic slowdown across many parts of Asia will have a spillover effect on the Oregon economy. Furthermore, with the United States' withdrawal from the Trans-Pacific Partnership in January 2017, it is unclear how much Pacific Northwest trade will be impacted in the years to come.

Long-Term Trends

State, regional, and local trends will also affect economic development in Tualatin over the next 20 years. The most important of these trends includes continued in-migration from other states, distribution of population and employment across the state, and change in the types of industries in Oregon.

- **Continued in-migration from other states.** Oregon will continue to experience in-migration (more people moving to Oregon than from Oregon) from other states, especially California and Washington. From 1990 to 2017, Oregon's population increased by about 1.3 million, 66% of which was from people moving into Oregon (net migration). The average annual increase in population from net migration over the same time period was just over 33,200. During the early to mid-1990s, Oregon's net migration

⁵⁹ *Ibid*, page 13.

⁶⁰ *Ibid*, page 13.

⁶¹ *Ibid*, page 10.

⁶² U.S. Census Bureau. State Exports from Oregon, 2014–2017. Retrieved from: <https://www.census.gov/foreign-trade/statistics/state/data/or.html>.

⁶³ Office of Economic Analysis. Oregon Economic and Revenue Forecast, September 2018. Vol. XXXVIII, No. 3, page 14.

was highest, reaching over 60,000 in 1991, with another smaller peak of almost 42,100 in 2006. In 2017, net migration reached just over 56,800 persons. Oregon has not seen negative net migration since the early to mid-1980s.⁶⁴ Oregon's population has continued to get more ethnically and racially diverse, with Latinx populations growing from 8% of the population in 2000 to 13% of the population in 2013–2017. The nonwhite population grew from 13% of the population to 15% of the population over the same period. The share of Latinx population increased in Tualatin from 2000 to 2013–2017 while the share of the nonwhite population stayed the same.

- **Forecast of job growth.** Total nonfarm employment is expected to increase from 1.91 million in 2018 to just over 1.99 million in 2022, an increase of 80,000 jobs. The industries with the largest growth are forecast to be professional and business services, health services, and retail, accounting for 61% of employment growth.⁶⁵
- **Continued importance of manufacturing to Oregon's economy.** Oregon's exports totaled \$19.4 billion in 2008, nearly doubling since 2000, and reached almost \$22 billion in 2017. The majority of Oregon exports go to countries along the Pacific Rim, with China, Canada, Malaysia, South Korea, and Japan as top destinations. Oregon's largest exports are tied to high-tech and mining industries, as well as agricultural products.⁶⁶ Manufacturing employment is concentrated in five counties in the Willamette Valley or Portland area: Washington, Multnomah, Lane, Clackamas, and Marion Counties.⁶⁷
- **Shift in manufacturing from natural resource-based to high-tech and other manufacturing industries.** Since 1970, Oregon has been transitioning away from reliance on traditional resource-extraction industries. A significant indicator of this transition is the shift within Oregon's manufacturing sector, with a decline in the level of employment in the lumber and wood products industry and the concurrent growth of employment in other manufacturing industries, such as high-tech manufacturing (industrial machinery, electronic equipment, and instruments), transportation equipment manufacturing, and printing and publishing.⁶⁸
- **Income.** Oregon's income and wages are below that of a typical state. However, mainly due to the wage growth over the last two to three years, Oregon wages are at their highest point relative to other states since the recession in the early 1980s. In 2017, the

⁶⁴ Portland State University Population Research Center. 2017 Annual Population Report Tables. April 2017. Retrieved from: <https://www.pdx.edu/prc/population-reports-estimates>.

⁶⁵ Office of Economic Analysis. Oregon Economic and Revenue Forecast, September 2018. Vol. XXXVIII, No. 3, page 38.

⁶⁶ U.S. Census Bureau. State Exports from Oregon, 2014-2017. Retrieved from: <https://www.census.gov/foreign-trade/statistics/state/data/or.html>.

⁶⁷ Oregon Employment Department. *Employment and Wages by Industry (QCEW)*. 2017 Geographic Profile, Manufacturing (31–33). Retrieved from: qualityinfo.org.

⁶⁸ Although Oregon's economy has diversified since the 1970s, natural resource-based manufacturing accounts for about 38% of employment in manufacturing in Oregon in 2017, with the most employment in food manufacturing (nearly 30,000) and wood product manufacturing (nearly 23,000) (QCEW).

average annual wage in Oregon was \$51,117 and the median household income was \$60,212 (compared to national average wages of \$53,621 in 2017 and the national household income of \$60,336).⁶⁹ Total personal income (all classes of income minus Social Security contributions and adjusted for inflation) in Oregon is expected to increase by 22%, from \$202.2 billion in 2018 to \$247.5 billion in 2022.⁷⁰ Per capita income is expected to increase by 16% over the same time period, from \$48,000 (thousands of dollars) in 2018 to \$55,800 in 2022 (in nominal dollars).⁷¹

- **Small businesses continue to account for a large share of employment in Oregon.**

While small firms played a large part in Oregon's expansion between 2003 and 2007, they also suffered disproportionately in the recession and its aftermath (64% of the net jobs lost between 2008 and 2010 was from small businesses).

In 2017 small businesses (those with 100 or fewer employees) accounted for 95% of all businesses and 66% of all private-sector employment in Oregon. Said differently, most businesses in Oregon are small (in fact, 78% of all businesses have fewer than 10 employees), but the largest share of Oregon's employers work for large businesses.

The average annualized payroll per employee for small businesses was \$37,149 in 2015, which is considerably less than that for large businesses (\$54,329) and the statewide average for all businesses (\$47,278).⁷² Younger workers are important to continue growth of small businesses across the nation. More than one-third of Millennials (those born between 1980 and 1999) are self-employed, with approximately one-half to two-thirds interested in becoming an entrepreneur. Furthermore, in 2011, about 160,000 start-up companies were created each month; 29% of these companies were founded by people between 20 and 34 years of age.⁷³

- **Entrepreneurship in Oregon.** The creation of new businesses is vital to Oregon's economy, as their formations generate new jobs and advance new ideas and innovations into markets. They also can produce more efficient products and services to better serve local communities. According to the Kauffman Index, Oregon ranked thirteenth in the country in 2017 for its start-up activity, a measurement comprised of three statistics: rate

⁶⁹ Average annual wages are for "all industries," which includes private and public employers. Oregon Quarterly Census of Employment and Wages, 2017. Retrieved from: <https://www.qualityinfo.org>; Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017; Total, U.S. Census American Community Survey 1-Year Estimates, 2017, Table B19013.

⁷⁰ Office of Economic Analysis. Oregon Economic and Revenue Forecast, September 2018. Vol. XXXVIII, No. 3, page 39.

⁷¹ *Ibid*, page 39.

⁷² U.S. Census Bureau, 2015 Statistics of U.S. Businesses, Annual Data, Enterprise Employment Size, U.S. and States. <https://www.census.gov/data/tables/2015/econ/susb/2015-susb-annual.html>.

⁷³ Cooper, Rich, Michael Hendrix, Andrea Bitely. (2012). "The Millennial Generation Research Review." Washington, DC: The National Chamber Foundation. Retrieved from: <https://www.uschamberfoundation.org/sites/default/files/article/foundation/MillennialGeneration.pdf>.

of new entrepreneurs, opportunity share of new entrepreneurs, and start-up density.⁷⁴ This ranking is higher than its 2016 position at spot fifteen. Oregon's rate of new entrepreneurs (the percent of adults that became an entrepreneur in a given month) was in steady decline post-recession, but since 2013, it has gradually recovered to about 0.34% in 2016. This rate is still well below Oregon's pre-recession peak of 0.43% in 2000, but its recent growth broadly exhibits that business ownership and formation is increasing.

Moreover, in 2018, the Oregon Office of Economic Analysis reported that new business applications in Oregon are increasing. They do, however, simultaneously note that start-up businesses "are a smaller share of all firms than in the past."⁷⁵ Though this measurement of economic activity does not constitute a full understanding of how well entrepreneurship is performing, it does provide an encouraging signal.

Regional and Local Trends

Throughout this section, Tualatin is compared to Washington County, the Portland region, and the State of Oregon. These comparisons provide context for changes in Tualatin's socioeconomic characteristics.

Availability of Labor

A skilled and educated populace can attract well-paying businesses and employers and spur the benefits that follow from a growing economy. Key trends that will affect the workforce in Tualatin over the next 20 years include growth in its overall population, growth in the senior population, and commuting trends.

Growing Population

Population growth in Oregon tends to follow economic cycles. Oregon's population grew from about 2.8 million people in 1990 to 4.0 million people in the 2013–2017 period, an increase of almost 1.2 million people, at an average annual rate of 1.3%. Oregon's growth rate slowed to 1.0% annual growth between 2000 and 2017.

Tualatin's population increased over the 1990 to 2013–2017 period, by 12,122 residents. Washington County's population also grew over the same time, by 260,517 residents, at a similar rate of growth as Tualatin.

⁷⁴ Kauffman Foundation. *The Kauffman Index, Oregon*. Retrieved from: <https://www.kauffman.org/kauffman-index/profile?loc=41&name=oregon&breakdowns=growth|overall,startup-activity|overall,main-street|overall>.

⁷⁵ Lehner, Josh. (August 2018). "Start-Ups, R&D, and Productivity." Salem, OR: Oregon Office of Economic Analysis. Retrieved from: <https://oregoneconomicanalysis.com/2015/03/13/start-ups-and-new-business-formation/>.

Exhibit 32. Population Growth, Tualatin, Washington County, Portland Region, Oregon, U.S., 1990, 2000, 2010, 2017

Source: US Decennial Census 1990, 2000, 2010. ACS 2013–2017 5-year estimate.

| | 1990 | 2000 | 2010 | 2013-2017 | Change 1990 to 2013-2017 | | |
|-------------------|-------------|-------------|-------------|-------------|--------------------------|---------|-------------|
| | | | | | Number | Percent | Growth Rate |
| U.S. | 248,709,873 | 281,421,906 | 308,745,538 | 321,004,407 | 72,294,534 | 29% | 0.9% |
| Oregon | 2,842,321 | 3,421,399 | 3,831,074 | 4,025,127 | 1,182,806 | 42% | 1.3% |
| Portland Region | 1,174,291 | 1,444,219 | 1,641,036 | 1,760,492 | 586,201 | 50% | 1.5% |
| Washington County | 311,554 | 445,342 | 529,710 | 572,071 | 260,517 | 84% | 2.3% |
| Tualatin | 15,013 | 22,791 | 26,054 | 27,135 | 12,122 | 81% | 2.2% |

Age Distribution

The number of people aged 65 and older in the United States is expected to increase by nearly three-quarters by 2050, while the number of people under age 65 will only grow by 16%. The economic effects of this demographic change include the slowing of labor force growth, the need for workers to replace retirees, and the aging of the workforce for seniors that continue working after age 65, as well as an increase in the demand for health-care services and an increase in the percent of the federal budget dedicated to Social Security and Medicare.⁷⁶

Between 2000 and the 2013–2017 period, Tualatin grew older on average (6.3 years).

This increase suggests Tualatin attracted more workers in their later adult lives.

Exhibit 33. Median Age, Tualatin, Washington County, Clackamas County, Multnomah County, 2000 to 2013–2017

Source: U.S. Census Bureau, 2000 Decennial Census, Table P013; American Community Survey 2013–2017 5-year estimates, Table B01002.

| | | | | |
|----------------|-------------------------|----------------------------------|---------------------------------|---------------------------------|
| 2000 | 31.9 Tualatin | 33.0 Washington County | 37.5 Clackamas County | 34.9 Multnomah County |
| 2013–17 | 38.2 Tualatin | 36.4 Washington County | 41.4 Clackamas County | 36.8 Multnomah County |

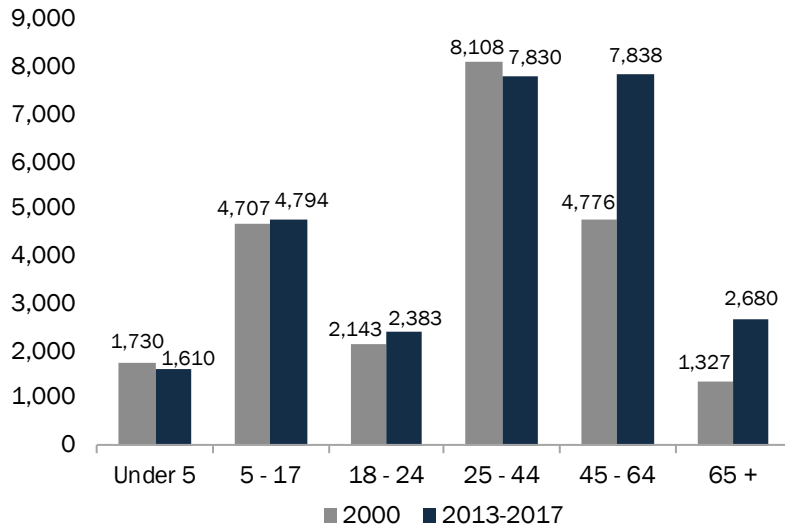
⁷⁶ The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, 2017, the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, July 13, 2017. *The Budget and Economic Outlook: Fiscal Years 2018 to 2028*, April 2018.

Over 2000 to 2013–2017, Tualatin’s largest population increase was for those between 45 and 64 years of age.

This age group grew by 3,062 people between 2000 and 2013–2017.

Exhibit 34. Population Change by Age Group, Tualatin, 2000 and 2013–2017

Source: U.S. Census Bureau, 2000 Summary File; American Community Survey, 2013–2017, 5-year estimates, Table B01001.

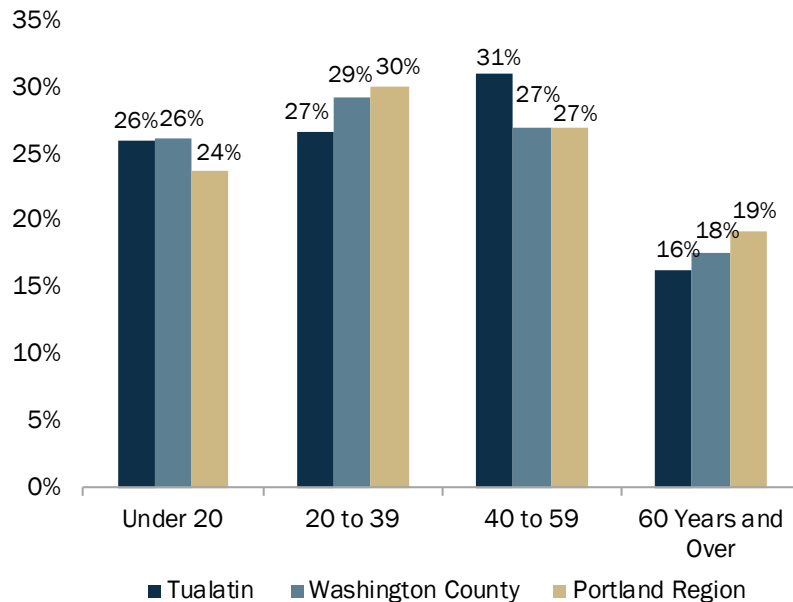


Compared to Washington County and the Portland Region, Tualatin had a slightly larger proportion of adults aged 40 to 59.

During the 2013–2017 period, 58% of Tualatin residents were between 20 and 59 years of age.

Exhibit 35. Population Distribution by Age, Tualatin, Washington County, Portland Region, 2013–2017

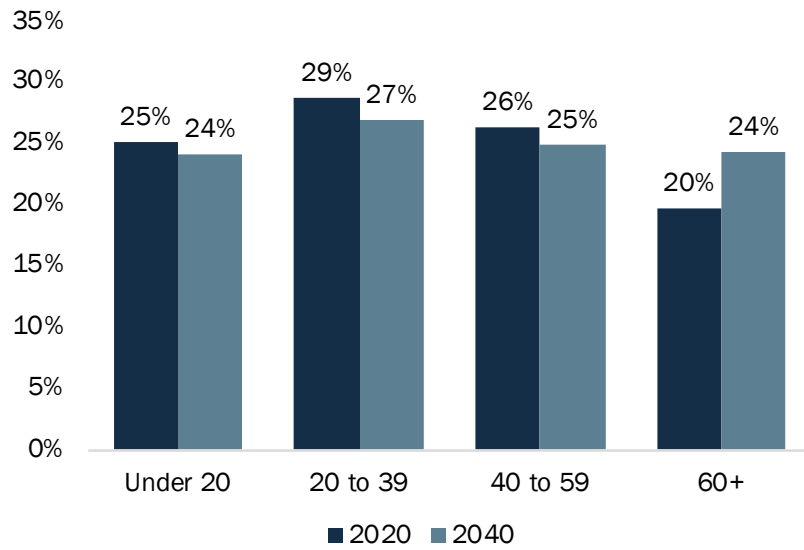
Source: U.S. Census Bureau, American Community Survey, 2013–2017 5-year estimate, Table B01001.



From 2020 to 2040, the share of residents 60 years and older in Washington County is forecast to grow while other age cohorts are forecast to decline proportionately.

Exhibit 36. Population Growth by Age Group, Washington County, 2020 and 2040

Source: Portland State University, Population Research Center, Washington County Forecast, June 2017.



Income

Income and wages affect business decisions for locating in a city. Areas with higher wages may be less attractive for industries that rely on low-wage workers. In the 2013–2017 period, Tualatin’s median household income (\$72,580) was similar to Washington County’s median (\$74,033). In 2017 (inflation adjusted to 2018 \$), average wages at businesses in Tualatin (\$58,429) were below the County’s average (\$70,310, 2018).

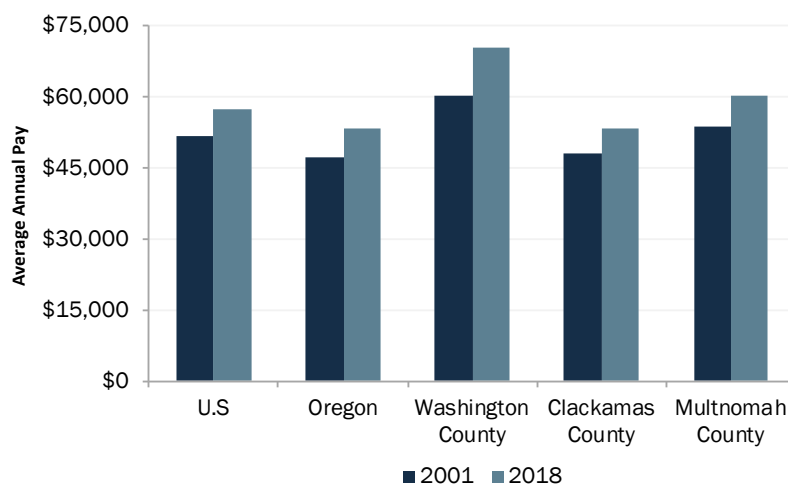
Adjusting for inflation, between 2000 and 2018, Washington County’s average wages increased, as did the average wages of other counties in the Portland region, Oregon, and the nation. When adjusted for inflation, average annual wages grew by 17% in Washington County and 13% in Oregon.

From 2000 to 2018, average annual wages increased in Washington County, as did the average wages of other counties in the Portland Region, Oregon, and the nation.

In 2018, the average annual wage was \$70,310 in Washington County, compared to 53,058 in Oregon.

Exhibit 37. Average Annual Wage (Inflation-Adjusted 2018 \$), Covered Employment, Washington County, Clackamas County, Multnomah County, Oregon, U.S., 2001 to 2018,

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages.



Over the 2013–2017 period, the median household income (MHI) in Tualatin was below Washington County’s MHI, comparable to Multnomah County’s MHI and above Clackamas County’s MHI.

Exhibit 38. Median Household Income (MHI),⁷⁷ 2013–2017

Source: U.S. Census Bureau, American Community Survey 2013–2017 5-year estimates, Table B19013.

\$72,580

Tualatin

\$74,033

Washington County

\$60,369

Clackamas County

\$72,408

Multnomah County

⁷⁷ The Census calculated household income based on the income of all individuals 15 years old and over in the household, whether they were related or not.

Tualatin median family income during the 2013–2017 period, similar to the median household income and above the median family incomes of Washington County, Clackamas County, and Multnomah County.

Exhibit 39. Median Family Income,⁷⁸ 2013–2017

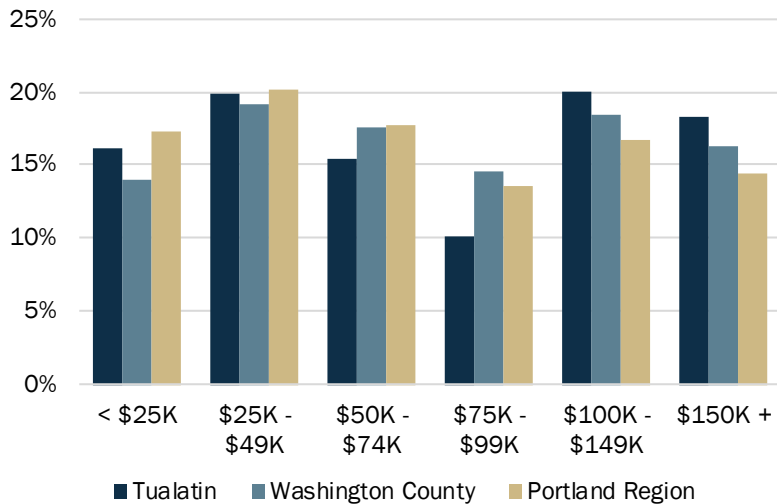
Source: U.S. Census Bureau, American Community Survey 2013–2017 5-year estimates, Table B19113.

| | |
|-------------------------------------|--------------------------------------|
| \$95,656 Tualatin | \$85,993 Washington County |
| \$87,858 Clackamas County | \$76,557 Multnomah County |

During the 2013–2017 period, 48% of Tualatin households earned over \$75,000 annually, comparable to Washington County.

Exhibit 40. Household Income by Income Group, Tualatin, Washington County, Portland Region, 2013–2017

Source: U.S. Census Bureau, American Community Survey 2013–2017 5-year estimates, Table B19001.



⁷⁸ The Census calculated family income based on the income of the head of household, as identified in the response to the Census forms, and income of all individuals 15 years old and over in the household who are related to the head of household by birth, marriage, or adoption.

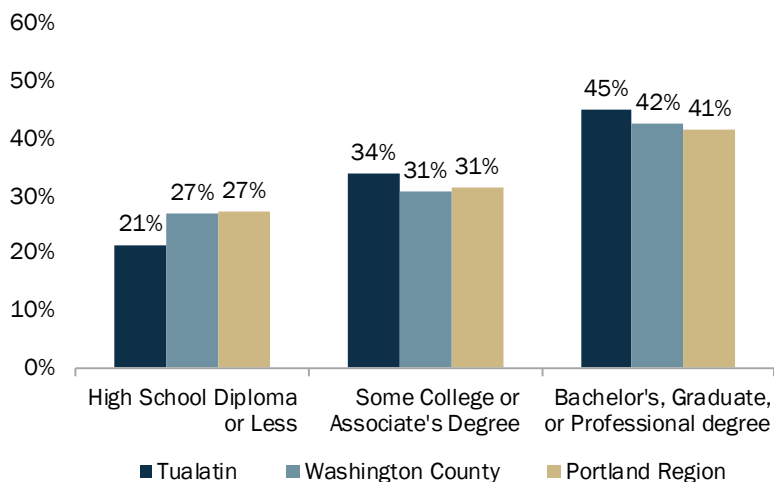
Educational Attainment

The availability of trained, educated workers affects the quality of labor in a community. Educational attainment is an important labor force factor because firms need to be able to find educated workers.

The share of residents, 25 years and older, with a bachelor's degree (or higher) is slightly larger in Tualatin than Washington County and the Portland Region.

Exhibit 41. Educational Attainment for the Population 25 Years and Over, Tualatin, Washington County, and the Portland Region, 2013–2017

Source: U.S. Census Bureau, American Community Survey 2013–2017 5-year estimates, Table B15003.



Race and Ethnicity

Tualatin, like Oregon overall, is becoming more ethnically diverse (while racial diversity has remained about the same). The Latinx community increased in Tualatin between 2000 and 2013–2017, from 12% of the total population to 16%. The non-Caucasian share of the population stayed the same,⁷⁹ from 2000 to 2013–2017 at 13% of the population. The Latinx community in Washington County also increased from 11% to 16%, while the non-Caucasian population increased from 18% to 23% between 2000 and 2013–2017.

Exhibit 42 and Exhibit 43 show the change in the share of Latinx and non-Caucasian populations in Tualatin, compared to Washington County and the Portland Region, between 2000 and 2013–2017.

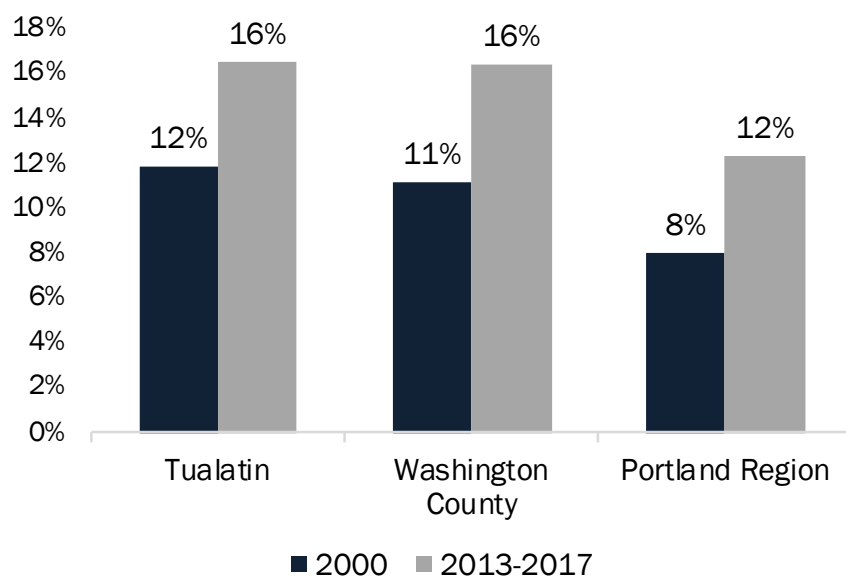
⁷⁹ The non-Caucasian population is defined as the share of the population that identifies as another race other than “white alone” according to Census definitions.

Tualatin’s Latinx population increased between 2000 and 2013–2017 from 12% to 16%.

Tualatin and Washington County are more ethnically diverse than the Portland Region.

Exhibit 42. Latinx Population as a Percent of the Total Population, Tualatin, Washington County, and Oregon, 2000 and 2013–2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2013–2017 ACS Table B03002.

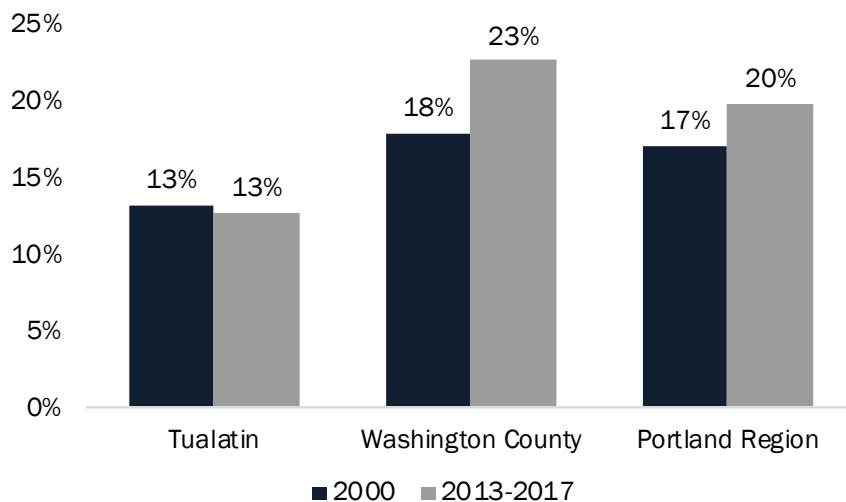


The non-Caucasian population in Tualatin stayed the same (at 13%) between 2000 and 2013–2017.

Tualatin is less racially diverse than Washington County and the Portland Region.

Exhibit 43. Non-Caucasian Population as a Percent of the Total Population, Tualatin, Washington County, and Oregon, 2000 and 2013–2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P007, 2013–2017 ACS Table B02001.



Labor Force Participation and Unemployment

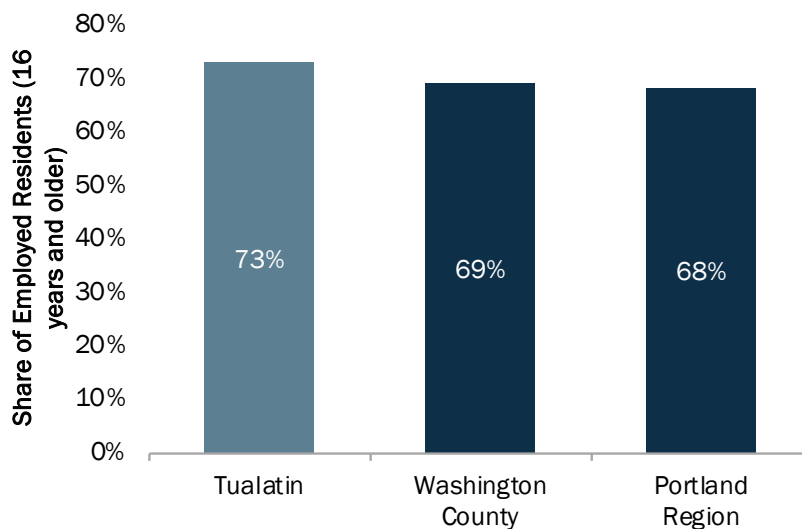
The current labor force participation rate is an important consideration in the availability of labor. The labor force in any market consists of the adult population (16 and over) who are working or actively seeking work. The labor force includes both the employed and unemployed. Children, retirees, students, and people who are not actively seeking work are not considered part of the labor force. According to the 2013–2017 American Community Survey, Washington County had more than 310,426 people in its labor force and Tualatin had 15,643 people in its labor force.

In 2017, the Oregon Office of Economic Analysis reported that 64% of job vacancies were difficult to fill. The most common reason for difficulty in filling jobs included a lack of applications (30% of employers' difficulties), lack of qualified candidates (17%), unfavorable working conditions (14%), a lack of soft skills (11%), and a lack of work experience (9%).⁸⁰ These statistics indicate a mismatch between the types of jobs that employers are demanding and the skills that potential employees can provide.

Tualatin has a higher labor participation rate than Washington County and the Portland Region.

Exhibit 44. Labor Force Participation Rate, Tualatin, Washington County, Portland Region, 2013–2017

Source: U.S. Census Bureau, American Community Survey 2013–2017 5-year estimates, Table B23001.

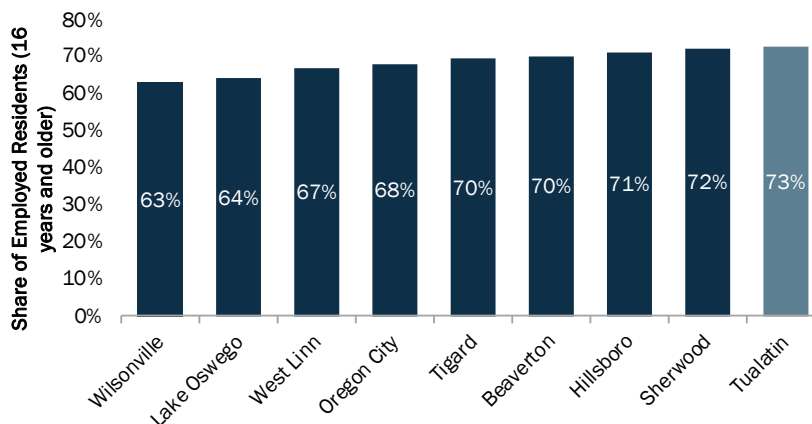


⁸⁰ Oregon's Current Workforce Gaps: Difficult-to-fill Job Openings, Oregon Job Vacancy Survey, Oregon Employment Department, June 2018.

Compared to neighboring cities, Tualatin has the highest labor force participation rate.

Exhibit 45. Labor Force Participation Rate, Tualatin and comparison cities, 2013–2017

Source: U.S. Census Bureau, American Community Survey 2013–2017 5-year estimates, Table B23001.

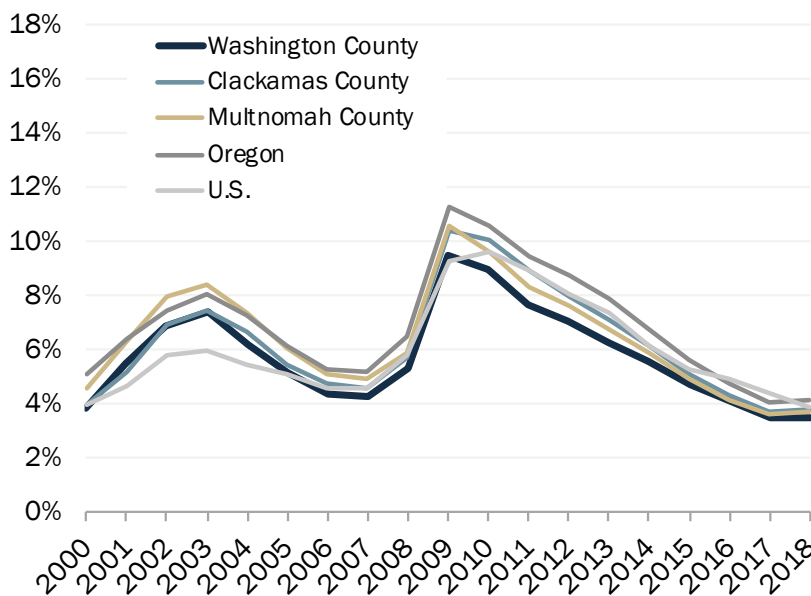


Alongside other counties in the Portland Region, Oregon, and the U.S., the unemployment rate in Washington County has declined since the Great Recession.

In general, Washington County’s unemployment rate is below that of other regions.

Exhibit 46. Unemployment Rate, Washington County, Clackamas County, Multnomah County, Oregon, U.S., 2000–2018

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics and Labor Force Statistics.



Commuting Patterns

Commuting plays an important role in Tualatin’s economy because employers in these areas are able to access workers living in cities across Washington County and the broader Portland Region.

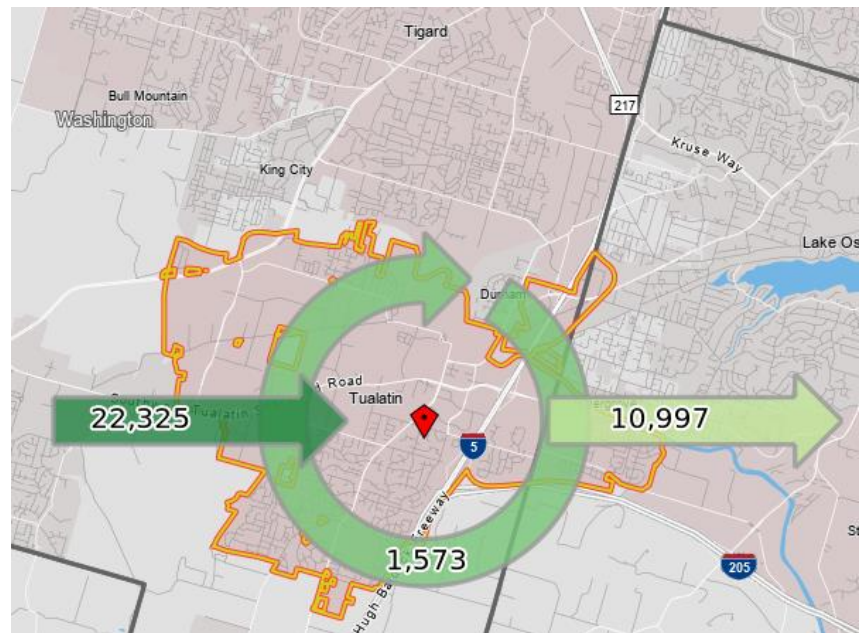
Exhibit 47 shows commuting flows of employees. Of the employees who work in Tualatin (about 23,898 persons), 93% commute into Tualatin from other areas. Of the employees who live in Tualatin (about 12,570 persons), 87% of people commute out of Tualatin to work in other areas.

Tualatin is part of an interconnected regional economy.

More than 22,000 people commute into Tualatin for work, and nearly 11,000 people living in Tualatin commute out of the city for work.

Exhibit 47. Commuting Flows, Tualatin, 2015

Source: U.S. Census Bureau, Census on the Map.

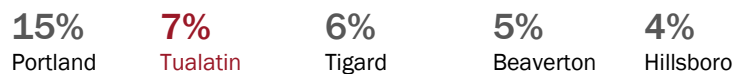


About 7% of people who work at businesses located in Tualatin also live in Tualatin.

The remainder commute from Portland and other parts of the Region.

Exhibit 48. Places Where Workers at Businesses in Tualatin Live, 2015

Source: U.S. Census Bureau, Census On the Map.



About 27% of Tualatin residents work in Portland.

About 13% of Tualatin residents live and work in Tualatin.

Exhibit 49. Places Where Tualatin Residents were Employed, 2015

Source: U.S. Census Bureau, Census On the Map.



Exhibit 50. Commuting Patterns of Employees Living in Respective Communities, Tualatin and Comparison Cities in the Portland Region, 2015

Source: U.S. Census Bureau, Census On the Map.

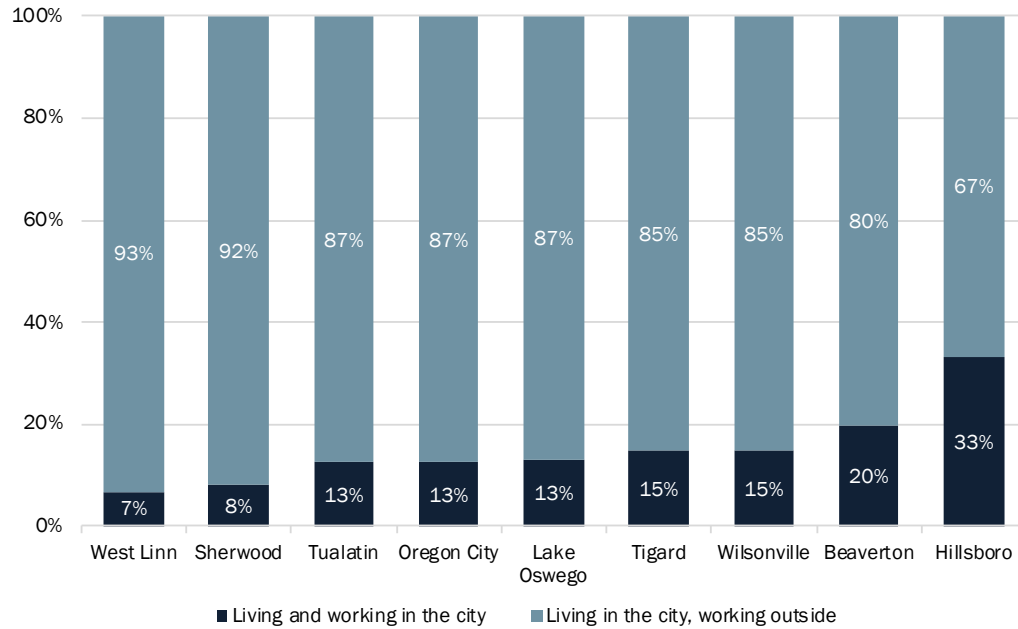
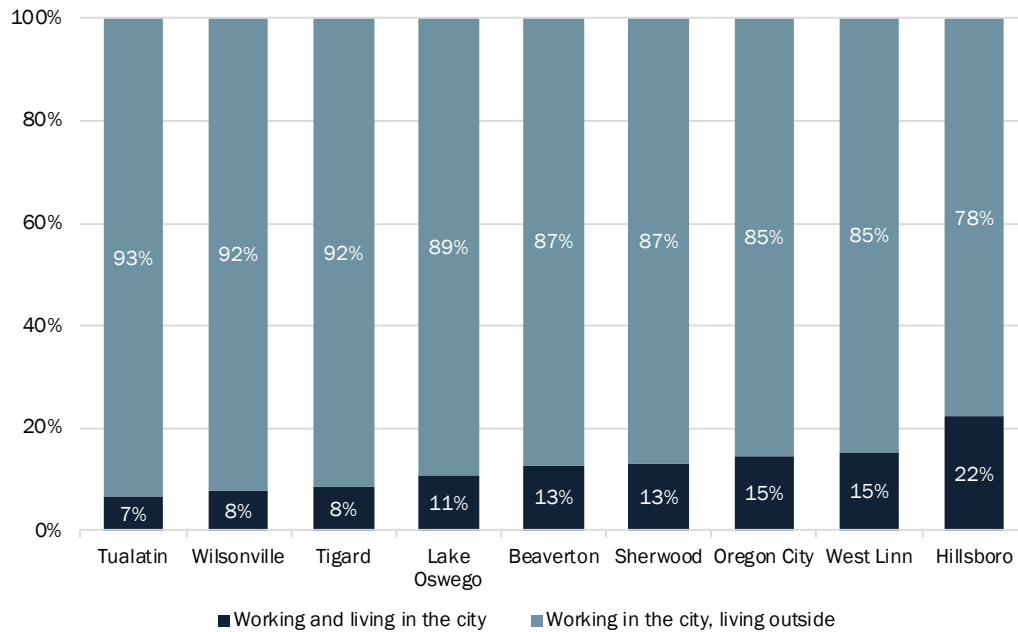


Exhibit 51. Commuting Patterns of Employees Working in Respective Communities, Tualatin and Comparison Cities in the Portland Region, 2015

Source: U.S. Census Bureau, Census On the Map.

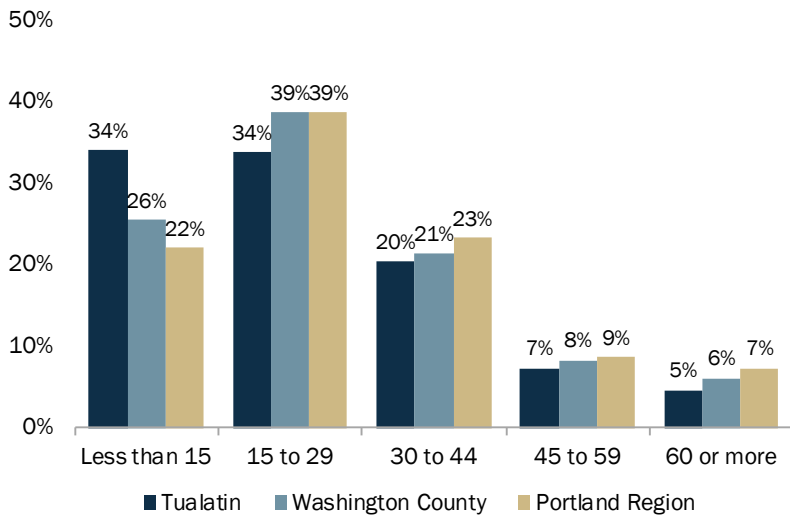


During the 2013–2017 period, about 34% of Tualatin residents had a commute of less than 15 minutes, compared to 26% of residents in Washington County and 22% of residents in the Portland Region.

Most of Tualatin residents (68%) have a commute time that takes less than 30 minutes.

Exhibit 52. Commute Time by Place of Residence, Tualatin, Washington County, and Portland Region, 2013–2017

Source: U.S. Census Bureau, 2013–2017 ACS 5-year estimate, Table B08303.



Over the 2000 to 2013–2017 period, the share of workers that worked from home increased slightly.

Exhibit 53. Percent of Workers Working from Home, Tualatin, 2000 and 2013–2017

Source: U.S. Census Bureau, 2000 Decennial Census Summary File 3 estimates, Table P030; 2013–2017 ACS 5-year estimate, Table B08303.

2000: 4.6%
2013–2017: 6.8%

Tourism in the Portland Region and Washington County

Longwoods International provides regional statistics on travel. The following information is from Longwoods International’s 2017 Regional Visitor Report for the Portland Region.⁸¹ Broadly, travelers to the Portland Region accounted for:

- 10.9 million overnight trips in 2017, or 32% of all Oregon overnight travel that year.
- The primary market areas for travelers over 2016 and 2017 were Oregon, Washington, and California: 28% of the visitors to the Portland Region came from Oregon, 26% came from Washington, and 20% came from California.
- About 48% of visitors stayed two or fewer nights over 2016 and 2017 in the Portland Region, 37% stayed three to six nights, and 15% stayed 7 or more nights. The average nights spent in the Portland Region were four days.
- The average per person expenditures on overnight trips in 2017 ranged from \$16 on transportation at destination to \$66 per night on lodging.
- About 63% of visits to the Portland Region over 2016 and 2017 were via personally owned automobiles, 22% were by rental car, and 18% were via an online taxi service (such as Lyft or Uber).
- Over 2016 and 2017, visitors tended to be younger- or middle-aged adults, with the average age being about 43.7. Those aged 25 to 44 comprised 43% of overnight visits, 30% were between 45 and 64, and 14% were 65 or older. About 66% of visitors graduated college or completed a post-graduate education. Additionally, 35% of visitors earned less than \$50,000 in household income, 41% earned between \$50,000 and \$99,999, and 24% earned more than \$100,000. The average household income for Portland Region visitors was about \$70,440.

Washington County’s direct travel spending increased 103% from 2000 to 2017.

The Portland Region’s direct travel spending increased by 89% over the same period.

Exhibit 54. Direct Travel Spending (\$ millions), 2000 and 2017

Source: Dean Runyan Associates, Oregon Travel Impacts, 1992–2017.

| | | |
|--------------|-----------------------------------|-----------------------------------|
| 2000: | \$2,700 Portland Region | \$410 Washington County |
| 2017: | \$5,100 Portland Region | \$833 Washington County |

⁸¹ Travel Oregon. “Portland Oregon Overnight Travel Study: 2017,” Longwoods International, October 2018. Retrieved from: <https://industry.traveloregon.com/wp-content/uploads/2018/10/OR-2017-Portland-Region-Visitor-Report.pdf>.

Washington County's lodging tax receipts increased 243% over 2006 to 2017.

Exhibit 55. Lodging Tax Receipts (\$ millions), 2006 and 2017
Source: Dean Runyan Associates, Oregon Travel Impacts, 1992–2017.

| | |
|--------------|--------------------------------------|
| 2006: | \$4,900 Washington County |
| 2017: | \$16,800 Washington County |

Washington County's largest visitor spending for purchased commodities is food services.

Exhibit 56. Largest Visitor Spending Categories (\$ millions), Washington County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1992–2017.

| | | |
|---------------------------------|----------------------------------|--------------------------------|
| \$236.5 Food Services | \$137.1 Accommodations | \$105.1 Retail Sales |
|---------------------------------|----------------------------------|--------------------------------|

Washington County's largest employment generated by travel spending is in the accommodations and food services industry.

Exhibit 57. Largest Industry Employment Generated by Travel Spending, Washington County, 2018
Source: Dean Runyan Associates, Oregon Travel Impacts, 1992–2017.

| | | |
|---|--|---------------------------------|
| 5,940 jobs Accommodations and Food Services | 1,190 jobs Arts, Entertainment, and Recreation | 290 jobs Ground Tran. |
|---|--|---------------------------------|

Appendix B. Buildable Lands Inventory

Oregon Administrative Rules provide guidance on conducting employment land BLIs:

OAR 660-009-0005:

(1) *"Developed Land"* means non-vacant land that is likely to be redeveloped during the planning period.

(2) *"Development Constraints"* means factors that temporarily or permanently limit or prevent the use of land for economic development. Development constraints include, but are not limited to, wetlands, environmentally sensitive areas such as habitat, environmental contamination, slope, topography, infrastructure deficiencies, parcel fragmentation, or natural hazard areas.

(11) *"Site Characteristics"* means the attributes of a site necessary for a particular industrial or other employment use to operate. Site characteristics include, but are not limited to, a minimum acreage or site configuration including shape and topography, visibility, specific types or levels of public facilities, services or energy infrastructure, or proximity to a particular transportation or freight facility such as rail, marine ports and airports, multimodal freight or transshipment facilities, and major transportation routes.

(12) *"Suitable"* means serviceable land designated for industrial or other employment use that provides, or can be expected to provide the appropriate site characteristics for the proposed use.

(13) *"Total Land Supply"* means the supply of land estimated to be adequate to accommodate industrial and other employment uses for a 20-year planning period. Total land supply includes the short-term supply of land as well as the remaining supply of lands considered suitable and serviceable for the industrial or other employment uses identified in a comprehensive plan. Total land supply includes both vacant and developed land.

(14) *"Vacant Land"* means a lot or parcel:

(a) Equal to or larger than one half-acre not currently containing permanent buildings or improvements; or

(b) Equal to or larger than five acres where less than one half-acre is occupied by permanent buildings or improvements.

Unlike with residential lands, the rules for employment lands include the concept of "suitability," which can be affected by factors other than the physical attributes of land. (See OAR 660-009-0005 [11] and [12] above.) The BLI methods do not fully address the suitability factors, rather, they more narrowly assess whether a parcel is buildable based solely on attributes of the land.

The methods used for conducting the Tualatin commercial and industrial BLI is consistent with Oregon statutes. However, the methods used for inventorying land within the city are based on the BLI completed by Metro for the 2018 Urban Growth Report (UGR). Metro is required to complete a BLI for land within the regional UGB every six years, and the agency updated the BLI (based on 2016 data) in January 2018. The methods used for inventorying Tualatin lands attempt to be consistent with Metro’s results while also accounting for new development since 2016 and other local conditions, such as unique environmental constraints.

Overview of the Methodology

The BLI for Tualatin is based on the data and methods used by Metro. In addition, ECONorthwest’s approach updated Metro’s results to account for new development (the Metro 2018 UGR is based on 2016 data) and other potential local conditions, such as unique environmental constraints.

Study Area

The BLI for Tualatin includes all commercial and industrial land designated in the Comprehensive Plans within city limits and designated planning areas (referred to as Tualatin Planning Area). ECONorthwest used Metro’s BLI, which used the 2016 RLIS tax lot database, as the basis for the BLI. We worked with City staff to identify new developments or changes since 2016 to reflect Tualatin’s commercial and industrial land base in 2019.

Inventory Steps

The BLI consisted of several steps:

1. Generating UGB “land base”
2. Classifying land by development status
3. Identifying constraints
4. Verifying inventory results
5. Tabulating and mapping results

Step 1: Generate “Land Base”

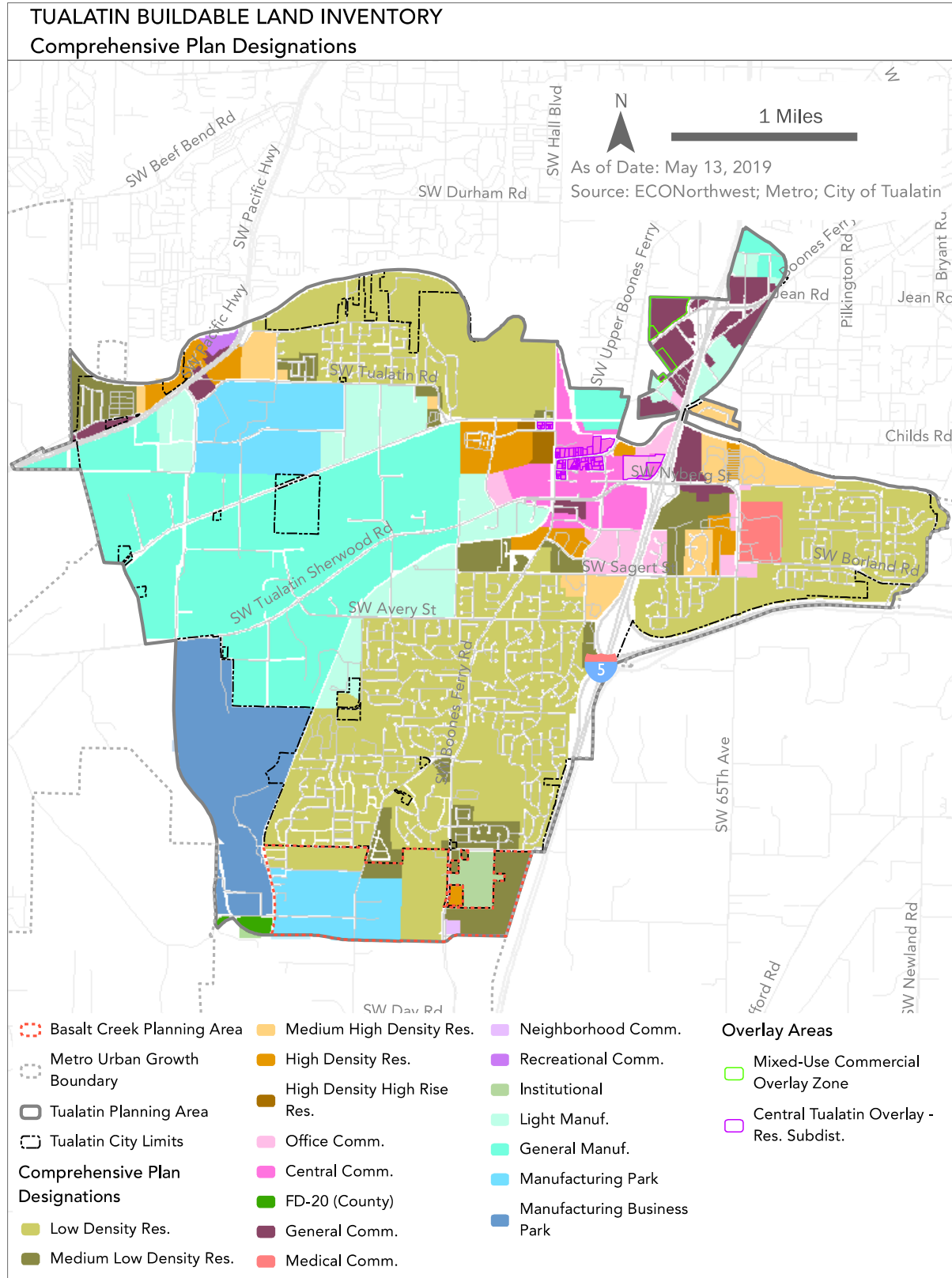
Per Goal 9, this involves selecting all of the tax lots with employment plan designations. Based on information provided by City staff, ECONorthwest included the following Plan Designations in the BLI:

- Office Commercial
- Central Commercial
- General Commercial
- Medical Commercial
- Neighborhood Commercial
- Recreational Commercial

- Light Manufacturing
- General Manufacturing
- Manufacturing Park
- Manufacturing Business Park

Exhibit 58 shows Comprehensive Plan designations for the City of Tualatin.

Exhibit 58. Comprehensive Plan Designations, Tualatin Planning Area, 2019



Step 2: Classify Lands

In this step, ECONorthwest classified each tax lot with a plan designation that allows employment uses into one of four mutually exclusive categories based on development status:

- Vacant
- Partially Vacant
- Potentially Redevelopable
- Public or Exempt
- Developed

ECONorthwest used the classification determined through Metro’s model: vacant, ignore, and developed. In addition, ECONorthwest included a new classification for partially vacant and potentially redevelopable lots. The definitions for each classification are listed below.

| Development Status | Definition | Statutory Authority |
|--------------------------------|--|-------------------------|
| Vacant | <p>Tax lots designated as vacant by Metro based on the following criteria:</p> <ol style="list-style-type: none"> 1) Fully vacant based on Metro aerial photo 2) Tax lots with less than 2,000 square feet developed AND developed area is less than 10% of lot 3) Lots 95% or more vacant from GIS vacant land inventory | OAR 660-009-005(14) |
| Partially Vacant | Lots with an existing single-family dwelling but have been redesignated for commercial or industrial use (e.g., lots in the Basalt Creek Planning Area). These lots are assumed to redevelop in the planning period. | No statutory definition |
| Potentially Redevelopable | Lots determined to have redevelopment capacity based on Metro’s Threshold Price methodology. | No statutory definition |
| Ignore (Public or Exempt uses) | Lots in public or semi-public ownership are considered unavailable for commercial or industrial development. This includes lands in Federal, State, County, or City ownership, as well as lands owned by churches and other semi-public organizations and properties with conservation easements. These lands are identified using the Metro’s definitions and categories. | No statutory definition |
| Developed | Lots not classified as vacant, potentially redevelopable, or public/exempt are considered developed. Developed land includes lots with redevelopment capacity, which are also included in BLI. The capacity of developed but redevelopable lots is based on Metro’s estimates. | OAR 660-009-005(1) |

Step 3: Identify Constraints

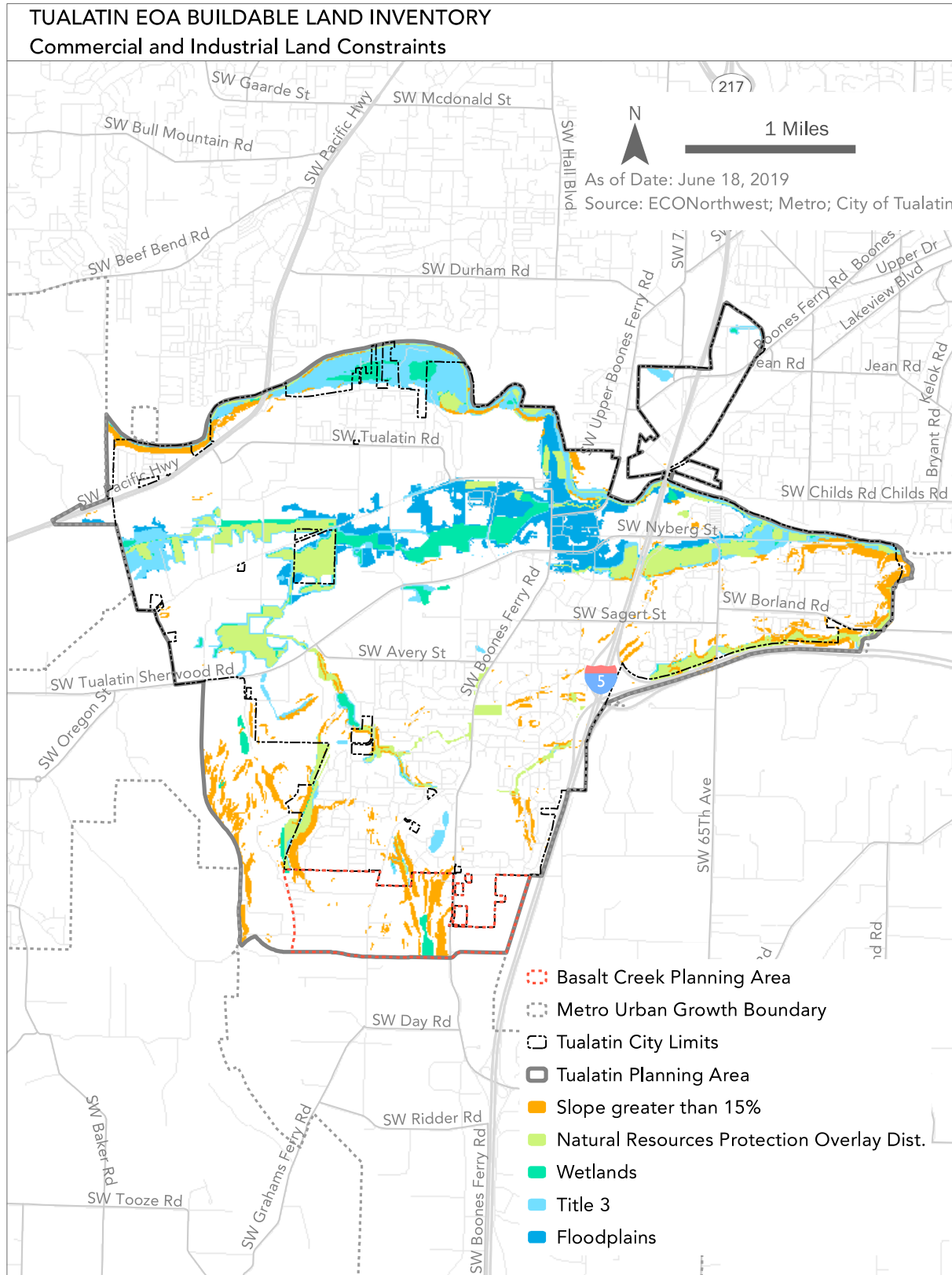
Consistent with OAR 660-008-0005(2) guidance on buildable lands inventories, ECONorthwest deducted certain lands with development constraints from vacant lands. We used some of the constraints established in Metro’s methodology with modifications to fit local considerations in Tualatin. These constraints are summarized in the table below.

| Constraint | Statutory Authority | Threshold |
|---|---------------------|---|
| Goal 5 Natural Resource Constraints | | |
| Natural Resources Protection Overlay District | OAR 660-008-0005(2) | Areas in the NRPOD |
| Riparian Corridors | OAR 660-015-0000(5) | Areas protected by the Stream and Floodplain Plan |
| Wetlands | OAR 660-008-0005(2) | Areas in wetlands |
| Natural Hazard Constraints | | |
| 100-Year Floodplain | OAR 660-008-0005(2) | Lands within FEMA FIRM 100-year floodplain |
| Steep Slopes | OAR 660-008-0005(2) | Slopes greater than 15% |

The lack of access to water, sewer, power, road or other key infrastructure cannot be considered a prohibitive constraint unless it is an extreme condition. This is because tax lots that are currently unserviced could potentially become serviced over the 20-year planning period.

Exhibit 59 maps the development constraints used for the commercial and industrial BLI.

Exhibit 59. Development Constraints, Tualatin Planning Area, 2019



Step 4: Verification

ECONorthwest used a multi-step verification process. The first verification step included a “rapid visual assessment” of land classifications using GIS and recent aerial photos. The rapid visual assessment involved reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECONorthwest reviewed all tax lots included in the inventory using the rapid visual assessment methodology. The second round of verification involved City staff verifying the rapid visual assessment output. ECONorthwest amended the BLI based on City staff review and comments, particularly related to vacant land developed since 2016.

Step 5: Tabulation and Mapping

The results are presented in tabular and map format. The Tualatin Commercial and Industrial BLI includes all employment land designated in the Comprehensive Plan within the Tualatin Planning Area. From a practical perspective, this means that ECONorthwest inventoried all lands within tax lots identified by Metro that fall within the Tualatin Planning Area. The inventory then builds from the tax lot-level database to estimates of buildable land by plan designation.

DATE: December 4, 2019
TO: Tualatin Project Advisory Committees
CC: Karen Perl Fox, Steve Koper, and Jonathan Taylor
FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
SUBJECT: FINAL: TUALATIN ECONOMIC DEVELOPMENT STRATEGY

The City of Tualatin contracted ECONorthwest to develop an Economic Opportunities Analysis and an Economic Development Strategy for Tualatin. The Economic Opportunities Analysis (EOA) will determine whether the City of Tualatin has enough land to accommodate twenty years of commercial and industrial job growth. The EOA will provide the basis for an update to the City's Comprehensive Plan Economic Element, as well as development of an action plan to implement the economic development policies (i.e., the Economic Development Strategy).

The EOA uses a planning period of 2020–2040. Tualatin is planning for growth of about 12,800 new jobs within the Tualatin planning area over the twenty-year planning period. The preliminary results of the EOA show that Tualatin has a deficit of land designated for employment in the Commercial and Industrial Comprehensive Plan Designations.

A key objective of the EOA and accompanying Economic Development Strategy is to identify options for changes to the City's Comprehensive Plan and land use regulations needed to address commercial and industrial land needs. This memorandum presents an economic development strategy for Tualatin, based on the results of the EOA and discussions with the Community Advisory Committee (CAC) and Technical Advisory Committee (TAC). The economic development strategy presents a comprehensive package of interrelated policy changes that the CAC recommends the City address.

This Economic Development Strategy focuses on land use tools to ensure there is adequate land planned and zoned to provide opportunities for employment growth on sites with a variety of characteristics (e.g., site sizes, locations, visibility, and other characteristics).

Through the technical analysis of the EOA and input from the CAC and TAC, the City identified four strategic priorities to address issues identified in the EOA. The strategic priorities are: (1) ensuring an adequate supply of land that is available and serviceable; (2) identifying redevelopment opportunities; (3) supporting business retention, growth, and attraction; and (4) ensuring there are connections between planning for economic development and other community planning. Strategic priorities are described in greater detail in the section below.

Appendix A presents the full text of Tualatin's existing Comprehensive Plan policies for commercial and industrial development. Appendix B presents the information about economic development tools commonly used in other cities in Oregon.

Tualatin's Economic Development Strategy

Tualatin's Economic Development Strategy is organized around four broad strategic priorities: (1) ensure an adequate supply of land that is available and serviceable; (2) identify redevelopment opportunities; (3) support business retention, growth, and attraction; and (4) ensure there are connections between planning for economic development and other planning (such as transportation planning, water and wastewater planning, and economic development planning). The broad goal of the Tualatin Economic Development Strategy is to help the City manage the land within the Tualatin planning area to support and manage economic growth while maintaining the character and quality of life in Tualatin and protecting public interests such as health, safety, and municipal revenues.

The Tualatin CAC convened seven times between March 2019 and September 2019. The CAC discussed economic development at the meetings in June, August, and September. The Tualatin TAC met four times between April 2019 and September 2019 and discussed economic development at the June, August, and September meetings (while some meetings included discussions of other topics, as well). The CAC and TAC provided input on the development of the Economic Development Strategy through discussions at meetings and opportunities for input on written documents.

The recommendations from the CAC in this strategy consider key findings from the EOA, such as the following examples. The City has a long-term deficit of commercial and industrial land for growth over the 2020 to 2040 period. This document presents a comprehensive strategy that provides a variety of policies to support business retention, growth, and attraction in Tualatin.

Many of the actions described in the Tualatin Economic Development Strategy will require legislative amendments to the City's Comprehensive Plan and/or Development Code. These actions will be subject to standard notification and hearing procedures. After the economic opportunities analysis is completed, the Planning Commission and City Council will prioritize the actions suggested in this memorandum, along with other actions suggested for Tualatin in 2040. Implementation of high priority actions will begin in 2020, based on City Council direction.

Summary of Actions

The table below summarizes the strategies, actions, and recommendations made by the CAC. The priority shown in the table is based on discussions with the CAC about the actions they view as being in need of prompt attention. Low-priority actions represent actions that the CAC thinks are important but that may be executed later on in the Tualatin 2040 process. At some level, all of the actions in this strategy are a high priority for the CAC.

| Strategy, Action, and Recommendations | Priority |
|--|----------|
| Strategy 1: Ensure an adequate supply of land that is available and serviceable. | |
| Action 1.1. Evaluate opportunities to increase mixed-use development. <ul style="list-style-type: none"> ▪ Recommendation 1.1a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes commercial and residential uses. ▪ Recommendation 1.1b: Evaluate opportunities to develop an employment zone that allows for greater mixture of industrial and commercial uses, limiting retail commercial uses. | High |
| Action 1.2. Identify opportunities to make more efficient use of industrial land. <ul style="list-style-type: none"> ▪ Recommendation 1.2a: Prohibit new development that require substantial amounts of land but result in little employment. ▪ Recommendation 1.2b: Evaluate reducing or eliminating the minimum lot size from 20,000 square feet. | Medium |
| Action 1.3. Identify opportunities to make more efficient use of commercial land. <ul style="list-style-type: none"> ▪ Recommendation 1.3a: Evaluate reducing or eliminating the minimum lot size from 10,000 square feet in commercial zones and allow additional development standards to determine minimum lot size. ▪ Recommendation 1.3b: Evaluate increasing building height limits in commercial development centers, including for retail development. | High |
| Action 1.4. Plan for infrastructure development to support commercial and industrial development. <ul style="list-style-type: none"> ▪ Recommendation 1.4a: Prioritize infrastructure projects, especially transportation projects that are necessary to support employment growth, with the goal of managing and reducing congestion resulting from new growth. ▪ Recommendation 1.4b: Seek support from regional partners for development and improvement of transportation infrastructure that serves employment centers in Tualatin. ▪ Recommendation 1.4c: Identify opportunities to increase transit service between Tualatin and other cities within the Portland region. ▪ Recommendation 1.4d: Identify options to extend transit service within Tualatin to employment centers. | Low |
| Action 1.5. Work with landowners ensure land is development-ready and certified as shovel ready by Business Oregon. <ul style="list-style-type: none"> ▪ Recommendation 1.5a: Encourage and assist landowners to get their sites certified through the Business Oregon Certified Shovel Ready program. ▪ Recommendation 1.5b: Continue to work with landowners to ensure that development sites are listed on Business Oregon’s prospector site. | Low |

| Strategy, Action, and Recommendations | Priority |
|---|----------|
| <p>Action 1.6. Plan for long-term development in Tualatin through 2040 and beyond.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.6a: Actively work with Metro staff to ensure that Tualatin’s population and employment forecasts are planned for similar growth rates and to coordinate Tualatin’s planning with regional plans. ▪ Recommendation 1.6b: Develop and implement a system to monitor the supply of commercial and industrial land every two years. ▪ Recommendation 1.6c: Reevaluate Tualatin’s economic opportunities and land sufficiency every three years. | High |
| Strategy 2: Identify redevelopment opportunities. | |
| <p>Action 2.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.1a: Initiate a process to identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment. | Low |
| <p>Action 2.2. Revise the Tualatin Town Center Plan to focus on opportunities to support redevelopment.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.2a: Develop a community vision and planning for the Town Center, with a focus on redevelopment to support development of housing and employment uses. ▪ Recommendation 2.2b: Evaluate opportunities to redevelop City-owned properties to create catalytic projects that include a mix of housing and retail and office uses. | High |
| <p>Action 2.3. Identify opportunities to redevelop and intensify uses in industrial areas.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.3a: Identify opportunities for industrial redevelopment and work with property owners to support redevelopment, which may require changes to zoning to allow different types of industrial buildings (i.e., vertical buildings) or infrastructure investments to provide additional urban services. | Medium |
| <p>Action 2.4. Develop policies to support redevelopment and mixed-use development.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.4a: Evaluate the redevelopment potential of publicly owned properties, such as parking lots. ▪ Recommendation 2.4b: Continue to evaluate establishing new urban renewal districts to support development of commercial, industrial, and residential businesses, especially mixed-use districts. | High |
| Strategy 3: Support business retention, growth, and attraction. | |
| <p>Action 3.1. Revise the Economic Development Strategy, develop a clear vision for economic development, and create an action plan to implement the vision.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.1a: Establish an Economic Development Commission to guide development of the economic development strategy. ▪ Recommendation 3.1b: Develop an action-oriented five-year economic development action plan that includes a community vision. | Medium |
| <p>Action 3.2 Support growth of existing businesses in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.2a: Continue to identify opportunities to support existing businesses in Tualatin, through working with partners such as the Tualatin Chamber of Commerce to identify and resolve issues that are barriers to the businesses growing and staying in Tualatin. | Low |
| <p>Action 3.3. Support growth of and retain entrepreneurial businesses in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.3a: Continue to identify opportunities to support growth and retention of entrepreneurial businesses in Tualatin. | High |

| Strategy, Action, and Recommendations | Priority |
|--|----------|
| <p>Action 3.4. Identify opportunities to attract or grow businesses with pay at or above Tualatin's average wage.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.4a: Identify partnerships and incentive programs to grow, retain, and attract businesses with wages at or above the City's average wage of \$57,300. | Medium |
| <p>Action 3.5. Evaluate use of incentives to retain, grow, and attract businesses.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.5a: Evaluate the outcomes the City wants to achieve through offering economic development incentives and the incentives the City could offer. | Medium |
| <p>Action 3.6. Ensure that Tualatin has sufficient staff capacity to implement the economic development priorities set by the City Council.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.6a: Council should work with the City Manager, Community Development Director, and Economic Development Manager to determine whether the City will need to add staff to implement the policies in the Economic Development Strategy. ▪ Recommendation 3.6b: City staff should work with City Council members and stakeholders to ensure they understand economic development processes and tools/policies to support economic development. | Low |
| Strategy 4: Ensure there are connections between planning for economic development and other community planning. | |
| <p>Action 4.1. Ensure that updates to the Transportation System Plan coordinate with planning for employment and business growth.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for mixed-use and commercial development, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit). ▪ Recommendation 4.1b: Evaluate opportunities to expand transit and improve transportation connectivity (both capacity and access on I-5 and regional connector roads) for freight and automobiles between Tualatin and other cities within the Portland region. ▪ Recommendation 4.1c: Evaluate opportunities to expand transit and improve transportation connectivity within Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin's Town Center and vital services and out to the neighborhoods. ▪ Recommendation 4.1d: Evaluate opportunities for planning transit-oriented development, as transit becomes more available in Tualatin, consistent for redevelopment planning. ▪ Recommendation 4.1e: Develop a bicycle and pedestrian plan for Tualatin to increase these types of connectivity within Tualatin. | High |
| <p>Action 4.2. Coordinate planning for economic development planning with housing planning.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.2a: Ensure the City plans for housing that is affordable to people who work at businesses in Tualatin. | Low |
| <p>Action 4.3. Develop a design and planning framework for "ten-minute neighborhoods" that include a mixture of uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.3a: Develop a framework for mixed-use neighborhoods that include the elements that residents need for day-to-day life. | Medium |
| <p>Action 4.4. Identify opportunities to support workforce development.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.4a: Work with businesses and partners in education to ensure there are workforce training opportunities in Tualatin. | Medium |
| <p>Action 4.5. Evaluate development of a civic center with a range of uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.5a: Evaluate development of a civic center with a range of uses in Tualatin. | Low |

Strategy 1: Ensure an Adequate Supply of Land that is Available and Serviceable

This strategy is about ensuring an adequate land supply, which includes a twenty-year supply and a pipeline of serviced land that is available for immediate development (referred to as a “short-term” supply of employment land). Employment land supply should include sites with a variety of characteristics (e.g., site sizes, locations, visibility, and other characteristics). Efficient use of Tualatin’s employment land is key to ensuring that Tualatin has adequate opportunities to grow from 2020 to 2040, and beyond. In the Portland region, the average size of new development sites for employment is generally between 5 and 15 acres in size.

Issue Statement

Tualatin’s forecast for commercial and industrial employment growth and land demand shows that Tualatin has a deficit of land (74 gross acres) in Industrial Plan Designations and a deficit (175 acres) in Commercial Plan Designations (including retail, office, and other commercial services).

Tualatin is part of the Metro Urban Growth Boundary (UGB) and cannot expand its planning area on its own. Tualatin can, however, increase land use efficiency within its planning area through changing zoning standards (e.g., limiting uses with lower employment density), allowing and encouraging more mixed-use development, and planning for redevelopment (see Strategy 2). This is a common issue and opportunity in Tualatin for both housing and economic development, which provides an opportunity for the City to develop solutions for both.

Tualatin needs land that is vacant but also has urban services that support commercial and industrial development, such as municipal water services, sewer and wastewater services, stormwater management systems, and transportation connections with adequate capacity to accommodate growth. Tualatin can monitor growth to ensure that the City has enough land in the short-term land supply (available for development within one year of application for a building permit) and shovel-ready land (available for development within 180 days of application for a building permit). Tualatin can work with Metro and other regional partners on future expansions of the Metro UGB to accommodate additional employment land development in Tualatin.

Goal

Ensure that sufficient land is designated so that the supply is adequate for commercial and industrial development. Maintain an adequate short-term supply of suitable, shovel-ready commercial and industrial land to respond to economic development opportunities as they arise.

“Short-term supply” means suitable land that is ready for construction usually within one year of an application for a building permit or request for service extension.

Recommended Actions

Action 1.1: Evaluate opportunities to increase mixed-use development.

Tualatin has a deficit of industrial land (74 gross acres) and commercial land (175 gross acres). In addition, Tualatin has a deficit of residential land in the Medium High Density Residential designation (about 7 gross acres of land) and in the High Density / High-Rise Residential designation (about 4 gross acres of land). One way to address these land deficits is to allow and encourage mixed-use development.

Tualatin can identify additional opportunities for development of commercial and residential mixed-use development (consistent with recommendation Action 1.2 in the Housing Strategy). In identifying opportunities for mixed-use, the City should coordinate planning for new mixed-use areas with Action 5.1 in the Housing Strategy, to identify three to four areas within Tualatin for redevelopment as mixed-use areas (Action 2.1 addresses need for redevelopment). The mixed-use areas could serve multiple purposes in Tualatin; they could function as places to live and/or work, as destinations for residents in other parts of Tualatin, or as recreational experiences for visitors. In addition, feedback from the CAC shows that the community wants rezoning and redevelopment to promote the opportunities for commercial and industrial development, especially mixed-use development.

In addition, Tualatin could develop an employment zone that allows for a greater mixture of industrial and commercial uses, limiting retail commercial uses. Areas for this type of employment zone might include Basalt Creek or the Leveton area. These mixed-use zones should allow for greater density in the form of taller buildings, smaller lot sizes, and other opportunities for increased development capacity.

[Recommendation 1.1a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes commercial and residential uses. The City should exclude industrial sanctuary land \(i.e., land in the Southwest Tualatin Concept Plan area\) from this evaluation, as this land has been identified as regionally significant industrial areas.](#)

[Recommendation 1.1b: Evaluate opportunities to develop an employment zone that allows for greater mixture of industrial and commercial uses, limiting retail commercial uses.](#)

Action 1.2: Identify opportunities to make more efficient use of industrial land.

Tualatin has a deficit of 74 acres of industrial land. One way to make the most efficient use of industrial land in Tualatin is changing the zoning ordinance to focus uses on key target industries and allow for denser development.

The City should consider no longer allowing development of new businesses that require substantial amounts of land but result in little employment and have low employment densities. Such uses include warehouse and distribution, vehicle storage, or self-storage units. Existing businesses of these types should be allowed to continue to operate.

The City should consider reducing or eliminating the minimum lot size from 20,000 square feet, especially in areas that have existing small lots already. These standards may be necessary in regionally significant industrial areas (RSIA).

[Recommendation 1.2a:](#) Prohibit new development that requires substantial amounts of land but results in little employment and has low employment densities, such as warehouse and distribution.

[Recommendation 1.2b:](#) Evaluate reducing or eliminating the minimum lot size from 20,000 square feet, especially in areas that have existing small lots.

Action 1.3: Identify opportunities to make more efficient use of commercial land.

Tualatin has a deficit of 175 acres of commercial land. One way to make the most efficient use of industrial land in Tualatin is by changing the zoning code to make more efficient use of commercial areas. For example, Tualatin could reduce or eliminate the minimum lot size to 10,000 square feet (from the three-acre minimum lot size the Mid-Rise Office Commercial zone). Tualatin could also increase building height limits to allow taller buildings in key commercial development centers (currently most commercial zones allow 35 to 45 feet, with the Mid-Rise Office Commercial zone allowing buildings as tall as 75 feet).

In addition, promoting mixtures of uses (consistent with Action 1.1) that integrate employment and housing can help promote efficient use of land. The large deficit of commercial land, however, will require rezoning land for new commercial uses or redeveloping existing land to allow new commercial uses (consistent with Action 2.1).

[Recommendation 1.3a:](#) Evaluate reducing or eliminating the minimum lot size from 10,000 square feet in commercial zones. Allow additional development standards, such as requirements for parking and circulation or setbacks, to determine minimum lot size.

[Recommendation 1.3b:](#) Evaluate increasing building height limits in commercial development centers, including for retail development.

Action 1.4. Plan for infrastructure development to support commercial and industrial development.

The City already coordinates land use planning with the Capital Improvement Plan to ensure that infrastructure is available to support commercial and industrial development, especially in newly urbanizing areas and areas identified as high priority for development. Some types of infrastructure development, especially transportation and transit infrastructure, have lagged behind growth in Tualatin and in the broader region, resulting in automotive congestion and insufficient transit service, as discussed in Strategy 4 and in Strategy 6 of the Housing Strategy.

[Recommendation 1.4a:](#) Prioritize infrastructure projects, especially transportation projects that are necessary to support employment growth, with the goal of managing and reducing congestion resulting from new growth.

[Recommendation 1.4b](#): Seek regional support for development and improvement of transportation infrastructure by working with Washington County, Metro, adjacent communities, and ODOT, to advocate for and support improvements to key regional transportation facilities that serve employment areas in Tualatin.

[Recommendation 1.4c](#): Identify opportunities to increase transit service between Tualatin and other cities within the Portland region (such as the ongoing planning for the Southwest Corridor) and transit within Tualatin.

[Recommendation 1.4d](#): Identify options to extend transit service to employment centers to expand transportation options for workers in Tualatin, such as a local bus service like Wilsonville's SMART.

Action 1.5: Work with landowners ensure land is development-ready and certified as shovel ready by Business Oregon.

The *Regional Industrial Site Readiness Inventory (2017 update)* identifies large sites (those over 25 buildable acres) and their development-ready status across the Portland Metro Region. The report categorizes sites within the Portland Metro Region based on site size (focusing on sites with 25 or more net buildable acres), development-ready status (based on the status of urban infrastructure provision and brownfield remediation status), and the willingness of the owner to sell or develop the site.

Tier 1 sites are those with at least 25 net buildable acres that are development ready within 180 days (6 months) and have an owner who is willing to sell or develop the site. Tualatin has no Tier 1 sites. There are four sites in Tualatin that qualify for Tier 2 or Tier 3 status, identified as being ready for development between 7 to 30 months (for Tier 2 sites) and more than 30 months (for Tier 3 sites).

In addition, the *Regional Industrial Site Readiness Inventory* also identifies four sites in Tualatin that are smaller than 25 buildable acres. While these smaller sites are not part of the inventory of Tier 1 through Tier 3 sites, they play an important role in providing opportunities for business development in Tualatin. Many of the inquiries to Greater Portland Inc. for development sites for new businesses are for sites smaller than 25 acres.

For areas with existing or planned infrastructure (consistent with Action 1.4), the City can encourage and assist landowners in getting their sites certified as shovel-ready through the Business Oregon Certified Shovel Ready program. A site is shovel-ready if it is specifically zoned for industrial or traded-sector uses, has the infrastructure necessary to support development (or can have it within 180 days), and is available for development within 180 days or less.

Shovel-ready sites and other development sites can be listed on Business Oregon's Oregon Prospector website to market sites to potential developers and businesses. The Oregon Prospector website reports information about site location, size, access to infrastructure, and

other characteristics that developers need to know prior to making locational decisions. There is one site in Tualatin currently listed on Oregon Prospector.

[Recommendation 1.5a:](#) Encourage and assist landowners in getting their sites certified through the Business Oregon Certified Shovel Ready program. The economic developer should work directly with the local landowners on the certification process.

[Recommendation 1.5b:](#) Continue to work with landowners to ensure that development sites are listed on Business Oregon's Oregon Prospector website.

Action 1.6. Plan for long-term development in Tualatin through 2040 and beyond.

The Economic Opportunity Analysis plans for the 2020 to 2040 period. It shows that employment will continue to grow in Tualatin at a substantially faster pace than households over the next twenty years. One of the key issues discussed through the Economic Opportunity Analysis and Housing Needs Analysis is the existing and likely future imbalance of employment and housing, where people who work at businesses in Tualatin have limited opportunities to live in Tualatin.

A key part of long-range planning is working with Metro on regional planning for housing and employment in and around Tualatin. The City would be well-served by having information to share with Metro about new development, the City's planning efforts to provide opportunities for people to work and live in Tualatin, and economic development plans.

[Recommendation 1.6a:](#) Actively work with Metro staff on upcoming Regional Growth Management reports to ensure that Tualatin's population and employment forecasts are planned for similar growth rates and to coordinate Tualatin's planning with regional plans.

[Recommendation 1.6b:](#) Develop and implement a system to monitor the supply of commercial and industrial land every two years. This includes monitoring employment development (through permits) as well as land consumption (e.g., development on vacant or redevelopable lands). The reports resulting from growth monitoring can be used in working with Metro to better understand Tualatin's opportunities for growth and characterize needs for expansion to accommodate employment growth.

[Recommendation 1.6c:](#) Reevaluate Tualatin's economic opportunities and land sufficiency every three years.

Strategy 2: Identify Redevelopment Opportunities

This strategy focuses on actions that are intended to identify redevelopment opportunities in areas where employment growth would be appropriate.

Issue Statement

Tualatin has a deficit of industrial and commercial land that comprises 74 and 175 gross acres, respectively. Some of this deficit could be accommodated through redevelopment of existing areas within Tualatin, where there are opportunities to increase the intensity of land uses. Redevelopment opportunities may also provide opportunities for the development of mixed-use areas that are more walkable, have frequently accessed amenities (e.g., schools, medical facilities, parks, retail, restaurants, and other services), have access to transit, and accommodate new housing, consistent with the actions in Strategy 4.

Redevelopment may require actions from other strategies, such as increasing allowable densities, rezoning, land assembly, tax abatement programs to support employment growth development, and funding support such as urban renewal or local improvement district.

Goal

Redevelop selected areas of Tualatin to create vibrant mixed-use districts that include new employment and housing opportunities.

Recommended Actions

Action 2.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

This action is consistent with the Housing Strategy Action 5.1. Tualatin has deficits of land for development of commercial uses, as well as for development of multifamily housing to accommodate new housing in the Medium High Density and High Density / High-Rise Plan Designations.

The City should identify three to four areas within Tualatin for redevelopment into mixed-use areas, with a mixture of higher-density housing and employment uses such as retail, office, and commercial services. For example, some areas that may be appropriate for redevelopment include the Commons, areas near key transit stops, and the area west of 6th Street/east of 90th Street/north of Sagert Street. In selecting areas ripe for redevelopment, the City should consider whether economic conditions support redevelopment, landowner attitudes to redevelopment, and set criteria for selecting redevelopment areas based on considerations such as transportation and transit connections and proximity to existing employment centers.

The City should engage the community in developing a vision for redeveloping the selected areas. The planning to implement this vision could be achieved through a redevelopment plan that shows how the property will be redeveloped into a vibrant area with a mixture of uses, connections with Tualatin's automotive and pedestrian/bicycle transportation networks, and a variety of housing types. The redevelopment plans should include working with landowners to

ensure they are supportive of redevelopment plans, as well as stakeholder and citizen involvement and input into the vision for the district and development of the redevelopment plans.

The City should consider opportunities to support redevelopment, such as use or urban renewal (Action 2.4) to address infrastructure deficiencies, as well as approaches to overcome barriers to redevelopment.

[Recommendation 2.1a: Initiate a process to identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment.](#)

Action 2.2: Revise the Tualatin Town Center Plan to focus on opportunities to support redevelopment.

The Tualatin Town Center Plan was intended to guide development in Tualatin’s downtown area, which is centered around the Lake of the Commons and includes about 364 acres of land. The existing Town Center Plan was developed in the mid-2000s and was not adopted.

An update of the Town Center Plan could focus on opportunities for redevelopment, including identifying changes to zoning necessary to allow and encourage development of both housing and employment uses. The update should include development of a community vision for the future of Town Center to guide changes to zoning and other policy, as well as City investments in Town Center.

In conjunction with the update to the Tualatin Town Center Plan, the Tualatin Development Commission could act as developer for redevelopment of City-owned properties (such as surface parking lots) to create catalytic projects that include a mix of housing (both market-rate and affordable housing) and retail and office uses.

[Recommendation 2.2a: Develop a community vision and planning for Town Center, with a focus on redevelopment to support development of housing and employment uses.](#)

[Recommendation 2.2b: Evaluate opportunities to redevelop City-owned properties to create catalytic projects that include a mix of housing \(both market-rate and affordable housing\) and retail and office uses.](#)

Action 2.3: Identify opportunities to redevelop and intensify uses in industrial areas.

Redevelopment often focuses on commercial and residential redevelopment. Industrial redevelopment (where industrial land is redeveloped for new industrial uses) is less common in smaller cities like Tualatin because the costs of redevelopment often exceed the value of land for new industrial uses or rents are not high enough to support industrial redevelopment. In the Portland region, however, redevelopment is occurring in industrial areas, possibly as a result of the higher achievable rents and desirability of locations in Portland and other industrial centers.

There may be opportunities for industrial redevelopment for new industrial uses in Tualatin over the twenty-year planning period. These opportunities may include sites with excellent access to I-5 or other regional roads, where redevelopment costs are lower (i.e., brownfield remediation is not required), or at Tigard Sand and Gravel’s gravel mine, once the company is done with mining operations.

[Recommendation 2.3a: Identify opportunities for industrial redevelopment and work with property owners to support redevelopment, which may require changes to zoning to allow different types of industrial buildings \(i.e., vertical buildings\) or infrastructure investments to provide additional urban services. This action is consistent with Action 1.2.](#)

Action 2.4: Develop policies to support redevelopment and mixed-use development.

The costs of redevelopment and of mixed-use development can make these types of development financially infeasible or at least very difficult. Given the deficit of land for commercial and industrial development, Tualatin will need to support redevelopment. Supporting mixed-use development is key to accommodating the need for higher-density multifamily housing and providing opportunities for people to live and work in Tualatin. The City should evaluate opportunities to support redevelopment and mixed-use development within Tualatin. Some examples include:

- Use publicly owned properties, such as parking lots, to assemble land for development of catalytic projects that support additional development and further other community objectives, such as housing affordable to workers with incomes of about \$50,000 (about 60% of the median family income, based on the Housing Needs Analysis) or a business incubator or shared workspace to support growth of small businesses.
- Assist with assembly of land to support redevelopment that includes multiple properties.
- Continue to evaluate establishing new urban renewal districts, consistent with Action 4.2 in the Housing Strategy. For economic development purposes, urban renewal is often used for projects to improve districts (i.e., street beautification or façade programs), providing low-interest loans to businesses (i.e., loans to support expansion of businesses that provide jobs at or above the City average), or infrastructure improvements needed to support commercial or industrial development.

[Recommendation 2.4a: Evaluate the redevelopment potential of publicly owned properties, such as parking lots.](#)

[Recommendation 2.4b: Continue to evaluate establishing new urban renewal districts to support the development of commercial, industrial, and residential businesses, especially mixed-use districts.](#)

Strategy 3: Support Business Retention, Growth, and Attraction

Economic development generally occurs through three broad approaches: retention of existing businesses, growth of existing and small businesses (such as entrepreneurs), and attraction of new businesses from outside of the City. This strategy describes economic development efforts to support growth of economic activity and employment.

Issue Statement

The main focus of economic development is retaining and growing businesses. These businesses both provide employment for people living in Tualatin and the surrounding region and pay property taxes that help balance the City's tax base. Generally speaking, the costs to serve residential lands is often greater than the cost to serve employment lands, because residents use more services (such as schools, police, fire, governance and leadership, infrastructure maintenance, etc.) at a higher rate than employment. As the City works to balance development of housing and employment, the City should consider the long-term fiscal health and sustainability of the City by encouraging continued employment growth while also encouraging additional residential growth to provide opportunities for people to live and work in Tualatin.

This strategy is about actions that support retention and expansion of existing businesses, growth and creation of entrepreneurial businesses, and attraction of new businesses that align with Tualatin's values as a community. The types of businesses the City wants to attract most are non-polluting businesses with wages at or above the Washington County average, focusing on growth of businesses that have sufficient wages for their workers to afford to live and work in Tualatin.

Goal

Support business growth in Tualatin to diversify and expand commercial and industrial development in order to provide employment opportunities with levels of pay that allows workers to live in Tualatin, as well as supporting the City's tax base.

Recommended Actions

Action 3.1: Revise the economic development strategy, develop a clear vision for economic development, and create an action plan to implement the vision.

Tualatin has an existing economic development strategy, last updated in 2014. The City plans to update the Economic Development Strategy, based on the City's new Economic Opportunities Analysis. Discussions with stakeholders suggest it is important that updating the Economic Development Strategy include development of a clear vision for economic development, as the starting place for the Economic Development Strategy. **The vision should identify community aspirations for economic development and the City's role in economic development.**

The revised document should be an action-oriented five-year economic development action plan that includes a community vision for economic growth in Tualatin. The factual basis for the Action Plan is the information gathered about on local and regional economic trends

gathered through the Economic Opportunity Analysis, from policies and objectives established for the Comprehensive Plan (this document) and with feedback and input from stakeholders. The Action Plan would present detailed actions for executing the economic development policies based on the priorities established by the Tualatin City Council.

Development of this strategy could be guided by an Economic Development Committee composed of elected and appointed officials, business owners and managers in Tualatin, people involved in economic development in Tualatin (i.e., the Tualatin Chamber of Commerce) and the Portland region, and residents of Tualatin.

[Recommendation 3.1a: Establish an Economic Development Commission to guide development of the economic development strategy.](#)

[Recommendation 3.1b: Develop an action-oriented five-year economic development action plan that includes a community vision for economic growth in Tualatin.](#)

Action 3.2: Support growth of existing businesses in Tualatin.

Business retention is a key part of successful economic development. Working with partners such as the Tualatin Chamber of Commerce and the Tualatin Commercial Citizen Involvement Organization, the City should continue to reach out to businesses in Tualatin to identify and resolve issues related to growing their business and remaining in Tualatin. Issues that businesses in Tualatin have already identified include difficulties retaining workforce (given potentially long commutes and difficulty in finding qualified workers), increasing concerns about transportation and freight access and congestion, and a lack of incentives to support development. Issues related to transportation (commuting and freight access) are discussed in Action 4.1 and incentives to support development are discussed in Action 3.5. This document does not propose actions related to workforce quality, but this is likely an issue that would be addressed in the Economic Development Action Plan in Action 3.1b.

City staff can also support existing businesses by sharing technical resources, maintaining open communications with local businesspeople, and providing available staff support for economic development projects initiated by the business community.

[Recommendation 3.2a: Continue to identify opportunities to support existing businesses in Tualatin through working with partners such as the Tualatin Chamber of Commerce to identify and resolve issues that are barriers to the businesses growing and staying in Tualatin.](#)

Action 3.3: Support growth of and retain entrepreneurial businesses in Tualatin.

Small businesses, many of which are entrepreneurial, account for the majority of businesses in Tualatin. Businesses with five or fewer employees in Tualatin account for 64% of private employment and businesses with fewer than twenty employees account for 89% of private employment. The City should identify opportunities to support small and entrepreneurial businesses to grow and retain them in Tualatin. Some approaches to this include:

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- Form partnerships with organizations that assist entrepreneurial businesses, such as Tualatin Chamber of Commerce, Tualatin Commercial Citizen Involvement Organization, Westside Economic Alliance, Greater Portland Inc., Business Oregon, and Federal agencies such as the Economic Development Administration. These partnerships can help Tualatin identify resources to assist businesses and find solutions.
 - Identify opportunities to support growth of small businesses and entrepreneurs, such as business incubators or buildings with co-working space for small businesses.
 - Support and encourage home-based businesses and identify barriers in the City's policies to growth of home-based businesses.
 - Support or organize community events that involve local businesses, such as revitalization of the farmer's market or organizing events like Portland's Sunday Parkway.

[Recommendation 3.3a: Continue to identify opportunities to support growth and retention of entrepreneurial businesses in Tualatin.](#)

Action 3.4: Identify opportunities to attract or grow businesses with pay at or above Tualatin's average wage.

Tualatin's average wage was \$57,300 in 2017, compared with the Washington County average of \$70,300 in 2018. One of the areas of significant concern in development of the Economic Opportunities Analysis and Housing Needs Analysis was ensuring that workers in Tualatin can afford to both live and work in Tualatin. A worker earning the average wage in Tualatin can afford rents of about \$1,400 per month, which is above the average multifamily rent of \$1,200 in 2018. Affording the median housing sale price in Tualatin (about \$480,000 as of February 2019) requires a household income between \$120,000 and \$160,000, which will most frequently require a household with two full-time workers.

Attracting businesses that pay wages at or above the City's average wage will require deliberate effort on the City's part, such as developing incentive programs that attract or retain businesses (e.g., low-interest loans, fee waivers, and other incentives). The City will need to work with organizations that support business growth, retention, and attraction, such as Tualatin Chamber of Commerce, Tualatin Commercial Citizen Involvement Organization, Westside Economic Alliance, Greater Portland Inc., Business Oregon, and federal agencies (e.g., the Economic Development Administration). These partnership may include marketing Tualatin to attract new businesses.

Examples of these businesses that often pay above average wages include those identified as target industries in Tualatin's Economic Opportunities Analysis, such as advanced manufacturing, food processing, plastics manufacturing, information technology and analytical systems, and business services.

[Recommendation 3.4a: Identify partnerships and incentive programs to grow, retain, and attract businesses with wages at or above the City's average wage of \\$57,300.](#)

Action 3.5: Evaluate use of incentives to retain, grow, and attract businesses.

Cities often offer incentives to retain, grow, and attract businesses. In addition to having businesses stay in the community, cities use incentives to achieve goals such as attracting higher paying jobs, increasing the diversity of jobs or businesses, attracting businesses that pay high property taxes (such as manufacturers or data centers), or other desirable attributes. In Action 3.4, this memorandum identifies a goal of attracting businesses with higher paying jobs. Through the development of the Economic Development Action Plan (Action 3.1), the City may identify other business attributes or economic development goals it wants to achieve through offering incentives.

The City should evaluate use of incentives to achieve these goals, such as:

- Expedited entitlement and permitting process (e.g., 66-day review process for industrial projects).
- Financial assistance for business expansion or attraction, such as low-interest loans or grants.
- Public/private partnerships to support redevelopment of mixed-use development.
- Assist with assembly of land to support redevelopment that includes multiple properties.
- Property tax exemption, such as the Strategic Investment Program, which grants a fifteen-year property tax exemption for large capital-intensive facilities.
- Systems development charge (SDC) financing opportunities (consistent with Action 3.5 in the Housing Strategy).
- Development of or participation in a business incubator, shared workspace, start-up accelerators, or other forms of business mentoring.
- Work with partners (such as Tualatin Chamber of Commerce, Westside Economic Alliance, Greater Portland Inc., and Business Oregon) to market Tualatin's businesses and their product, across the state, nationally, and internationally.
- Street improvements and beautification.

[Recommendation 3.5a: Evaluate the outcomes the City wants to achieve through offering economic development incentives and the incentives the City could offer. This evaluation should be part of the development of the Economic Development Action Plan in Action 3.1.](#)

Action 3.6. Ensure that Tualatin has sufficient staff capacity to implement the economic development priorities set by the City Council.

The Economic Development Strategy presented in this memorandum, and especially the actions presented in Strategy 2 and Strategy 3, will take substantial staff time to evaluate and implement. The City may need additional staffing to implement the Economic Development Strategy.

Recommendation 3.6a: As the City Council allocates resources toward economic development efforts and sets priorities for implementation of the Economic Development Strategy, the Council should work with the City Manager, Community Development Director, and Economic Development Manager to determine whether the City will need to add staff to implement the policies in the Economic Development Strategy.

Recommendation 3.6b: City staff should work with City Council members and stakeholders to ensure they understand economic development processes and tools/policies to support economic development.

Strategy 4: Ensure there are Connections between Planning for Economic Development and Other Community Planning

This strategy focuses on actions that are intended to ensure coordination between planning for economic development and other community planning, such as housing, transportation planning, or other urban infrastructure planning (such as water or wastewater systems), and natural resources and parks planning.

Issue Statement

Discussions of economic development lead to discussions of transportation issues in Tualatin and a desire to ensure a job-housing balance in Tualatin. Transportation issues include heavy congestion on Tualatin's roadways, including access to I-5, arterial roads connecting Tualatin within the region, and local roadways. In addition, Tualatin is not well served with transit. Tualatin is served with the West Side Express Service (WES) train and two TriMet bus lines. The Max line is expected to extend to Bridgeport Village.

In addition, Tualatin has more employees than residents. Between 2007 and 2017, the population grew by about 0.35% per year, compared with employment growth of 2.9% per year. The forecast for population growth over the next twenty years is substantially lower than employment growth, with a household growth forecast of about 0.4% per year and an employment forecast growth about 1.4% per year. The Housing Needs Analysis shows that Tualatin has opportunities for residential growth beyond the forecast for growth. Success in housing development as a part of redevelopment and mixed-use development (Strategy 2) will further increase the amount of housing that could be developed in Tualatin beyond the forecast for new growth.

Jobs with at least average wages pay enough to live in rental housing in Tualatin. The average wage for employment in Tualatin in 2017 was over \$57,000, which is sufficient to afford a monthly rent of about \$1,425. The average multifamily rent in Tualatin was nearly \$1,200 in 2017. As a result, a person earning around the average wage can afford rent of about \$1,425 and the average multifamily rent in Tualatin.

However, the average sale price for a unit in Tualatin in early 2019 was \$480,000, which would require a wage between \$120,000 and \$160,000 to afford homeownership. None of the industries in Tualatin have an average pay this high, and only one-quarter of households in Tualatin and Washington County have household incomes high enough to afford the average sale price. As a result, people who work in Tualatin can own a newly purchased home in Tualatin if they have substantially higher-than-average wages or if there is more than one worker per household, which is common with an average of 1.4 jobs per household in Tualatin.

Reasons for working in Tualatin and living outside the city likely extend beyond housing affordability. People choose to commute for a variety of reasons: preference for another community, family and friends living in another community, choosing a location that allows the other worker(s) in the household an easier commute, long-term homeownership in another community, and other reasons.

The result of so much commuting is congestion on Tualatin's roads and the region's highways. Planning for new employment growth will require coordination with transportation planning. It will also require coordination with water, waste-water, and storm-water planning. Through this project and the Housing Needs Analysis, it requires coordination with planning for housing and neighborhood growth.

Goal

Ensure that Tualatin develops as a walkable and complete community with a range of amenities that are easily accessible to people who live in Tualatin.

Recommended Actions

Action 4.1. Ensure that updates to the Transportation System Plan coordinate with planning for employment and business growth.

The next update to the Tualatin Transportation System Plan (TSP) should coordinate planning for employment and business growth with transportation planning, providing opportunities for more intensive employment development (or redevelopment) where there is sufficient capacity for automotive and transit capacity. The redevelopment areas (Action 2.1) should be planned for in areas where there is higher capacity for freight access, automotive and transit access, and with connections to pedestrian and bicycle trails.

The update to the TSP should ensure there are additional opportunities to decrease dependence on automotive transportation, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit). The TSP update should also identify opportunities to address

capacity issues on Tualatin's roads to ease congestion and make traveling by car within Tualatin and to areas outside of Tualatin easier. This action and the recommendations below are consistent with those in the Housing Strategy Action 6.1.

Recommendation 4.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for mixed-use and commercial development, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit).

Recommendation 4.1b: Evaluate opportunities to expand transit and improve transportation connectivity (both capacity and access on I-5 and regional connector roads) for freight and automobiles between Tualatin and other cities within the Portland region.

Recommendation 4.1c: Evaluate opportunities to expand transit and improve transportation connectivity within Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin's Town Center and vital services and out to the neighborhoods.

Recommendation 4.1d: Evaluate opportunities for planning transit-oriented development, as transit becomes more available in Tualatin, consistent for redevelopment planning.

Recommendation 4.1e: Develop a bicycle and pedestrian plan for Tualatin to increase these types of connectivity within Tualatin.

Action 4.2. Coordinate planning for economic development planning with housing planning.

Tualatin has a job-housing imbalance, with more jobs than residents in Tualatin. The other strategies in this memorandum are intended to support development of housing that is affordable to people who work at businesses in Tualatin (the average wage was \$57,300 in 2017), such as Action 3.4. This action and the recommendation below are consistent with those in the Housing Strategy Action 6.2.

Recommendation 4.2a: Ensure the City plans for housing that is affordable to people who work at businesses in Tualatin.

Action 4.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses.

The City should develop a framework for development of mixed-use neighborhoods that results in neighborhoods where residents have easy, convenient access to many of the places and services they use daily without relying heavily on a car. The framework would include the following elements: walkable neighborhoods with access to transit, nearby parks (i.e., within one-quarter mile), neighborhood retail and restaurants, and nearby schools. The neighborhood would have higher concentrations of people and would be complete with the sidewalks, bike lanes, and bus routes that support a variety of transportation options. The design of the neighborhood should integrate design standards that promote public safety. In larger cities, these are referred to as “twenty-minute neighborhoods,” but given Tualatin’s smaller size, the scale might be more like ten-minute neighborhoods. This action and the recommendation below are consistent with those in the Housing Strategy Action 6.2.

[Recommendation 4.3a: Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life.](#)

Action 4.4. Identify opportunities to support workforce development.

Ability to attract and retain qualified and trained workers is one of the key barriers to development identified by existing businesses in Tualatin. These partners could include Tualatin High School, Portland Community College, Portland State University, and WorkSource Oregon. The City could play a convening role to work with businesses to understand their workforce training needs, then work with these partners to offer classes in Tualatin to provide this training. This training could be offered in existing facilities (such as at the high school) or in newly built facilities that are part of one or more mixed-use areas.

[Recommendation 4.4a: Work with businesses and partners in education to ensure there are workforce training opportunities in Tualatin, identifying opportunities to integrate workforce training in mixed-use areas.](#)

Action 4.5. Evaluate development of a civic center with a range of uses.

Evaluate development of a civic center with a range of uses, include a performing arts center, convention center, historic museum, welcome center for visitors, and other uses to enhance life and business in Tualatin.

[Recommendation 4.5a: Evaluate development of a civic center with a range of uses in Tualatin.](#)

Appendix A: Tualatin's Existing Comprehensive Plan Policies

Section 4.050 General Growth Objectives.

The following are general objectives used as a guide to formulate the Plan. The objectives are positive statements to describe the Plan's intent to:

- (1) Provide a plan that will accommodate a population range of 22,000 to 29,000 people.
- (2) Cooperate with the Metropolitan Service District to reach regional consensus on population growth projections within the Tualatin area.
- (3) Conform to Metropolitan Service District (Metro) procedures for initiating amendments to the Metro Urban Growth Boundary.
- (4) Provide a plan that will create an environment for the orderly and efficient transition from rural to urban land uses.
- (5) Convert agricultural land only if needed for urban uses.
- (6) Arrange the various land uses so as to minimize land use conflicts and maximize the use of public facilities as growth occurs.
- (7) Prepare a balanced plan meeting, as closely as possible, the specific objectives and assumptions of each individual plan element.
- (8) Define the urban growth boundary.
- (9) Prepare a plan providing a variety of living and working environments.
- (10) Encourage the highest quality physical design for future development.
- (11) Coordinate development plans with regional, state, and federal agencies to assure consistency with statutes, rules, and standards concerning air, noise, water quality, and solid waste. Cooperate with the U.S. Fish and Wildlife Service to minimize adverse impacts to the Tualatin River National Wildlife Refuge from development in adjacent areas of Tualatin.
- (12) Adopt measures protecting life and property from natural hazards such as flooding, high groundwater, weak foundation soils and steep slopes.
- (13) Develop regulations to control sedimentation of creeks and streams caused by erosion during development of property.
- (14) Develop a separate growth program that controls the rate of community growth and is acceptable to the Land Conservation and Development Commission.
- (15) Arrange the various land uses in a manner that is energy efficient.

(16) Encourage energy conservation by arranging land uses in a manner compatible with public transportation objectives.

(17) Maintain for as long a period as possible a physical separation of non-urban land around the City so as to maintain its physical and emotional identity within urban areas of the region.

(18) Fully develop the industrial area located in Washington County west of the City only when adequate transportation facilities are available and the area has been annexed to the City and served with water and sewer services.

(19) Cooperate with Washington County to study the methods available for providing transportation, water and sewer service to the industrial area west of the City, designating this area as a special study area.

(20) Initiate annexation of property within the Urban Growth Boundary planned for residential development only when petitioned to do so by owners of the affected property, including cases involving unincorporated "islands" of property surrounded by land annexed previously.

(21) Territories to be annexed shall be in the Metro Urban Growth Boundary.

(22) Address Metro's Urban Growth Management Functional Plan, Title 13, Nature in Neighborhoods, through the conservation, protection and restoration of fish and wildlife habitat, including Metro's Regionally Significant Fish and Wildlife Habitat, through the Tualatin Basin Natural Resource Coordinating Committee and the Tualatin Basin Program.

(a) Support and implement the elements of the Tualatin Basin Program to:

(i) Develop and adopt local policies and regulations to implement the provisions of the Tualatin Basin Program.

(ii) Adopt low impact development (LID) provisions to reduce environmental impacts of new development and remove barriers to their utilization.

(iii) Coordinate with Clean Water Services (CWS) to implement their Healthy Streams Action Plan and other programs such as their Stormwater Management Plan and Design and Construction Standards.

(iv) Coordinate with CWS, Metro and others to develop and support the funding, voluntary and educational components of the Tualatin Basin Program.

(v) Coordinate with CWS, Metro and others to develop and support the monitoring and adaptive management components of the Tualatin Basin Program.

(b) Continue active participation in the Tualatin Basin Natural Resources Coordinating Committee and the Steering Committee to support and implement the Tualatin Basin Program.

(c) Coordinate with CWS and Metro to update Metro's Regionally Significant Fish and Wildlife Habitat Inventory Map. Changes to the Inventory Map will be on-going as on-site inventories are conducted as part of private and public construction projects.

(d) Support and implement provisions allowing public access to planned public facilities.

Section 6.030 Objectives.

The following are general objectives used to guide the development of this Plan:

- (1) Encourage commercial development.
- (2) Provide increased employment opportunities.
- (3) Provide shopping opportunities for surrounding communities.
- (4) Locate and design commercial areas to minimize traffic congestion and maximize access.
- (5) Continue to utilize specific and enforceable architectural and landscape design standards for commercial development.
- (6) Encourage developers to consider solar access when designing commercial development projects.
- (7) Provide for limited and carefully designed neighborhood commercial centers.
- (8) Provide for the continued development of major medical services facilities in the City of Tualatin, especially at the Meridian Park Hospital site. The Medical Center Planning District shall be applied only to a property, or a group of contiguous properties, of no less than 25 acres and shall have frontage on an arterial as designated in TDC Chapter 11, Tualatin Community Plan.
- (9) To work with the applicable jurisdictions and agencies to develop the Durham Quarry Site and Durham Quarry Area with high quality development. It is appropriate to apply an overlay district on the Durham Quarry Site and Durham Quarry Area to allow mixed commercial/residential uses. It is appropriate to enter into an intergovernmental

agreement with the City of Tigard and Washington County to allow the City of Tualatin to review and decide land use applications and building permit applications for the portion of the Durham Quarry Site in the City of Tigard.

Section 7.030 Objectives.

The following are general objectives used to guide development of the Plan and that should guide implementation of the Plan's recommendations:

- (1) Encourage new industrial development.
- (2) Provide increased local employment opportunity, moving from 12 percent local employment to 25 percent, while at the same time making the City, and in particular the Western Industrial District, a major regional employment center.
- (3) Improve the financial capability of the City, through an increase in the tax base and the use of creative financing tools.
- (4) Preserve and protect, with limited exceptions, the City's existing industrial land.
- (5) Cooperate with Washington County, Metro, and the State of Oregon to study the methods available for providing transportation, water, and sewer services to the Western Industrial District.
- (6) Fully develop the Western Industrial District and the Southwest Tualatin Concept Plan Area (SWCP), providing full transportation, sewer, and water services prior to or as development occurs.
- (7) Improve traffic access to the Western Industrial District and SWCP area from the Interstate 5 freeway and State Highway 99W through regional improvements identified in the 2035 Regional Transportation Plan.
- (8) Cooperate with the Department of Environmental Quality and Metro to meet applicable air quality standards by 1987.
- (9) Construct a north/south major arterial street between Tualatin Road and Tualatin-Sherwood Road and SW Tonquin Road in the 124th Avenue alignment to serve the industrial area.
- (10) Rebuild the Tualatin Road/Pacific Highway intersection to allow for substantially greater traffic flows.
- (11) Provide truck routes for industrial traffic that provide for efficient movement of goods while protecting the quality of residential areas.
- (12) Protect residential, commercial, and sensitive industrial uses from the adverse environmental impacts of industrial use.

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- (13) Protect adjacent land uses from noise impacts by adopting industrial noise standards.
- (14) Continue to protect the Hedges Creek Wetland and Tonquin Scablands from adverse impacts of adjacent development.
- (15) Continue to administer specific and enforceable architectural and landscape design standards for industrial development.
- (16) Encourage industrial firms to use co-generation as a means to utilize waste heat from industrial processes and consider solar access when designing industrial facilities.
- (17) Protect wooded areas identified on the Natural Features Map found in the Technical Memorandum by requiring their preservation in a natural state or by integrating the major trees into the design of the parking lots, buildings, or more formal landscaping areas of an industrial development. If it is necessary to remove a portion or all of the trees, the replacement landscape features shall be subject to approval through the Architectural Review process.

Appendix B: Potential Economic Development Actions

This appendix presents potential economic development actions that cities take to increase economic activities. The purpose of this appendix is to provide information and ideas to Tualatin staff and stakeholders, as they develop economic development policies and actions to implement those policies. This appendix is not intended to be adopted into the Tualatin Comprehensive Plan.

A wide range of economic development policies and actions are available to cities for influencing the level and type of economic development. It is useful to make a distinction between economic development policies, which are typically adopted by ordinance into local comprehensive land use plans, and a local economic development strategy. While policies and economic development strategies should be aiming to achieve the same outcomes, they are not the same thing. The key differences are: (1) economic development strategies are typically presented in the form of a strategic plan that covers a five-year time horizon while policies use the longer 20-year horizon in most comprehensive plans; (2) strategies are more broad reaching and may identify actions that extend outside the capacity of local government while policies focus on land use and infrastructure; and (3) strategies are more agile in the sense that they provide a framework rather than legal guidance.

While many of the actions identified in this appendix could be included either as policies or strategies, the focus is primarily on policies and actions that implement those policies.

Local economic development policy usually has a fundamental goal of supporting businesses that align with a jurisdiction's long-term vision for the community.¹ Economic development broadly focuses on three strategies: (1) business recruitment; (2) business retention and expansion (BRE); and (3) innovation and entrepreneurship. Historically, many cities focused on recruitment as their foundational strategy; however, many cities and economic development are rethinking this approach and local governments are increasingly implementing policies that focus on support for entrepreneurs, especially those starting new businesses.²

Recent research on the effectiveness of local economic development efforts support this focus on innovation and entrepreneurship to attract new, young businesses. Providing support for institutions and firms where innovation happens allows for businesses to grow and new businesses to form as industries evolve. Local jurisdictions can specifically provide support for accelerators and incubators, especially those that provide connections between research

¹ Based on Leigh and Blakley's definition for sustainable economic development as follows, "Local economic development is achieved when a community's standard of living can be preserved and increased through a process of human and physical development that is based on principles of equity and sustainability. There are three essential elements in this definition, detailed below: First economic development establishes a minimum standard of living for all and increases the standard over time. Second, economic development reduces inequality. Third, economic development promotes and encourages sustainable resource use and production." Leigh, N. and Blakeley, E. *Planning Local Economic Development: Theory and Practice*. 2013.

² Kauffman Foundation. "Entrepreneurship's Role in Economic Development." *Entrepreneurship Policy Digest*. June 2014.

institutions, established firms, and entrepreneurs. Entrepreneurs are also increasingly mobile with improved access to high-speed internet. Local jurisdictions can promote quality of life and access to amenities as a way to attract these new businesses.³ Moreover, every start up is also a BRE opportunity.

Economic development is also about collaboration and identifying partnerships that can make the most of the resources available for economic development activities. Local jurisdictions should focus on their role in economic development, as there are factors that the jurisdiction can and cannot control. As identified in a 2017 University of Oregon report on the “Perceptions and Needs of Economic Development Programs in Oregon,” organizations and jurisdictions involved in economic development activity supported the importance of coordination between entities, but that implementation of coordinating efforts is difficult due to lack of capacity, unbalanced effort, or trust issues.⁴ To help overcome these barriers to coordinating economic development efforts, a key component to developing local economic development policies is identifying which policies and actions that the City is well-suited to be a lead partner, and those better suited for a partner organization to lead. It is important to develop policies and actions that identify other organizations as the lead partner. Successful implementation of these policies and actions will depend on an understanding of an organization’s capacity and access to resources.

The focus of the actions listed in this Appendix is primarily on the City’s role: what resources can the City commit to economic development and what roles are most appropriate for the City. Following are foundational assumptions about the City’s role:

- The City plays a limited role in economic and business development.
- The City is one of several organizations that provide and maintain infrastructure.
- The City has limited staff and financial resources that can be invested in appropriate economic development activities.
- The City has an obligation to adopt an economic development strategy, policies to manage employment lands, and maintain a 20-year supply of commercial and industrial sites under Goal 9 and OAR 660-009.
- The City could be an ideal organization to coordinate BRE and entrepreneurship activities or to house staff that are coordinating BRE and entrepreneurship activities.

The policy and action examples provided in this appendix are organized by broad policy categories, with cross-references to the factors of production that influence business location and expansion. The factors of production are discussed in detail the EOA document. While it is important to understand how the factors of production influence economic development

³ Leigh, N. and Blakeley, E. *Planning Local Economic Development: Theory and Practice*. 2013.

⁴ University of Oregon, Department of Planning, Public Policy & Management, Community Services Center. “Perceptions and Needs of Economic Development Programs in Oregon.” Final Report. December 2017.

activity, it is more useful to group policies and actions in broad categories such as, Land Use, Public Facilities, Business Assistance, etc.

The effectiveness of any individual actions or combination of actions depends on local circumstances and desired outcomes. Local strategies should be customized not only to meet locally defined objectives, but also to recognize economic opportunities and limitations (as defined in the Economic Opportunity Analysis). Positive outcomes are not guaranteed: even good programs can result in limited or modest results. It is important to remember that effective economic development requires a long-term view—immediate results are not guaranteed. Thus, maintaining a focus on implementation is essential.

Economic development is a team activity—no single entity can implement all the activities that are necessary for a robust economic development program. Many municipal economic development strategies include actions that rely on other entities to implement. For example, many municipal strategies we have reviewed include strategies and actions around workforce development. Workforce development is not a municipal service, so cities must coordinate with external entities for this function. The main points here are (1) be deliberate about policies / strategies /actions that rely on external partners, and (2) if these are included in the plan, be sure that resources are committed to execute them—understanding that coordination is time-consuming and challenging.

Table B-1 identifies a range of potential economic development strategies that the Tualatin could consider implementing. These strategies range from those closely associated with the basic functions of government (provision of buildable land and public services) to those sometimes viewed as outside the primary functions of government (such as financial incentives and business assistance). The primary action categories in Table B-1 are Land Use, Public Facilities, Business Assistance, Workforce, and Other. As stated above, it is important for Tualatin to identify the policies and actions they are well-suited to lead, and where collaboration with, and leadership from, partner organizations is necessary. Table B-1 also includes suggestions for potential partners and whether Tualatin should take on a lead or support role.

Table B-1. Potential economic development actions

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|---|---|---|---------------------------|---|
| Land Use | Policies regarding the amount and location of available land and allowed uses. | | | |
| Provide adequate supply of land | Provide an adequate supply of development sites to accommodate anticipated employment growth with the public and private services, sizes, zoning, and other characteristics needed by firms likely to locate in Tualatin. | County, adjacent cities, State, landowners, and key stakeholders | Lead | Land, infrastructure |
| Zoning Code | Conduct an audit of the city's zoning code and a review of other development regulations to ensure that the regulations support the goals of economic development | County, if they manage land within the city's planning area but outside of the city limits | Lead | Land, Regulation |
| Increase the efficiency of the permitting process and simplify city land-use policies | Take actions to reduce costs and time for development permits. Adopt development codes and land use plans that are clear and concise. | County, if they assist with the permitting or building inspection process | Lead | Regulation, taxes, financial incentives |
| Public Facilities | Policies regarding the level and quality of public and private infrastructure and services. | | | |
| Provide adequate infrastructure to support employment growth | Provide adequate public services (i.e. roads, transportation, water, and sewer) and take action to assure adequate private utilities (i.e. electricity and communications) are provided to existing businesses and development sites. One way to pay for adequate infrastructure is through use of urban renewal, shown in the table below. | Public works department, special service districts, utilities, State and Federal partners who may provide grants, developers and landowners | Lead | Local infrastructure, Access to markets, suitable land to serve |
| Focused public investment | Provide public and private infrastructure to identified development or redevelopment sites. | Public works department, special service districts, utilities, State and Federal partners who may provide grants, developers and landowners | Lead | Regulation, taxes |
| Communications infrastructure | Actions to provide high-speed communication infrastructure, such as developing a local fiber optic network. | Communication utilities and public works department | Lead/Support | Local infrastructure, Access to markets |

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|---|---|--|---------------------------|--|
| Business Assistance | Policies to assist existing businesses and attract new businesses. | | | |
| Business retention and growth | Targeted assistance to businesses facing financial difficulty or thinking of moving out of the community. Assistance would vary depending on a given business' problems and could range from business loans to upgrades in infrastructure to assistance in finding a new location within the community. | Chamber of Commerce, Business Oregon, Regional ED Corporation An agent of the City of Tualatin should be direction involved in BRE efforts to highlight the city's issues and provide accountability. | Support | Local infrastructure, Access to markets, Materials, Regulation, Taxes, Financial incentives, Industry clusters |
| Recruitment and marketing | Establish a program to market the community as a location for business in general, and target relocating firms to diversify and strengthen the local economy. Take steps to provide readily available development sites, an efficient permitting process, well-trained workforce, and perception of high quality of life. | Chamber of Commerce, Business Oregon, Regional ED Corporation | Support | Labor, Land, Local infrastructure, Regulation, Taxes, Industry clusters, Quality of life |
| Development districts (enterprise zones, renewal districts, etc.) | Establish districts with tax abatements, loans, assist with infrastructure, reduced regulation, or other incentives available to businesses in the district that meet specified criteria and help achieve community goals. | Taxing districts, special districts, and the county Business Oregon can play a secondary role | Lead | Local infrastructure, Regulation, Taxes, Financial incentives, Quality of life |
| Business clusters | Help develop business clusters through business recruitment and business retention policies. Encourage siting of businesses to provide shared services to the business clusters, businesses that support the prison and hospital and agricultural industry, including retail and commercial services. | Business Oregon, Educational/research institutions Because clusters are regional, regional institutions such as GPI, the Columbia-Willamette Workforce Collaborative, and the Technology Association of Oregon should lead this approach. | Support | Industry clusters, Innovative capacity |

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|---------------------------------|---|--|----------------------------------|--|
| Public/private partnerships | Make public land or facilities available, public lease commitment in proposed development, provide parking, and other support services. | Developers, businesses, and landowners | Lead and/or Support | Land, Financial incentives |
| Financial assistance | Tax abatement, waivers, loans, grants, and financing for firms meeting specified criteria. Can be targeted as desired to support goal such as recruitment, retention, expansion, family-wage jobs, or sustainable industry. | County, special service districts, other taxing districts | Lead | Regulation, Taxes, Financial incentives |
| Business incubators | Help develop low-cost space for use by new and expanding firms with shared office services, access to equipment, networking opportunities, and business development information. Designate land for live-work opportunities. | Education/research institutions, Chamber of Commerce, Small Business Administration (Federal) | Support | Entrepreneurship, Innovative capacity, Access to markets |
| Business/start-up accelerators | Provide similar services and opportunities as a business incubator but using a specific timeframe for businesses to meet certain benchmarks. Help connect businesses with funding at the end of the time period of the program to continue product development. | Education/research institutions, Chamber of Commerce, Small Business Administration (Federal), venture capitalists | Support | Entrepreneurship, Innovative capacity, Access to markets |
| Mentoring and advice | Provide low-cost mentors and advice for local small businesses in the area of management, marketing, accounting, financing, and other business skills. | Chamber of Commerce, local businesses, and other potential mentors | Support | Entrepreneurship, Innovative capacity |
| Export promotion | Assist businesses in identifying and expanding into new products and export markets; represent local firms at trade shows and missions. | State, Chamber of Commerce, regional economic development partners | Support | Entrepreneurship, Innovative capacity, Access to markets |

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|---|--|--|---|--|
| Workforce | | | | |
| Policies to improve the quality of the workforce available to local firms. | | | | |
| Job training | Create opportunities for training in general or implement training programs for specific jobs or specific population groups (i.e. dislocated workers). | School districts, education/research institutions, businesses | Support | Labor |
| Job access | Provide transit/shuttle service to bring workers to job sites. | Businesses, transit agency | Lead | Labor, Local infrastructure |
| Jobs/housing balance | Make land available for a variety of low-cost housing types for lower income households, ranging from single-family housing types to multifamily housing. | Developers, landowners, businesses, affordable housing developers, other housing agencies or developers | Support Lead, if urban renewal or other tools are at the City's disposal | Land, Labor, Quality of life |
| Other | | | | |
| Regional collaboration | Coordinate economic development efforts with the County, the State, and local jurisdictions, utilities, and agencies so that clear and consistent policies and objectives are developed. | Regional economic development partners, county, nearby cities, Business Oregon | Lead initiation of the coordination, participatory in the coordination process | Innovative capacity |
| Quality of life | Maintain and enhance quality of life through good schools, cultural programs, recreational opportunities, adequate health care facilities, affordable housing, neighborhood protection, and environmental amenities. | School district, recreational districts, hospitals and medical providers, affordable housing providers, and other stakeholders | Lead on city programs, support on other programs | Local infrastructure, Labor, Land, Quality of life |

Source: ECONorthwest.

ACKNOWLEDGMENTS

| HNA / EOA Community Advisory Committee Members, Interpreters and Project Consultants | Stakeholders and Groups | City Staff and Technical Advisory Committee Members |
|--|--|--|
| <p>Alice Galloway Neely Allen Song Angela Handran Bryce Payne Daniel Bachhuber Derek Reinke Joe Lipscomb Katherine Galian Kellye Aprati Ken Johnson Lainie Magsarili Linda Moholt Rachael Duke Doug Plambeck Susan Noack Manny Trujillo Cyndy Hillier</p> <p>Interpreters Rosa Galvan Armando Gutierrez</p> <p>Consultants ECONorthwest (HNA /EOA) Beth Goodman Sadie DiNatale</p> <p>Angelo Planning Group (Code Update Outreach) Catherine Corliss</p> | <p>Stakeholder Interviewees Heather Mull Ed Casey Candice Kelly Al Jeck Brenda Braden Marissa Houlberg Beth Sethi Grace Lucini Leah Bachhuber Dawn Mangnum Ken Gertz Andrew Evans Kathleen Silloway Tom and Kathy Re Aging Task Force</p> <p>Participation by: Tualatin Planning Commission (TPC) Architectural Review Board (ARB) Tualatin Parks Advisory Committee (TPARK) Tualatin Arts Advisory Committee (TAAC) Youth Advisory Council (YAC) Martinazzi CIO East Tualatin CIO Midwest CIO Byrom CIO Commercial CIO Riverpark CIO Diversity Task Force</p> | <p>City Staff / TAC Members Aquilla Hurd-Ravich, Community Development Director Karen Perl Fox, Senior Long-Range Planner Jonathan Taylor, Economic Development Manager Steve Koper, Planning Manager Garet Prior, Management Analyst II Lauren Gonzalez, Permit Coordinator Tanya Williams, Assistant to the City Manager Betsy Ruef, Community Engagement Coordinator Ross Hoover, Parks and Recreation Director Rich Mueller, Parks and Recreation Manager Mike McCarthy, Principal Transportation Engineer Sean Brady, City Attorney Anne Debbaut/Kirstin Greene, DLCD Representatives Talia Jacobson, ODOT representative Hector Rodriguez, ODOT representative Lloyd Purdy, Greater Portland Inc. Stu Peterson, Macadam Forbes Ken Gertz, Gertz Fine Homes Jeff Raker, Metro Ezra Hammer, Home Builders Association Katrina Holland, Community Alliance of Tenants Komi Kalevor, Washington County Housing Authority Ken Rencher, Washington County Melissa Dailey, Washington County</p> |

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APPENDICES

APPENDIX A: COMMUNITY ENGAGEMENT SUMMARY

APPENDIX B: STAKEHOLDER AND COMMUNITY FEEDBACK SUMMARY (APG)

APPENDIX C: HOUSING STRATEGY (ECONORTHWEST)

APPENDIX D: ECONOMIC STRATEGY (ECONORTHWEST)

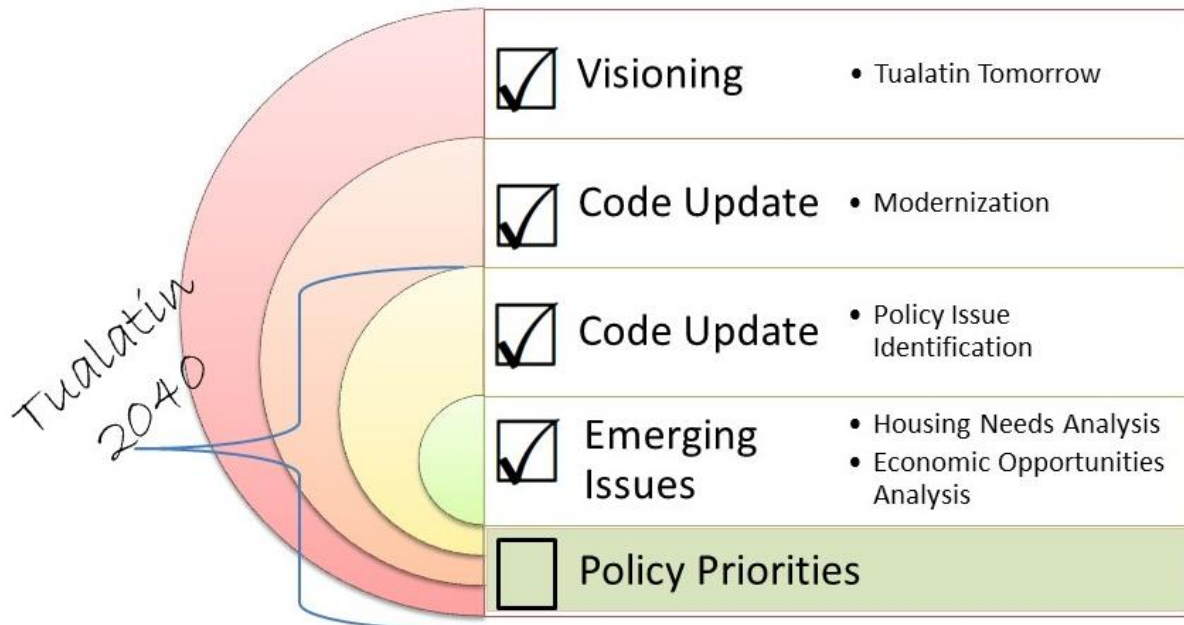
INTRODUCTION / EXECUTIVE SUMMARY

In the past 30 years, Tualatin and the region experienced dramatic change. However, the documents that guide current and future development in Tualatin, the Comprehensive Plan and Development Code, have not been comprehensively updated in decades.

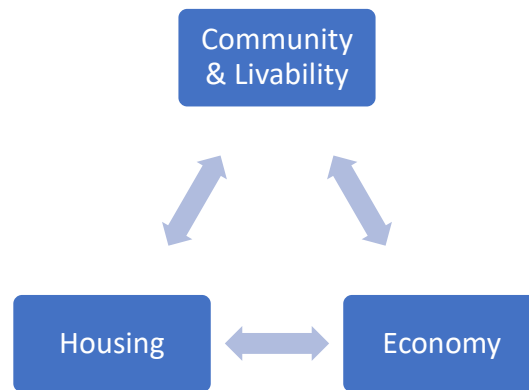
Building upon Tualatin Tomorrow (vision setting) and Phase I Tualatin Development Code Improvement Project (policy-neutral code clean up), Tualatin 2040 took a 20-year look ahead to review housing and economic data to inform a non-neutral policy analysis to identify where regulations do not meet our community’s vision.

Technical documents such as a Housing Needs Analysis (HNA) and Economic Opportunities Analysis (EOA) and strategies for each were developed in coordination with ECONorthwest, technical advisors, and a Community Advisory Committee. The policy analysis was conducted by Angelo Planning in coordination with stakeholder interview and an extensive public outreach at community events and online. Tualatin 2040 will end in City Council acceptance of policies and strategies that address the City’s needs.

In 2020 staff development of a work plan will be undertaken to identify the actions, resources, timing, and responsibility for updating the Comprehensive Plan and Development Code to move towards achieving Tualatin’s vision identified in Tualatin Tomorrow.



The policy strategies and priorities identified in this Plan are organized into three general areas, based on feedback from the community: **Community and Livability**, **Housing** and **Economy**.



Community and Livability is a broad policy topic area that is further divided into six subtopic areas. The priorities are based on feedback from stakeholder interviews conducted by project consultant Angelo Planning Group and City staff as well as input from the broader community.

Community and Livability

- A. Housing and Livability
- B. Transportation and Parking
- C. Civic Identity and Downtown and Community Design
- D. Employment, Industrial, Commercial & Institutional Development
- E. Parks, Open Space and the Environment
- F. Community Engagement, Equity, Diversity and Inclusion

The **Housing** and **Economy** policy strategies and priorities are based on feedback from the Community Advisory Committee (CAC) and draw upon from the Housing Strategy and Economic Development Strategy documents developed by project consultant ECONorthwest with CAC input.

Housing Policy Strategies

- 1. Ensure an adequate supply of land that is available and serviceable
- 2. Encourage development of a wider variety of housing types
- 3. Support development and preservation of housing that is affordable for all households
- 4. Identify funding tools to support residential development
- 5. Identify redevelopment opportunities
- 6. Ensure there are connections between planning for housing and other community planning

Economic Policy Strategies

- 1. Ensure an adequate supply of land that is available and serviceable
- 2. Identify redevelopment opportunities
- 3. Support business retention, growth, and attraction
- 4. Ensure there are connections between planning for economic development and other community planning

High Priorities by Topic

1: COMMUNITY AND LIVABILITY POLICY PRIORITIES (HIGH PRIORITY BASED ON STAKEHOLDER FEEDBACK¹)

Housing and Livability

Housing affordability was a major topic of discussion and a concern for all stakeholders and some noted the need for the City to have a plan for housing.

Greater diversity of Housing Types in Tualatin was broadly supported; many felt a wider variety of options (other than single-family homes) would provide more affordable options. Alternative housing types discussed with stakeholders were **townhomes/rowhouses, mixed-use development, duplexes, triplexes, and accessory dwelling units (ADU)**. Most stakeholders were in favor of the full range of housing types. One stakeholder noted that small lot and zero lot line subdivisions could provide higher density that doesn't feel cramped.

Basalt Creek was mentioned by a number of stakeholders. Others noted that the proposed zoning allows for a good diversity of housing (low density residential, medium low density residential and some high density residential, but that lots should be 3,000 or 4,000 square foot lots.

Transportation and Parking

A common concern amongst stakeholders was **congestion** and traffic in town. **Transit and access** were also important topics amongst stakeholders. Many expressed the desire for greater **transit access** and service in town, throughout Tualatin, neighboring communities, and to Portland. Further, there was excitement for the proposed **SW Corridor Max Line**. One stakeholder expressed frustration about the lack of transit access to essential services especially for those people who are transit-dependent. The importance of having transit services near affordable housing was also mentioned. **WES** is very limited; it needs to be extended/expanded to reach more areas and one stakeholder suggested a Tualatin–WES shuttle to business parks.

Walkability of Tualatin was another popular topic amongst stakeholders. Many said they walk in the community, but primarily within their neighborhoods to avoid major roads because of the **uncomfortable pedestrian environment**. The major roads which were noted as providing **poor pedestrian connectivity** between downtown and the City's residential neighborhoods. A few

¹ The stakeholder feedback was organized into High, Medium, Low categories based on adjectives to describe a frequency or quantity of how often a topic was discussed. Policies with High Support are described with key words such as "major," "broad," "most," "a number of," and "many."

stakeholders suggested encouraging neighborhood commercial areas as a way of alleviating congestion downtown and improving walkability. Some noted the need for boulevard street design with wide sidewalks.

Civic Identity and Downtown and Community Design

A robust Downtown was hoped for by community members. When asked what brings people downtown, responses included shopping, retail stores, and the library. However, most stakeholders requested more attractions and businesses downtown and shared ideas of how that could be achieved. Some stakeholders also noted their preference to have fewer “chain” businesses in town and believed that the City should encourage more local businesses through incentives and other approaches to attract the “right” local businesses to downtown.

“Third Places” - both public (e.g. community center and arts center) and private (e.g. local coffee shop) were suggested as needs by many stakeholders.

Meeting spaces and the importance of the need in the community was stressed by stakeholders. Most stakeholders stressed the lack of meeting spaces for a variety of needs from hosting Girl Scouts meetings to the State of City address.

Tualatin River/ Lake at the Commons were cited as underutilized assets downtown due to their lack of visibility by many stakeholders. There was interest in making The Commons a more interesting place to go with businesses and activities that help bring people there.

Employment, Industrial, and Institutional Development

Industrial and employment land concerns were expressed by many stakeholders, who expressed their understanding of the **importance of the industrial** and manufacturing areas in Tualatin and significance of their presence. However, most community members felt these areas primarily provide employment to those out of town and lack local employees, which many stakeholders believed contributes to traffic in Tualatin.

Parks, Open Space and the Environment

Parks, trails, gathering spaces were praised by many stakeholders, who said they were frequent users of, **Tualatin’s parks and trails**. Other open space areas such as public plazas and other **gathering spaces** were noted as more limited; many stakeholders noted a need for more of these facilities in Tualatin. However, a few stakeholders noted that adding more park land and greenspaces comes at a price and wondered whether current parks were being fully utilized.

A Community Center that is more robust was requested by many stakeholders, with a wider variety of classes, lessons, groups etc. for a broader range of ages beyond what is currently offered at the Juanita Pohl Center.

Community Engagement, Equity, Diversity and Inclusion

Outreach and engagement and the need to broaden it to get more community members involved in local projects is not an easy task but one that was desired by a number of stakeholders, stating that it is important to reach and engage a **broader group** than the existing strong group of dedicated “**champions**” in the community.

Interconnections and healthy communities - everything interconnected – transportation, housing, parks, gathering places, etc. – was desired by a number of stakeholders.

Welcoming diversity in the community was noted as an important value to many stakeholders.

Diverse groups and community engagement and the need to engage and provide more visibility for diverse groups throughout the community, and to continue (and improve) inclusivity was cited by a number of stakeholders, who wanted the City to be sure to hear from a wide range of community members. For example, include signs in Spanish around the City, so all feel included.

2: CAC PRIORITIZED AND RECOMMENDED HOUSING POLICY STRATEGIES (WITH ACTIONS)

High Priority Housing Policy Strategies

Strategy 1: Ensure an adequate supply of land that is available and serviceable.

Action 1.1. Evaluate opportunities to increase development densities, by modifying the development code, within Tualatin’s existing zones.

Action 1.2. Evaluate opportunities to re-zone land to provide additional opportunities for multifamily housing development.

Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond

Strategy 3: Support development and preservation of housing that is affordable for all households.

Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of Median Family Income in Washington County (\$48,900 or less for a household size of four people).

Strategy 4: Identify funding tools to support residential development.

Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing.

Action 4.2. Evaluate establishing an Urban Renewal district.

Strategy 5: Identify redevelopment opportunities.

Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

Strategy 6: Ensure there are connections between planning for housing and other community planning.

Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth.

TOPIC 3: CAC PRIORITIZED AND RECOMMENDED ECONOMIC POLICY STRATEGIES (WITH ACTIONS)

High Priority Economic Policy Strategies

Strategy 1: Ensure an adequate supply of land that is available and serviceable.

Action 1.1. Evaluate opportunities to increase mixed-use development.

Action 1.3. Identify opportunities to make more efficient use of commercial land.

Action 1.6. Plan for long-term development in Tualatin through 2040 and beyond.

Strategy 2: Identify redevelopment opportunities.

Action 2.2. Revise the Tualatin Town Center Plan to focus on opportunities to support redevelopment.

Action 2.4. Develop policies to support redevelopment and mixed-use development.

Strategy 3: Support business retention, growth and attraction.

Action 3.3. Support growth of and retain entrepreneurial businesses in Tualatin.

Strategy 4: Ensure there are connections between planning for economic development and other community planning.

Action 4.1. Ensure that updates to the Transportation System Plan coordinate with planning for employment and business growth.

- 40+ people attended **“Under One Roof”** event to discuss severely rent burdened needs
- 15 individual and 1 large group **Stakeholder Interviews**
- 7 meetings with a **Community Advisory Committee** (16 members)
- 4 meetings with a **Technical Advisory Committee** (internal/external city staff and private sector professionals)
- **3 volunteers** helped deliver event posters to **30+ community locations**

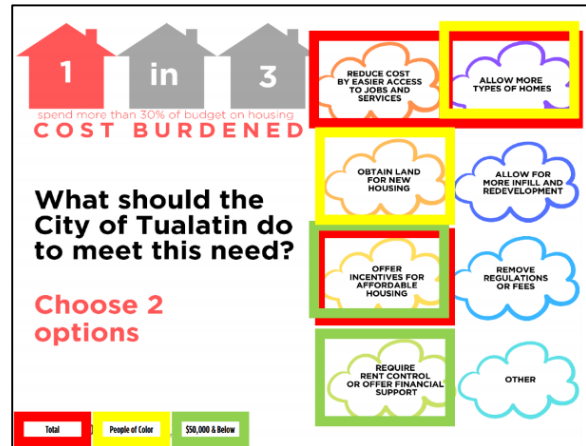


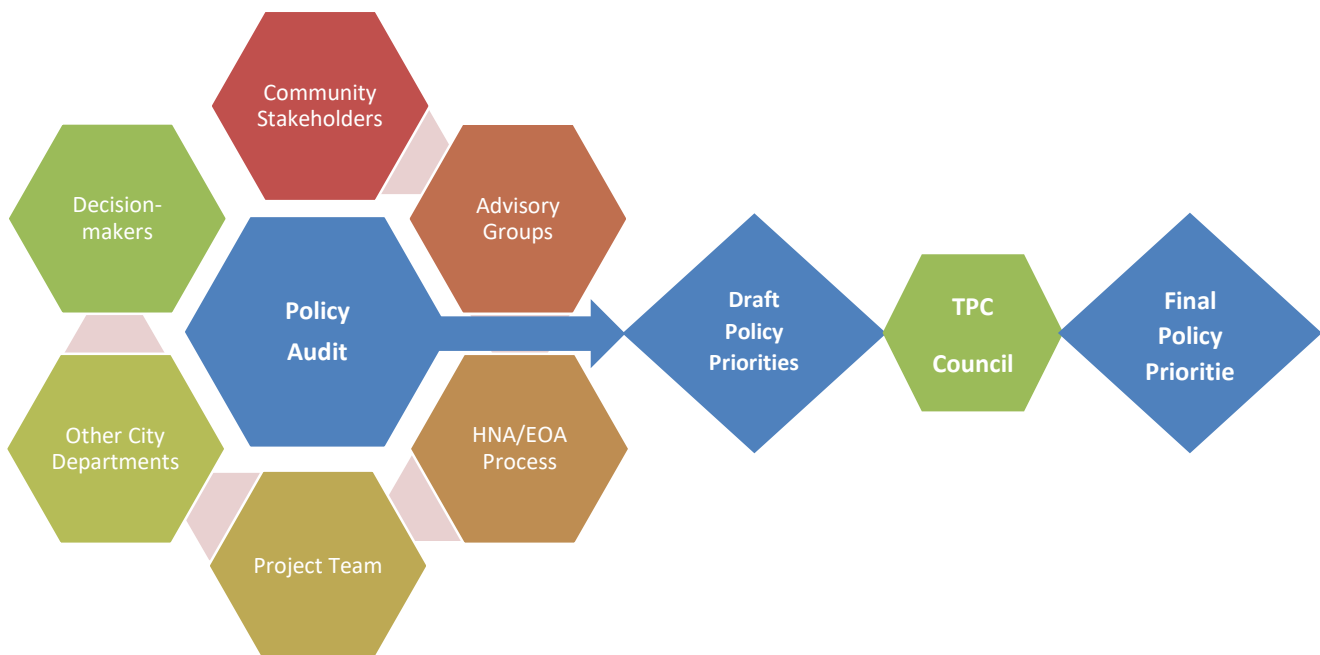
Figure 2 Example of open house and in-person survey interview question with responses broken out by race and income.

Further information can be found in **Appendices A and B.**

Policy Priorities

This **draft Policy Priorities** identifies a wide range of possible action items (e.g., code updates) and is intended to provide a starting point for Planning Commission recommendation and City Council decision-making. The final Policy Priorities document will be crafted based on direction from City Council. Figure 3 summarizes the process to date, as well as next steps.

Figure 3: Policy Audit and Prioritization Plan Process



1: COMMUNITY AND LIVABILITY

What We Heard from the Community about Community and Livability

Topic 1 includes feedback that was gained from the broader community and includes feedback from Stakeholders, which was comprised of both meetings with interested groups and individual interviews. Stakeholders were given the opportunity to comment on a wide variety of topics, but were asked specifically: “What land use topics and issues do you think should be City priorities?” and “Do you think the City’s current policies still speak to Tualatin’s priorities or should something change?” The feedback gained from these interactions (summarized in **Appendix B**) is grouped into the following six subtopic areas, and ranked “high,” “medium,” or “low” based on how frequently or often a topic was mentioned:

- Housing and Livability
- Transportation and Parking
- Civic Identity and Downtown and Community Design
- Employment, Industrial, Commercial & Institutional Development
- Parks, Open Space and the Environment
- Community Engagement, Equity, Diversity and Inclusion

The stakeholder feedback which is summarized in Table 1 was organized into High, Medium, Low categories based on adjectives to describe a frequency or quantity of how often a topic was discussed.

| | |
|----------------|--|
| High Support | Policies Priorities with High Support are described with key words such as “major,” “broad,” “most,” “a number of,” and “many” |
| Medium Support | Policies Priorities with Medium Support are described with key words such as “some,” “several,” and “common” |
| Low Support | Policies Priorities with Low Support were suggested by one participant (or if no quantity was noted) |

TABLE 1: STAKEHOLDER FEEDBACK ON COMMUNITY AND LIVABILITY POLICIES

| Housing and Livability |
|--|
| <p>Housing affordability was a major topic of discussion and a concern for all stakeholders and some noted the need for the City to have a plan for housing.</p> |
| <p>Greater diversity of Housing Types in Tualatin was broadly supported; many felt a wider variety of options (other than single-family homes) would provide more affordable options. Alternative housing types discussed with stakeholders were townhomes/rowhouses, mixed-use development, duplexes, triplexes, and accessory dwelling units (ADU). Most stakeholders were</p> |

in favor of the full range of housing types. One stakeholder noted that small lot and zero lot line subdivisions could provide higher density that doesn't feel cramped.

Basalt Creek was mentioned by a number of stakeholders. Others noted that the proposed zoning allows for a good diversity of housing (low density residential, medium low density residential and some high density residential, but that lots should be 3,000 or 4,000 square foot lots.

Cost factors such as land costs were noted factors impacting the cost of housing and the lack of available land to develop in Tualatin, for both large and small lots by stakeholders who are part of the development community They noted how cost of development (land, fees, construction materials, etc.) is affecting development operations and impacting affordability, acknowledging that this is a **regional concern**.

Preservation of neighborhood character was cited as a **concern** by some stakeholders. One stakeholder felt that Tualatin is a suburban town, people live there because they want to live in the suburbs. Others noted that the "densification" of existing single-family residential neighborhoods has potential to ruin **neighborhood character**. There was also concern expressed about large house sizes ("McMansions") making housing unaffordable.

Increase in height limits was suggested by some stakeholders, including the need for high rise apartments (6-8 stories) located next to transportation options.

Affordable Housing types including a discussion of affordable housing types; several stakeholders mentioned a need for living options for the aging population in Tualatin. A lack of **senior housing** and **multi-generational housing** options were noted. Interest in having more single story (ranch style) homes was also expressed. Several stakeholders mentioned that there are limited locations to downsize within Tualatin. Some stakeholders noted a jobs/household composition mismatch. **Workforce housing**, and more affordable housing for employees of Tualatin's industrial and commercial businesses, was highlighted as a concern. The lack of workforce housing was also underscored as a factor in creating traffic congestion.

Basalt Creek and significant concerns about the **environmental impacts** of development in the area were expressed by one stakeholder.

Transportation and Parking

A common concern amongst stakeholders was **congestion** and traffic in town. **Transit and access** were also important topics amongst stakeholders. Many expressed the desire for greater **transit access** and service in town, throughout Tualatin, neighboring communities, and to Portland. Further, there was excitement for the proposed **SW Corridor Max Line**. One stakeholder expressed frustration about the lack of transit access to essential services especially for those people who are transit-dependent. The importance of having transit services near affordable

housing was also mentioned. **WES** is very limited; it needs to be extended/expanded to reach more areas and one stakeholder suggested a Tualatin–WES shuttle to business parks.

Walkability of Tualatin was another popular topic amongst stakeholders. Many said they walk in the community, but primarily within their neighborhoods to avoid major roads because of the **uncomfortable pedestrian environment**. The major roads which were noted as providing **poor pedestrian connectivity** between downtown and the City’s residential neighborhoods. A few stakeholders suggested encouraging neighborhood commercial areas as a way of alleviating congestion downtown and improving walkability. Some noted the need for boulevard street design with wide sidewalks.

Congestion and Traffic was a common concern amongst stakeholders was **congestion** and traffic in town. Many attributed the traffic to employees of local businesses commuting from out of town. One stakeholder mentioned concerns about potential increase in traffic and congestion with more residential development of land available for annexation. Two stakeholders mentioned the potential benefits of a **bypass** if it would alleviate traffic, but not a road widening that would only bring more traffic.

ADA Accessibility of the City’s pedestrian infrastructure was cited as a concern by some stakeholders. Examples included height and location of pedestrian signal push buttons and pedestrian light times. Others noted the trail designs lack lighting.

A Bike-Friendly Community was desired by several stakeholders, providing more facilities and improving comfort for cyclists outside of the City’s trails system. One stakeholder noted that currently it doesn’t feel safe as there is not a huge awareness of bicyclists in Tualatin. The need for a complete and connected bicycle system was also noted.

Need for adequate parking at multi-family housing so there is minimal reliance on street parking, especially if smaller multifamily units such as duplexes or triplexes are incorporated into single family neighborhoods was identified by several stakeholders. Another stakeholder suggested garages shouldn’t count toward parking requirements, because so few are used for parking. However, others noted that parking issues need creative solutions including reduction of parking in some places.

Keeping sidewalks clear of debris and increasing awareness around property owner responsibility to do so after snowfall and leaf clean-up, primarily because of their effect on the ADA accessibility of sidewalks in those conditions was suggested by one stakeholder Another suggested the current requirement for 3-foot wide planter strips is inadequate and should be increased to 4-feet in width to avoid sidewalks buckling as tree roots grow.

Civic Identity and Downtown and Community Design

A robust Downtown was hoped for by community members. When asked what brings people downtown, responses included shopping, retail stores, and the library. However, most stakeholders requested more attractions and businesses downtown and shared ideas of how that could be achieved. Some stakeholders also noted their preference to have fewer “chain” businesses in town and believed that the City should encourage more local businesses through incentives and other approaches to attract the “right” local businesses to downtown.

“Third Places” - both public (e.g. community center and arts center) and private (e.g. local coffee shop) were suggested as needs by many stakeholders.

Meeting spaces and the importance of the need in the community was stressed by stakeholders. Most stakeholders stressed the lack of meeting spaces for a variety of needs from hosting Girl Scouts meetings to the State of City address.

Tualatin River/ Lake at the Commons were cited as underutilized assets downtown due to their lack of visibility by many stakeholders. There was interest in making The Commons a more interesting place to go with businesses and activities that help bring people there.

Downtown Identity/ Character and the **lack of identity** or distinct character was a common theme, with stakeholders asking where is downtown Tualatin?

A City Hall/Performance Space located in the downtown to encourage activity downtown was suggested by several stakeholders. The City of Wilsonville was mentioned by several as good model for what a Tualatin City Hall could look like. Another suggestion for an attraction downtown was a **performance space** for the local community theatre group.

A Farmers Market was attended by several stakeholders when was operating, whom would support it returning to downtown.

Signs/ sign code and concern about signs noting that the City’s **sign code** was outdated was expressed by some stakeholders.

An Auto-Centric Downtown and the negative impact of parking and traffic on downtown walkability was commented on by stakeholders.

Empty Storefronts and their poor condition were cited as a concern by stakeholders. In particular, various ideas for potential use of the **Haggen’s building** were suggested including community center / theater, meeting spaces, City Hall, mixed uses (residential and commercial).

Family Friendly Entertainment and the need for more options was cited by stakeholders with young children, even though the parks are excellent.

Food Carts were also mentioned by one stakeholder who believed they should be allowed throughout the community with less restrictions than what are currently in place. They stressed the importance of food trucks as a proven way to help new businesses owners succeed, which they believe the City should encourage. Further, several stakeholders suggested Tualatin allow small **neighborhood commercial areas**.

Employment, Industrial, and Institutional Development

Industrial and employment land concerns were expressed by many stakeholders, who expressed their understanding of the **importance of the industrial** and manufacturing areas in Tualatin and significance of their presence. However, most community members felt these areas primarily provide employment to those out of town and lack local employees, which many stakeholders believed contributes to traffic in Tualatin.

More positive community impact on the part of industrial/manufacturing businesses on the community through avenues such as local hires, internship and scholarship programs for local youth was desired by several stakeholders.

Workforce housing was identified as a need by stakeholders who felt that the lack of affordable housing was impacting the employment based for Tualatin's industrial and commercial businesses, and that local jobs aren't paying enough for people to live locally which generates **traffic**.

Parks, Open Space and the Environment

Parks, trails, gathering spaces were praised by many stakeholders praised, who said they were frequent users of, **Tualatin's parks and trails**. Other open space areas such as public plazas and other **gathering spaces** were noted as more limited; many stakeholders noted a need for more of these facilities in Tualatin. However, a few stakeholders noted that adding more park land and greenspaces comes at a price and wondered whether current parks were being fully utilized.

A Community Center that is more robust was requested by many stakeholders, with a wider variety of classes, lessons, groups etc. for a broader range of ages beyond what is currently offered at the Juanita Pohl Center.

Water Quality and concerns about the possible lack of natural resource preservation in the area was mentioned by several stakeholders. Clean Water Services (CWS) is the primary entity that is focused on water quality; however, the City should consider stakeholders values and a community priority to consider for enhancing strengthening partnership with CWS. The need for more environmentally friendly landscaping requirements was also noted.

Basalt Creek was cited by several stakeholders as a resource that needs preservation.

Family oriented and family friendly parks, events, and activities were stressed as important assets, focus, and value of the community as the community consists of many families.

Stricter environmental regulations than the baseline CWS standards, an approach that the City of Wilsonville has taken, was favored by one stakeholder, who also expressed concerns about the impacts of urbanization on **natural resources** and areas in annexation land. Further, they mentioned the City’s Stormwater Management Plan is outdated a felt it should be updated to reflect current conditions.

Community Engagement, Equity, Diversity and Inclusion

Outreach and engagement and the need to broaden it to get more community members involved in local projects is not an easy task but one that was desired by a number of stakeholders, stating that it is important to reach and engage a **broader group** than the existing strong group of dedicated “**champions**” in the community.

Interconnections and healthy communities - everything interconnected – transportation, housing, parks, gathering places, etc. – was desired by a number of stakeholders.

Welcoming diversity in the community was noted as an important value to many stakeholders.

Diverse groups and community engagement and the need to engage and provide **more visibility for diverse groups** throughout the community, and to continue (and improve) inclusivity was cited by a number of stakeholders, who wanted to the City to be sure to hear from a wide range of community members. For example, include signs in Spanish around the City, so all feel included.

Enhance Citizen Involvement Organizations (CIOs) could be more robust and encourage more engagement throughout the community. This comment was made by several stakeholders. One suggestion was for a citizen involvement advisory committee for the entire City.

Providing a variety of housing for a variety of income levels and ages was hoped for by some stakeholders who thought it would promote more diversity in Tualatin.

Better communication between the City and the Tigard-Tualatin School District about significant changes to local schools that impact parking, traffic around town, or other significant impacts to the community was suggested by one stakeholder. Another emphasized that community engagement efforts need to spread the word to all, even those **outside City boundaries** when policies/plans directly impact them.

Equity and inclusion policies in the Comprehensive Plan should be more robust and given a higher consideration during a future update of the Comprehensive Plan was noted by one stakeholder.

2: HOUSING

What We Heard from the Community about Housing

Housing affordability and the need for the City to take an active role in this area was a common theme, as well as the need for a wider **diversity of housing types** in Tualatin. Table 2 below summarizes the Community Advisory Committee’s specific recommended policy actions relative to Housing and their priority, which is based on the Housing Strategy found in **Appendix C**. These topics actions were echoed by the Stakeholders that were interviewed and other community members (see **Appendix B**).

TABLE 2: CAC PRIORITIZED AND RECOMMENDED HOUSING POLICY STRATEGIES (WITH ACTIONS)

| High Priority |
|---|
| <p>Strategy 1: Ensure an adequate supply of land that is available and serviceable.</p> <p>Action 1.1. Evaluate opportunities to increase development densities within Tualatin’s existing zones by modifying the Development Code.</p> <p>Action 1.2. Evaluate opportunities to rezone land to provide additional opportunities for multifamily housing development.</p> <p>Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond.</p> |
| <p>Strategy 3: Support development and preservation of housing that is affordable for all households.</p> <p>Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of the median family income in Washington County (\$48,900 or less for a household size of four people).</p> |
| <p>Strategy 4: Identify funding tools to support residential development.</p> <p>Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing.</p> <p>Action 4.2. Evaluate establishing an urban renewal district.</p> |
| <p>Strategy 5: Identify redevelopment opportunities.</p> <p>Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.</p> |
| <p>Strategy 6: Ensure there are connections between planning for housing and other community planning.</p> <p>Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth.</p> |

Medium Priority

Strategy 1: Ensure an adequate supply of land that is available and serviceable.

Action 1.3. Plan for infrastructure development to support residential development, consistent with Strategy 6.

Strategy 2: Encourage development of a wider variety of housing types.

Action 2.1. Allow and encourage development of duplexes, cottage housing, townhomes, row houses, and triplexes and quadplexes in lower-density residential zones.

Action 2.2. Identify opportunities to increase development of commercial and residential mixed-use development.

Strategy 3: Support development and preservation of housing that is affordable for all households.

Action 3.2. Develop policies to support development of housing affordable to people who have income between 60% and 120% of MFI (\$48,900 to \$98,000 for a household of four in Washington County) and live and work in Tualatin.

Action 3.6. Evaluate creative system development charge financing opportunities.

Action 3.7. Evaluate establishment of a tax exemption program to support development of affordable housing.

Strategy 4: Identify funding tools to support residential development.

Action 4.3. Evaluate implementation of a construction excise tax.

Strategy 5: Identify redevelopment opportunities.

Action 5.2. Support redevelopment of underutilized commercial buildings for housing.

Strategy 6: Ensure there are connections between planning for housing and other community planning.

Action 6.2. Coordinate planning for economic development planning with housing planning.

Low Priority

Strategy 2: Encourage development of a wider variety of housing types.

Action 2.3. Identify opportunities to allow and support development of additional innovative housing types.

Strategy 3: Support development and preservation of housing that is affordable for all households.

Action 3.3. Develop policies to prevent and address homelessness.

Action 3.4. Develop policies to prevent or mitigate residential displacement resulting from redevelopment and increases in housing costs in Tualatin.

Action 3.5. Partner with organizations to establish a land bank or land trust.

Action 3.8. Ensure that Tualatin has sufficient staff capacity to implement the housing program priorities set by the City Council.

Strategy 6: Ensure there are connections between planning for housing and other community planning.

Action 6.3. Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life.

Action 6.4. Support sustainable development practices.

3: ECONOMY

What We Heard from the Community about the Economy

The **importance of the industrial and manufacturing areas** in Tualatin was a common theme but community members also expressed concerns about **traffic**. Interest in increasing local employment opportunities that would enable people to both live and work in Tualatin was also heard. Table 3 below summarizes the Community Advisory Committee’s specific recommended policy actions relative to the Economy and their priority, which is based on the Economic Strategy found in **Appendix D**. These topics actions were echoed by the Stakeholders that were interviewed and other community members (see **Appendix B**).

TABLE 3: CAC PRIORITIZED AND RECOMMENDED ECONOMIC POLICY STRATEGIES (WITH ACTIONS)

| High Priority |
|--|
| Strategy 1: Ensure an adequate supply of land that is available and serviceable. Action 1.1. Evaluate opportunities to increase mixed-use development. Action 1.3. Identify opportunities to make more efficient use of commercial land. Action 1.6. Plan for long-term development in Tualatin through 2040 and beyond. |
| Strategy 2: Identify redevelopment opportunities. Action 2.2. Revise the Tualatin Town Center Plan to focus on opportunities to support redevelopment. Action 2.4. Develop policies to support redevelopment and mixed-use development. |
| Strategy 3: Support business retention, growth and attraction. Action 3.3. Support growth of and retain entrepreneurial businesses in Tualatin. |
| Strategy 4: Ensure there are connections between planning for economic development and other community planning. Action 4.1. Ensure that updates to the Transportation System Plan coordinate with planning for employment and business growth. |

Medium Priority

Strategy 1: Ensure an adequate supply of land that is available and serviceable.

Action 1.2. Identify opportunities to make more efficient use of industrial land.

Strategy 2: Identify redevelopment opportunities.

Action 2.3. Identify opportunities to redevelop and intensify uses in industrial areas.

Strategy 3: Support business retention, growth and attraction.

Action 3.1. Revise the Economic Development Strategy, develop a clear vision for economic development, and create an action plan to implement the vision.

Action 3.4. Identify opportunities to attract or grow businesses with pay at or above Tualatin's average wage.

Action 3.5. Evaluate use of incentives to retain, grow, and attract businesses.

Strategy 4: Ensure there are connections between planning for economic development and other community planning.

Action 4.3. Develop a design and planning framework for "ten-minute neighborhoods" that include a mixture of uses.

Action 4.4. Identify opportunities to support workforce development.

Low Priority

Strategy 1: Ensure an adequate supply of land that is available and serviceable.

Action 1.4. Plan for infrastructure development to support commercial and industrial development.

Action 1.5. Work with landowners ensure land is development-ready and certified as shovel ready by Business Oregon.

Strategy 2: Identify redevelopment opportunities.

Action 2.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

Strategy 3: Support business retention, growth and attraction.

Action 3.2. Support growth of existing businesses in Tualatin.

Action 3.6. Ensure that Tualatin has sufficient staff capacity to implement the economic development priorities set by the City Council.

Strategy 4: Ensure there are connections between planning for economic development and other community planning.

Action 4.2. Coordinate planning for economic development with housing planning.

Action 4.5. Evaluate development of a civic center with a range of uses.

CONCLUSION / NEXT STEPS

As mentioned above, this document identifies a wide range of possible action items (e.g., code updates) -- more than could be reasonably accomplished in a single project or within a few years. Adoption or acceptance of a **final Policy Priorities document**, based on the presented community feedback and City Council direction, will provide a roadmap for the creation of a **2020 Work Plan** for the Tualatin Community Development Department and its Planning and Economic Development Divisions. It is also anticipated that in addition to this work plan, the Department would create a **Five-Year Action Plan** that would inform future work planning.

APPENDICES

APPENDIX A: COMMUNITY ENGAGEMENT SUMMARY

APPENDIX B: STAKEHOLDER AND COMMUNITY FEEDBACK SUMMARY (APG)

APPENDIX C: HOUSING STRATEGY (ECONORTHWEST)

APPENDIX D: ECONOMIC STRATEGY (ECONORTHWEST)

APPENDIX A: COMMUNITY ENGAGEMENT SUMMARY

Project Information dissemination

A website which can be found at <https://www.tualatin2040.com/> was developed at the inception of the Tualatin 2040 project and has been updated regularly with information about the project and its schedule, a wide range of opportunities for public engagement, meetings open to the public, and to keep the public and interested parties well informed as the project progressed. The site includes a robust library of project documents, updates, presentations, agendas, meeting summaries and more.

Policy Issue Identification Outreach Effort

Early on in the project City staff and consultant Angelo Planning Group (APG) held a joint meeting for five City Advisory groups to gain early input from them. In addition, the project management team (PMT) for the Tualatin 2040 reached out and presented at monthly meetings of all six Citizen Involvement Organizations (CIOs), the Core Area Parking District Board, and the Library Advisory Committee, as well as Task Forces and the Business Advisory Council to let them know about the many opportunities for public engagement in the Tualatin 2040 project.

Stakeholders' participation included meetings with **interested groups** and **individual interviews**.

| | |
|------------------------------|---|
| Joint meeting | March 12, 2019 meeting with members from the following groups: <ul style="list-style-type: none">○ Tualatin Planning Commission (TPC)○ Architectural Review Board (ARB)○ Tualatin Parks Advisory Committee (TPARK)○ Tualatin Arts Advisory Committee (TAAC)○ Youth Advisory Council (YAC) |
| CIO meetings | <ul style="list-style-type: none">○ Martinazzi CIO○ East Tualatin CIO○ Midwest CIO○ Byrom CIO○ Commercial CIO○ Riverpark CIO |
| Individual interviews | <ul style="list-style-type: none">○ Participants representing a diverse group of stakeholders including residents (owners and renters), business owners, developers, parents with young children and seniors and persons with disabilities○ APG conducted twelve one-on-one stakeholder interviews from April 1 to April 3, 2019 |

| | |
|------------------------------------|---|
| | <ul style="list-style-type: none"> ○ City staff conducted two additional interviews -- one on April 9, 2019 with two participants and one on April 29, 2019 with one participant |
| Group stakeholder interview | <ul style="list-style-type: none"> ○ Tualatin Aging Task Force on May 13, 2019 facilitated by APG and assisted by City staff |

Conversations with participants ranged from very specific to general topics. Participants did not need to have specific knowledge of the Tualatin Development Code to participate. A set of questions were provided to prompt discussions; however, participants were free to focus on the topics more important to them. The questions included the following:

- What land use topics and issues do you think should be City priorities?
- Do you think the City’s current policies still speak to Tualatin’s priorities or should something change?
- Are the regulations in the Development Code implementing the policies and the community’s priorities? Are the built results turning out the way you want?
- If choices must be made about what chapters of the TDC to update first, what do think should be done first?

Advisory Committees for Housing Needs Analysis (HNA) and Economic Opportunity Analysis (EOA):

A 16-member Community Advisory Committee (CAC) was convened by the City in March 2019 to provide policy input on the HNA, EOA and related strategy documents. The Community Advisory Committee met seven times with the last meeting held on September 26, 2019. The CAC provided input to help guide the City’s housing and economic policy with a focus on policy analysis and developing strategies and actions that could lead to possible changes to the comprehensive plan and development code regulations.

A Technical Advisory Committee (TAC) was convened by the City in April 2019 to provide technical input on the HNA, EOA and related strategy documents and to reach out to external agencies and experts for coordination and expertise as appropriate and needed. The Technical Advisory Committee met four times with the last meeting held September 25, 2019. The TAC focused on the technical approach and methodology for the Housing Needs Analysis (HNA) and Economic Needs Analysis (EOA). They will provide review and input for analyses, reports, and strategies. The core TAC was comprised of City staff with expertise related to City planning and development code regulation. The TAC also included county, regional and state agencies and experts in the housing and economic development field.

Open house (July – August 2019)

Interacted with 232 people, 73 in-person and 159 online. Asked for demographic and income information to inform engagement efforts. Responses to the survey questions are broken out by total responses, income (\$50,000 and below), and race (People of Color). Compared to Tualatin's Census numbers, the traditional public engagement structure (Community Advisory Committee and stakeholder interviews) interacted with an older, higher income, and more white community, than online and in-person outreach. Compared to the Census, the Latinx community and residents younger than 18 years old were under-represented, although these groups did participate through in-person surveys where demographic information was not requested.

- Top three (3) actions for the City of Tualatin to meet affordable housing needs: offer incentives for affordable housing, improve connections to jobs and services to lessen costs, and allow more types of homes. For households making \$50,000 and below, rent control and incentives for affordable housing were of greater interest. For People of Color, allowing more types of homes and obtain land for new housing were of greater interest.
- Top three (3) desired choices for new housing types: small homes, townhomes, and cottage courtyard/business-home (tie). For households making \$50,000 and below, small homes and cottage courtyards were of greater interest. For People of Color, business-home and small homes were of greater interest.
- Top three (3) non-housing priority topics: improving connectivity, increasing and protecting green space, and increasing opportunities for jobs and entertainment. For households making \$50,000 and below, increasing and protecting green space, and increasing opportunities for jobs and entertainment, were of greater interest. For People of Color, improving connectivity and increasing opportunities for jobs and entertainment, were of greater interest.

Under One Roof luncheon (September 2019)

Interacted with around 40 community members, representing a diverse range from affordable housing residents, to housing service providers, to elected officials. We received our first request to use Spanish translation services, which have been offered at all Tualatin 2040 community meetings.

- The panel of experts recommended the following actions for the City of Tualatin to address affordable housing needs: land is costly so review what land is already in public control, reform the zoning (especially parking and density), and be ready for not-in-my-backyard (NIMBY) concerns.
- Affordable housing is complex and a coalition is needed, similar to the panel at the meeting (Community Action + Washington County Department of Housing Services + Community Partners for Affordable Housing), but also to include advocates within the community.
- The major theme from stakeholder feedback was a desire to achieve a greater efficiency in how we use land. This could be done by improving connections to community amenities by access (transportation) or increasing the location of jobs, businesses, services, and green spaces near homes.

- During question and answer, community members asked a range of housing questions – housing vouchers, shared/transitional housing, tiny homes, mobile or manufactured homes, and immediate assistance. Read the full meeting summary ([link](#)) for responses.

APPENDIX B: STAKEHOLDER AND COMMUNITY FEEDBACK SUMMARY (APG)

What We Learned

Participating stakeholders shared their thoughts on a wide range of topics. For the summary we have organized the input into the following key topic areas:

- Housing and Livability
- Transportation and Parking
- Civic Identity and Downtown
- Employment and Industrial Development
- Parks, Open Space and the Environment
- Community Engagement
- Equity, Diversity and Inclusion

While all of the topics were discussed the first two – **Housing and Livability** and **Transportation and Parking** -- were the top priorities for most of the stakeholders.

Housing and Livability

- Housing **affordability** was a major topic of discussion and a concern for all stakeholders and some noted the need for the City to have a plan for housing.
- There was broad support for a wider **diversity of housing types** in Tualatin; many felt a wider variety of options (other than single-family homes) would provide more affordable options.
- Some stakeholders expressed **concern**. One stakeholder felt that Tualatin is a suburban town, people live there because they want to live in the suburbs. Others noted that the “densification” of existing single-family residential neighborhoods has potential to ruin **neighborhood character**.
- Some alternative housing types discussed with stakeholders were **townhomes/rowhouses, mixed-use development, duplexes, triplexes, and accessory dwelling units (ADU)**. Most stakeholders were in favor of the full range of housing types. One stakeholder noted that small lot and zero lot line subdivisions could provide higher density that doesn’t feel cramped.
- Some stakeholders stressed the need for high rise apartments (6-8 stories) located next to transportation options and felt that the City’s **height limits** were too low. There was also concern expressed about large house sizes (“McMansions”) making housing unaffordable.
- During the discussion of affordable housing types, several stakeholders mentioned a need for living options for the aging population in Tualatin. A lack of **senior housing** and **multi-generational housing** options were noted. Interest in having more single story (ranch style) homes was also expressed. Several stakeholders mentioned that there are limited locations to downsize within Tualatin.

- Some stakeholders noted a jobs/household composition mismatch. **Workforce housing**, and more affordable housing for employees of Tualatin’s industrial and commercial businesses, was highlighted as a concern. The lack of workforce housing was also underscored as a factor in creating traffic congestion.
- Stakeholders who are part of the development community noted factors impacting the cost of housing such as **land costs** and the lack of available land to develop in Tualatin, for both large and small lots. They noted how cost of development (land, fees, construction materials, etc.) is affecting development operations and impacting affordability, acknowledging that this is a **regional concern**.
- A number of stakeholders mentioned **Basalt Creek**. One stakeholder expressed significant concerns about the environmental impacts of development in Basalt Creek. Others noted that the proposed zoning allows for a good diversity of housing (low density residential, medium low density residential and some high density residential, but that lots should be 3,000 or 4,000 square foot lots.

Transportation and Parking

- A common concern amongst stakeholders was **congestion** and traffic in town. Many attributed the traffic to employees of local businesses commuting from out of town. One stakeholder mentioned concerns about potential increase in traffic and congestion with more residential development of land available for annexation. Two stakeholders mentioned the potential benefits of a **bypass** if it would alleviate traffic, but not a road widening that would only bring more traffic.
- Transit was another important topic amongst stakeholders. Many expressed the desire for greater **transit access** and service in town, throughout Tualatin, neighboring communities, and to Portland. Further, there was excitement for the proposed **SW Corridor Max Line**. One stakeholder expressed frustration about the lack of transit access to essential services especially for those people who are transit-dependent. The importance of having transit services near affordable housing was also mentioned. **WES** is very limited; it needs to be extended/expanded to reach more areas and one stakeholder suggested a Tualatin–WES shuttle to business parks.
- Walkability of Tualatin was another popular topic amongst stakeholders. Many said they walk in the community, but primarily within their neighborhoods to avoid major roads because of the **uncomfortable pedestrian environment**. The major roads which were noted as providing **poor pedestrian connectivity** between downtown and the City’s residential neighborhoods. A few stakeholders suggested encouraging neighborhood commercial areas as a way of alleviating congestion downtown and improving walkability. Some noted the need for boulevard street design with wide sidewalks.
- Some stakeholders had concerns about **ADA accessibility** of the City’s pedestrian infrastructure. Examples included height and location of pedestrian signal push buttons and pedestrian light times. Others noted the trail designs lack lighting.

- Several stakeholders stressed the desire for a **more bike friendly** community, providing more facilities and improving comfort for cyclists outside of the City’s trails system. One stakeholder noted that currently it doesn’t feel safe as there is not a huge awareness of bicyclists in Tualatin. The need for a complete and connected bicycle system was also noted.
- Several stakeholders commented on the need for **adequate parking** at multi-family housing so there is minimal reliance on street parking, especially if smaller multifamily units such as duplexes or triplexes are incorporated into single family neighborhoods. Another stakeholder suggested garages shouldn’t count toward parking requirements, because so few are used for parking. However, others noted that parking issues need creative solutions including reduction of parking in some places.
- One stakeholder suggested raising awareness around property owner responsibility to **clear sidewalks** after snowfall and leaf clean-up, primarily because of their effect on the ADA accessibility of sidewalks in those conditions. Another suggested the current requirement for 3-foot wide planter strips is inadequate and should be increased to 4-feet in width to avoid sidewalks buckling as tree roots grow.

Civic Identity and Downtown

- Discussions with community members revealed hopes for a more **robust downtown** Tualatin. When asked what brings people downtown, responses included shopping, retail stores, and the library. However, most stakeholders requested more attractions and businesses downtown and shared ideas of how that could be achieved. Some stakeholders also noted their preference to have fewer “chain” businesses in town and believed that the City should encourage more local businesses through incentives and other approaches to attract the “right” local businesses to downtown.
- Stakeholders commented on the **auto-centric** nature of downtown, and the negative impact of parking and traffic on downtown walkability.
- A common theme when discussing downtown was the **lack of identity** or distinct character, with stakeholders asking where is downtown Tualatin?
- Many stakeholders suggested incorporating more “**3rd places**” in Tualatin, both public (e.g. community center and arts center) and private (e.g. local coffee shop).
- Stakeholders also stressed the importance of the need for **meeting spaces** in the community. Most stakeholders stressed the lack of meeting spaces for a variety of needs from hosting Girl Scouts meetings to the State of City address.
- Stakeholders with young children noted that while the parks are excellent, there is a need for more **family-friendly entertainment** opportunities.
- Stakeholders also expressed concerns with the many **empty storefronts** in downtown and their poor condition. In particular, various ideas for potential use of the **Haggen’s building** were

suggested including community center / theater, meeting spaces, City Hall, mixed uses (residential and commercial).

- Several stakeholders suggested that a **City Hall** be located in the downtown to encourage activity downtown. The City of Wilsonville was mentioned by several as good model for what a Tualatin City Hall could look like. Another suggestion for an attraction downtown was a **performance space** for the local community theatre group.
- Several stakeholders mentioned attending the downtown **farmers market** when it was operating and would support the farmers market returning to downtown.
- Many stakeholders felt that the **Tualatin River** and the **Lake at the Commons** are underutilized assets downtown due to their lack of visibility. There was interest in making The Commons a more interesting place to go with businesses and activities that help bring people there.
- **Food carts** were also mentioned by one stakeholder who believed they should be allowed throughout the community with less restrictions than what are currently in place. They stressed the importance of food trucks as a proven way to help new businesses owners succeed, which they believe the City should encourage. Further, several stakeholders suggested Tualatin allow small **neighborhood commercial areas**.
- Some stakeholders expressed concern about signs noting that the City's **sign code** was outdated.

Employment and Industrial Development

- Many stakeholders expressed their understanding of the **importance of the industrial** and manufacturing areas in Tualatin and significance of their presence. However, most community members felt these areas primarily provide employment to those out of town and lack local employees, which many stakeholders believed contributes to traffic in Tualatin.
- Also, stakeholders mentioned lack of affordable housing impacting the employment based for Tualatin's industrial and commercial businesses. Concern that local jobs aren't paying enough for people to live locally which generates **traffic**.
- Several stakeholders expressed the desire for the industrial/manufacturing businesses to have a **more positive impact** on the community through avenues such as local hires, internship and scholarship programs for local youth.

Parks, Open Space and the Environment

- Many stakeholders praised, and said they were frequent users of, **Tualatin's parks and trails**. Other open space areas such as public plazas and other **gathering spaces** were noted as more limited; many stakeholders noted a need for more of these facilities in Tualatin. However, a few stakeholders noted that adding more park land and greenspaces comes at a price and wondered whether current parks were being fully utilized.

- **Family friendly** parks, events, and activities were stressed as important assets, focus, and value of the community as the community consists of many families.
- Also, many stakeholders requested a more robust **community center** with a wider variety of classes, lessons, groups etc. for a broader range of ages beyond what is currently offered at the Juanita Pohl Center.
- Several stakeholders were concerned about the possible lack of preservation of **water quality** in the area. Clean Water Services (CWS) is the primary entity that is focused on water quality; however, the City should consider stakeholders values and a community priority to consider for enhancing strengthening partnership with CWS. The need for more environmentally friendly landscaping requirements was also noted.
- One stakeholder was in favor of enforcing stricter regulations than the baseline CWS standards, an approach that the City of Wilsonville has taken. They also expressed concerns about the impacts of urbanization on **natural resources** and areas in annexation land. Further, they mentioned the City’s Stormwater Management Plan is outdated a felt it should be updated to reflect current conditions.
- Several stakeholders noted the need to preserve **Basalt Creek**.

Community Engagement

- A number of stakeholders recognized that getting more community members involved in local projects is not an easy task, but it is important to reach and engage a **broader group** than the existing strong group of dedicated “**champions**” in the community.
- Several stakeholders noted that the **Citizen Involvement Organizations (CIOs)** could be more robust and encourage more engagement throughout the community. One suggestion was for a citizen involvement advisory committee for the entire City.
- One stakeholder suggested **greater communication** between the City and the **Tigard-Tualatin School District** about significant changes to local schools that impact parking, traffic around town, or other significant impacts to the community. Another emphasized that community engagement efforts need to spread the word to all, even those **outside City boundaries** when policies/plans directly impact them.

Equity, Diversity and Inclusion

- A number of stakeholders noted the desire for **healthy communities** - everything interconnected – transportation, housing, parks, gathering places, etc.
- Some stakeholders hoped that by providing **housing for a variety of income levels** and ages it would promote more diversity in Tualatin.
- A number of stakeholders noted the need to engage and provide **more visibility for diverse groups** throughout the community, and to continue (and improve) inclusivity in **community**

engagement, be sure to hear from a wide range of community members. For example, include signs in Spanish around the City, so all feel included.

- One stakeholder noted that the existing **equity and inclusion policies** in the Comprehensive Plan are thin, should be more robust and a higher consideration during the update of the Comprehensive Plan.
- Many stakeholders noted that importance of encouraging and **welcoming diversity** in the community.

DATE: December 4, 2019
TO: Tualatin Housing Needs Analysis Project Advisory Committees
CC: Karen Perl Fox, Steve Koper, and Jonathan Taylor
FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
SUBJECT: FINAL: TUALATIN HOUSING STRATEGY

The City of Tualatin contracted ECONorthwest to develop a Housing Needs Analysis and a Housing Strategy for Tualatin. The Housing Needs Analysis (HNA) will determine whether the City of Tualatin has enough land to accommodate twenty years of population and housing growth. It will characterize housing affordability problems and identify gaps in housing affordability in Tualatin. The HNA will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as for the development of an action plan to implement the housing policies (i.e., the Housing Strategy).

The HNA uses a planning period of 2020–2040. Tualatin is planning for minimum growth of 1,014 new dwelling units within the Tualatin city limits and the Basalt Creek area over the 2020–2040 planning period. Tualatin's vacant unconstrained buildable land has capacity for development of 1,207 new dwelling units at full build-out, not including redevelopment capacity. Build-out of Tualatin's vacant land could occur within the 2020–2040 period, or it could take longer. While the HNA works with the forecasted growth of 1,014 new dwelling units through 2040, the City may consider potential residential growth beyond this forecast in its housing policies, including build-out of all vacant land and redevelopment resulting in additional housing

The results of the HNA show that Tualatin has a deficit of land designated for housing in the Medium High Density Residential and the High Density / High-Rise Residential comprehensive plan designations. The City will need to develop policies to meet this deficit, such as redevelopment or rezoning land to meet these housing needs.

A key objective of the HNA and accompanying 2020 Housing Strategy is to identify options for changes to the City's Comprehensive Plan and land use regulations needed to address housing and residential land needs. This memorandum presents a housing strategy for Tualatin, based on the results of the HNA and discussions with the Community Advisory Committee (CAC) and Technical Advisory Committee (TAC). This Housing Strategy presents a comprehensive package of interrelated policy changes that the CAC recommends the City address.

This Housing Strategy recognizes that the City does not build housing. The strategy focuses on land use tools to ensure there is adequate land planned and zoned to meet the range of housing needs and opportunities for a variety of housing types, whether they be priced at market rate or subsidized. To the extent possible, this strategy strives to provide opportunities for lower-cost market-rate housing to achieve more housing affordability without complete reliance on subsidies and to include subsidized housing as an important tool to meet the need at the lower end of the income spectrum (low, very low, and extremely low) in the mix of strategies.

The Housing Strategy addresses the needs of households with middle, low, very low, or extremely low income. The following describes these households, based on information from the Tualatin Housing Needs Analysis.

- **Very low-income and extremely low-income households** are those who have an income of 50% or less of Washington County’s median family income (MFI)² which is an annual household income of about \$41,000 or less for a family of four. About 31% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,018 or less.³ Development of housing affordable to households at this income level is generally accomplished through development of income-restricted housing.
- **Low-income households** are those who have an income between 50% and 80% of Washington County’s MFI, or an income between \$41,000 and \$65,000 for a family of four. About 15% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,018 to \$1,625. Households with an income below 60% of MFI typically qualify for some types of income-restricted housing. The private housing market often struggles to develop housing affordable to households in this group, especially for the lower-income households in the group.
- **Middle-income households** are those who have an income between 80% and 120% of Washington County’s MFI, or an income between \$65,000 and \$98,000 for a family of four. About 15% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,625 to \$2,400. The private housing market may develop housing affordable to households in this group.

Through the technical analysis of the HNA and input from the CAC and TAC, the City identified six strategic priorities to meet housing needs identified in the HNA. Strategic priorities are described in greater detail in the section below. Appendix A presents the full text of Tualatin’s existing Comprehensive Plan policies for housing. Appendix B presents the information provided to the CAC in the memorandum “Housing Policy Tools to Address Needs” (May 16, 2019).

Tualatin’s Housing Strategy

The Tualatin Housing Strategy is organized around six broad strategic priorities: (1) ensure an adequate supply of land that is available and serviceable; (2) encourage development of a wider variety of housing types; (3) identify strategies to support affordable housing; (4) evaluate funding tools to support residential development; (5) identify redevelopment opportunities;

² Median family income is determined by the U.S. Department of Housing and Urban Development. In 2018, Washington County’s MFI was \$81,400.

³ This assumes that households pay less than 30% of their gross income on housing costs, including rent or mortgage, utilities, home insurance, and property taxes.

and (6) ensure there are connections between planning for housing and other planning (such as transportation planning, water and wastewater planning, or economic development planning). The broad goal of the Tualatin Housing Strategy is to help the City manage the land within the Tualatin planning area to meet current and future housing needs while maintaining the character and quality of life in Tualatin and protecting public interests such as housing affordability, health, safety, and municipal revenues.

The Tualatin CAC convened seven times between March 2019 and September 2019. The CAC discussed housing at the meetings in March, May, August, and September. The Tualatin TAC met four times between April 2019 and September 2019 and discussed housing at all four meetings (while some meetings included discussions of other topics, as well). The CAC and TAC provided input into the development of the Housing Strategy through discussions at meetings and opportunities for input on written documents.

The recommendations from the CAC in this strategy consider key findings from the HNA, such as the following examples. The City has a long-term deficit of residential land. The housing market is not building enough housing that is affordable to households with annual incomes less than \$35,000 based on U.S. Census American Community Survey data. The housing market in Tualatin also has a deficit of housing affordable to households earning more than \$150,000.⁴ The composition of Tualatin's population is becoming older and more diverse. This document presents a comprehensive strategy that provides a variety of opportunities to meet the housing needs of Tualatin's residents at all income levels.

Many of the actions described in the Tualatin Housing Strategy will require legislative amendments to the City's Comprehensive Plan and/or Development Code. These actions will be subject to standard notification and hearing procedures. After the Housing Needs Analysis is completed, the Planning Commission and City Council will prioritize the actions suggested in this memorandum, along with other actions suggested for Tualatin through 2040. Implementation of high priority actions will begin in 2020, based on City Council direction.

⁴ This analysis is based on Exhibit 79 in the Tualatin Housing Needs Analysis.

Summary of Actions

The table below summarizes the strategies, actions, and recommendations made by the CAC. The priority shown in the table is based on discussions with the CAC about the actions they view to be in need of prompt attention. Low-priority actions represent actions that the CAC thinks are important but that may be executed later in the Tualatin 2040 process. At some level, all of the actions in this strategy are a high priority for the CAC.

| Strategies, Actions, and Recommendations | Priority |
|---|----------|
| Strategy 1: Ensure an adequate supply of land that is available and serviceable. | |
| <p>Action 1.1. Evaluate opportunities to increase development densities within Tualatin’s existing zones by modifying the Development Code.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.1a: Evaluate increasing densities in the Residential High and Residential High Density / High Rise residential designations by allowing buildings that are five to eight stories tall. ▪ Recommendation 1.1b: Conduct an audit of the City’s Development Code to identify barriers to residential development (e.g., lot size, setbacks, and lot coverage ratio) and identify alternatives for lowering or eliminating the barriers. ▪ Recommendation 1.1c: Evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements, especially for housing developed for groups who have fewer cars. ▪ Recommendation 1.1d: Adopt a Planned Unit Development (PUD) ordinance to allow flexibility in both development standards and housing types. | High |
| <p>Action 1.2. Evaluate opportunities to rezone land to provide additional opportunities for multifamily housing development.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.2a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes employment and residential uses. ▪ Recommendation 1.2b: Evaluate opportunities to re-zone Residential Low Density and Residential Medium Low Density residential land for higher-density housing. ▪ Recommendation 1.2c: Evaluate merging High Density zone and the High Density / High Rise zone into one zone and evaluate increasing the maximum density and maximum height limit allowed. | High |
| <p>Action 1.3. Plan for infrastructure development to support residential development, consistent with Strategy 6.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.3a: Identify opportunities to increase coordination between transportation planning and residential growth to manage congestion from growth. ▪ Recommendation 1.3b: Identify opportunities to increase transit service. | Medium |
| <p>Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.4a: Actively work with Metro staff on upcoming Regional Growth Management reports. Coordinate Tualatin’s planning with regional plans. ▪ Recommendation 1.4b: Develop and implement a system to monitor the supply of residential land every two years. ▪ Recommendation 1.4c: Reevaluate Tualatin’s housing needs and land sufficiency on a schedule tied to the Metro Growth Management cycle. ▪ Recommendation 1.4d: When needed in the future, work with Metro on potential expansion of the Metro UGB to include the Stafford area. | High |

| Strategies, Actions, and Recommendations | Priority |
|--|----------|
| Strategy 2: Encourage development of a wider variety of housing types. | |
| <p>Action 2.1. Allow and encourage development of duplexes, cottage housing, townhomes, row houses, and triplexes and quadplexes in lower-density residential zones.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.1a: Allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density residential zone. ▪ Recommendation 2.1b: Allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones, at densities appropriate for the zones. | Medium |
| <p>Action 2.2. Identify opportunities to increase development of commercial and residential mixed-use development.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.2a: Identify opportunities for more mixed-use development. | Medium |
| <p>Action 2.3. Identify opportunities to allow and support development of additional innovative housing types.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.3a: Evaluate allowing and supporting development of other housing types in Tualatin, such as single-room occupancy (more than four unrelated living in the same dwelling with shared kitchen and bathrooms); reuse of cargo containers for housing; tiny homes (dwelling units between 100 and 500 square feet); and higher-amenity housing on larger lots. | Low |
| Strategy 3: Support development and preservation of housing that is affordable for all households. | |
| <p>Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of the median family income in Washington County (\$48,900 or less for a household size of four people).</p> <ul style="list-style-type: none"> ▪ Recommendation 3.1a: Develop policies to support development of housing affordable to households with incomes below 60% of MFI as part of the City's program to leverage funds from the Metro Housing Bond. | High |
| <p>Action 3.2. Develop policies to support development of housing affordable to people who have income between 60% and 120% of MFI (\$48,900 to \$98,000 for a household of four in Washington County) and live and work in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.2a: Emphasize growth of jobs that pay at or above average wages, as part of the City's economic development strategy. ▪ Recommendation 3.2b: Identify opportunities to partner with or support employers who are interested in developing an employer-assisted housing program. | Medium |
| <p>Action 3.3. Develop policies to prevent and address homelessness.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.3a: Develop policies to prevent and address homelessness. | Low |
| <p>Action 3.4. Develop policies to prevent or mitigate residential displacement resulting from redevelopment and increases in housing costs in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.4a: Develop policies to prevent displacement of existing residents. ▪ Recommendation 3.4b: Develop policies to prevent loss of existing affordable housing. | Low |
| <p>Action 3.5. Partner with organizations to establish a land bank or land trust.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.5a: Determine whether to participate in a land bank or land trust, such as the Proud Ground Community Land Trust. | Low |
| <p>Action 3.6. Evaluate creative system development charge financing opportunities.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.6a: Evaluate options for potential changes to SDCs and TDTs to support development of affordable housing. | Medium |
| <p>Action 3.7. Evaluate establishment of a tax exemption program to support development of affordable housing.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.7a: Evaluate tax exemption options to support development of affordable housing or mixed-use housing. | Medium |

| Strategies, Actions, and Recommendations | Priority |
|---|----------|
| <p>Action 3.8. Ensure that Tualatin has sufficient staff capacity to implement the housing program priorities set by the City Council.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.8a: Determine whether the City will need to add staff to implement the policies in the housing strategy. | Low |
| Strategy 4: Identify funding tools to support residential development. | |
| <p>Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.1a: Evaluate opportunities, such as housing development incentives (in Strategy 3), to use leveraged funding from the Metro Housing Bond to support the development of affordable housing. | High |
| <p>Action 4.2. Evaluate establishing an urban renewal district.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.2a: Continue the evaluation of establishing a new urban renewal district and consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of MFI. | High |
| <p>Action 4.3. Evaluate implementation of a construction excise tax.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.3a: Evaluate implementation of a CET, starting with an analysis of the financial capacity of a CET. | Medium |
| Strategy 5: Identify redevelopment opportunities. | |
| <p>Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 5.1a: Identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment. | High |
| <p>Action 5.2. Support redevelopment of underutilized commercial buildings for housing.</p> <ul style="list-style-type: none"> ▪ Recommendation 5.2a: Identify underutilized commercial areas that are ripe for redevelopment and work with landowners and developers to support redevelopment. | Medium |
| Strategy 6: Ensure there are connections between planning for housing and other community planning. | |
| <p>Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth.</p> <ul style="list-style-type: none"> ▪ Recommendation 6.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for housing. ▪ Recommendation 6.1b: Evaluate opportunities to expand transit and improve transportation connectivity in Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin's Town Center. ▪ Recommendation 6.1c: Evaluate opportunities for planning transit-oriented development. ▪ Recommendation 6.1d: Develop a bicycle and pedestrian plan for Tualatin to increase connectivity within Tualatin. | High |
| <p>Action 6.2. Coordinate planning for economic development planning with housing planning.</p> <ul style="list-style-type: none"> ▪ Recommendation 6.2a: Ensure the City includes housing planning for housing that is affordable to people who work at businesses in Tualatin. | Medium |
| <p>Action 6.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 6.3a: Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life. | Low |
| <p>Action 6.4. Support sustainable development practices.</p> <ul style="list-style-type: none"> ▪ Recommendation 6.4a: Evaluate sustainable building practices, including certifications, to determine whether the City should offer incentives for certification or require certification of new buildings as sustainable. | Low |

Strategy 1: Ensure an Adequate Supply of Land that is Available and Serviceable

This strategy is about ensuring an adequate land supply — not only a twenty-year supply (as Goal 10 requires) but also a pipeline of serviced land that is available for immediate development. The following recommended strategies and actions are intended to ensure an adequate supply of residential land through a combination of changes to the Tualatin Development Code, rezoning land, and long-term regional planning for housing. Efficient use of Tualatin’s residential land is key to ensuring that Tualatin has adequate opportunities to grow from 2020 to 2040, and beyond.

Issue Statement

Tualatin’s vacant unconstrained residential land can accommodate about 1,900 new dwelling units, including land within the city limits and Basalt Creek. Development of all of Tualatin’s vacant unconstrained land may occur over a period longer than the twenty-year planning period of this project. The forecast for housing growth over the 2020 to 2040 period is 1,041 new dwelling units.

The results of the HNA show that Tualatin has a surplus of capacity for new housing in the Low Density Residential, Medium Low Density Residential, and High Density Residential Plan Designations but a deficit in the Medium High Density Residential and High Density / High-Rise Residential plan designations. Tualatin has a deficit of 109 dwelling units (about 7 gross acres of land) in the Medium High Density Residential designation and a deficit of 101 dwelling units (about 4 gross acres of land) in the High Density / High-Rise Residential designation.

Tualatin has enough land within its planning area to accommodate the forecast for new housing. The existing zoning, however, leads to deficits of land in the Medium High Density Residential and High Density / High-Rise Residential Plan Designations. Oregon’s statewide planning system requires cities that do not have enough land within their urban growth boundary (UGB) or in selected plan designations to evaluate and implement policies to increase land use efficiently, expand the UGB, or both.

Tualatin is part of the Metro UGB and cannot expand its planning area on its own. However, Tualatin can increase land use efficiency within its planning area by increasing allowable development densities, rezoning land, or planning for redevelopment to meet the needs in the Medium High Density Residential and High Density / High-Rise Residential plan designations. In addition, Tualatin can monitor growth to ensure that the city continues to have sufficient land for residential growth, and it can work with Metro and other regional partners on future expansions of the Metro UGB to accommodate additional residential development in Tualatin.

Tualatin needs land that is vacant with urban services that support residential development, such as municipal water service, sewer and wastewater service, stormwater management systems, and transportation connections with adequate capacity to accommodate growth.

Goal

Ensure that sufficient land is designated and has urban services to support development so the supply is adequate for all needed housing types at the needed densities. Consider the development-ready residential land supply as part of ongoing functional planning efforts to provide necessary urban services in support of residential development.

Recommended Actions

Action 1.1. Evaluate opportunities to increase development densities within Tualatin's existing zones by modifying the Development Code.

This approach seeks to increase housing capacity by increasing allowable density in residential zones. In short, it gives developers the option of building to higher densities. Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development, add tax revenue that benefits the City (as more units can be built), and make the provision of services more cost effective.

This action will look at increasing allowed densities in the Comprehensive Plan and decreasing minimum lot size standards and/or allowable densities in all residential zones.

Tualatin could modify the density ranges outlined in the Tualatin Development Code. These are currently:

- Residential Low-Density (RL): 1–6.4 dwelling units per acre
- Residential Medium Low–Density (RML): 6–10 dwelling units per acre
- Residential Medium High–Density (RMH): 11–15 dwelling units per acre
- Residential High-Density (RH): 16–25 dwelling units per acre
- Residential High-Density/High-Rise (RH/HR): 26–30 dwelling units per acre

With respect to zoning, Tualatin presently has the following zoning standards:

- P is permitted, C is conditional, and N is not permitted
- Minimum Lot size is in square feet and maximum density is in dwelling units per acre (du/ac)

| Zone | Single-Family Detached | Manufactured Home on a Lot | Accessory Dwelling Unit | Manufactured Home Park | Duplex | Townhouse | Multi-family |
|-----------------------------|------------------------|----------------------------|-------------------------|------------------------|--------|-----------|--------------|
| Residential Low (RL) | | | | | | | |
| Allowed Uses | P | P | P | N | C | C | C |
| Minimum Lot Size | 6,500 average | 6,500 average | - | | 6,000 | 6,000 | 6,000 |

| Zone | Single-Family Detached | Manufactured Home on a Lot | Accessory Dwelling Unit | Manufactured Home Park | Duplex | Townhouse | Multi-family |
|---|------------------------|----------------------------|--|------------------------|-----------|-----------|--------------|
| Maximum Density | 6.4 du/ac | 6.4 du/ac | Accessory to lot with single family dwelling | | 6.4 du/ac | 6.4 du/ac | 6.4 du/ac |
| Residential Medium Low-Density (RML) | | | | | | | |
| Allowed Uses | C | N | P | P | P | P | P |
| Minimum Lot Size | 4,500 | | | | 4,356* | 1,400 | 4,356* |
| Maximum Density | 10 du/ac | | | 12 du/ac | 10 du/ac | 10 du/ac | 10 du/ac |
| Residential Medium High-Density (RMH) | | | | | | | |
| Allowed uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 2,904* | 1,400 | 2,904* |
| Maximum Density | | | | | 15 du/ac | 15 du/ac | 15 du/ac |
| Residential High-Density (RH) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 1,742* | 1,400 | 1,742* |
| Maximum Density | | | | | 25 du/ac | 25 du/ac | 25 du/ac |
| Residential High-Density/High-Rise (RH/HR) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 1,452 | 1,452 | 1,452* |
| Maximum Density | | | | | 30 du/ac | 30 du/ac | 30 du/ac |
| Mixed-Use Commercial Overlay Zone (MUCOD) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | None | None | None |
| Maximum Density | | | | | 50 du/ac | 50 du/ac | 50 du/ac |
| Central Tualatin Overlay Zone (RH/HR) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size (Core Area) | | | | | 5,000 | 5,000 | 5,000 |
| Minimum Lot Size (Noncore Area) | | | | | 25,000 | 25,000 | 25,000 |
| Maximum Density | | | | | 25 du/ac | 25 du/ac | 25 du/ac |

*Note: The lot sizes for duplex and multifamily units are based on development on more than one acre. Development on less than one acre has a different standard for minimum lot size.

Changes to lot size standards are legislative changes to the Comprehensive Plan and/or zoning code. As such, this process should be initiated with the Planning Commission and include opportunities for public input.

Recommendation 1.1a: Tualatin should evaluate increasing densities in the residential High and Residential High Density / High Rise designations by allowing buildings that are five to eight stories tall (or higher). The City could increase densities to 60 to 100 dwelling units per acre. Alternatively, the City could allow the zoning standards to dictate the number of new dwelling units, based on standards such as building height limitations, parking requirements per unit, lot coverage ratios, setback requirements, and other zoning standards.

Recommendation 1.1b: Tualatin should conduct an audit of the City's Development Code to identify barriers to residential development (e.g., lot size, setbacks, and lot coverage ratio) and identify alternatives for lowering or eliminating the barriers. For example, the code audit could include these evaluating dimensional standards in all zones to understand the potential impact of development of vacant land (especially smaller or irregularly shaped lots) to identify barriers to infill development.

Recommendation 1.1c: Tualatin should evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements, especially for housing developed for groups who have fewer cars, such as seniors or low-income affordable housing, close proximity to transit stop, and/or additional provision of bicycle parking. The City could consider changes that allow for alternative ways to meet parking requirements or reduce (or eliminate) parking requirements:

- Requiring off-street parking, but not necessarily requiring parking garages.
- Allowing some on-street parking within a set distance of the development to account for some off-street parking requirements.
- Requiring less off-street parking when close (such as within ¼ mile) of a transit stop.
- Requiring additional provision of bicycle parking to reduce parking requirements for the building.

Recommendation 1.1d: Adopt a (Planned Unit Development) PUD ordinance to allow flexibility in both development standards and housing types (subject to a maximum density) in exchange for provision of protected open space through a land use application process; this would require a hearing on the proposed development with the Planning Commission.

Action 1.2. Evaluate opportunities to rezone land to provide additional opportunities for multifamily housing development.⁵

The community desires rezoning to promote the opportunity of housing redevelopment and development. This action seeks to address the deficit of land in the Medium High Density Residential designation (about 7 gross acres of land) and in the High Density / High-Rise Residential designation (about 4 gross acres of land). The action also seeks to provide additional opportunities for the development of multifamily housing; this may contribute, to providing more opportunities for people who work at businesses in Tualatin to also live in Tualatin.

Recommendation 1.2a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes employment and residential uses. The City should exclude industrial sanctuary land (i.e., land in the Southwest Tualatin Concept Plan area) from this evaluation, as this land has been identified as regionally significant industrial areas.

Recommendation 1.2b: Evaluate opportunities to rezone Residential Low Density and Residential Medium Low Density residential land for higher-density housing.

Recommendation 1.2c: Evaluate merging the High Density zone and the High Density / High Rise zones into one zone, and evaluate increasing the maximum density and maximum height limit allowed in the revised zone, consistent with Action 1.1.

Action 1.3. Plan for infrastructure development to support residential development, consistent with Strategy 6.

The City already coordinates land use planning with the Capital Improvement Plan to ensure that infrastructure is available to support residential development, especially in newly urbanizing areas and areas identified as high priority for development. Some types of infrastructure development, especially transportation and transit infrastructure, have lagged behind growth in Tualatin and in the broader region, resulting in automotive congestion and insufficient transit service, as discussed in Strategy 6.

Recommendation 1.3a: Identify opportunities to increase coordination between transportation planning and residential growth to manage and reduce congestion resulting from new growth.

⁵ An alternative to this strategy suggested by a committee member was revising the City's zoning system to the following categories of land use: Suburban Residential (replaces the RL and RML zones) with a maximum of 10 dwelling unit per acre and maximum building height of 45 feet; Urban Residential (replaces the RMH and RH zones) with a minimum density of 15 dwelling units per acre and maximum building height of 65 feet; and Urban II (includes the RH/HR zone) with a minimum density of 30 dwelling units per acre and maximum building height of 100 feet.

Recommendation 1.3b: Identify opportunities to increase transit service between Tualatin and other cities within the Portland region (such as the ongoing planning for the Southwest Corridor) and transit within Tualatin.

Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond.

The Housing Needs Analysis plans for the 2020 to 2040 period. It is based on Metro's current forecasts for household growth in Tualatin. The Economic Opportunities Analysis shows that employment will continue to grow in Tualatin at a substantially faster pace than households over the next twenty years.

Tualatin has capacity for residential development beyond the forecasted growth over the next twenty years and may be planning for additional capacity for residential growth through policies to increase multifamily building height and density standards (Action 1.1), increased mixed-use development, (Action 1.2) and redevelopment (Action 5.1). Even so, if Tualatin wants to provide more opportunities for development of housing to allow people to live and work in Tualatin, the City will need to identify additional opportunities for residential development beyond the Tualatin planning area.

A key part of this planning is working with Metro on regional planning for housing and employment in and around Tualatin. The City would be well served by having information to share with Metro about new development, the City's planning efforts to provide opportunities for people to work and live in Tualatin, and economic development plans.

Recommendation 1.4a: Actively work with Metro staff on upcoming Regional Growth Management reports to ensure that Tualatin's population and employment forecasts are planned for similar growth rates. Coordinate Tualatin's planning with regional plans.

Recommendation 1.4b: Develop and implement a system to monitor the supply of residential land every two years. This includes monitoring residential development (through permits) as well as land consumption (e.g., development on vacant or land for redevelopment). The reports resulting from growth monitoring can be used for working with Metro to better understand Tualatin's opportunities for growth.

Recommendation 1.4c: Reevaluate Tualatin's housing needs and land sufficiency on a regular basis tied to the Metro Growth Management cycle (i.e., every six years), as part of the City's coordination with Metro. This recommendation is consistent with new requirements in ORS 197.296 (2)(a)(B)(ii), which was updated through House Bill 2003 to require Metro cities to update their housing needs analysis every six years.

Recommendation 1.4d: As Tualatin continues to grow and eventually cannot accommodate residential growth within the City, work with Metro on potential expansion of the Metro UGB to include the Stafford area.

Strategy 2: Encourage Development of a Wider Variety of Housing Types

This strategy focuses on actions that are intended to ensure new residential structures developed in Tualatin are diverse and include missing middle, workforce housing, low to moderate-income senior housing and other housing products to achieve housing affordability for households and to meet Tualatin’s twenty-year housing needs.

Issue Statement

Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing, single-family attached housing, and compact single-family detached housing). To the extent that denser housing types are more affordable than larger housing types (i.e., single-family detached units on larger lots, such as 2,500 square foot dwelling units on lots larger than 5,000 square feet), continued increases in housing costs will increase demand for denser housing.

Tualatin’s housing mix in the 2013–2017 period⁶ was 53% single-family detached, 6% single-family attached and 41% multifamily. Of the multifamily housing, about 5% are low-density multifamily housing types such as duplexes, triplexes, and quadplexes. The HNA assumes that the housing mix of new dwelling units in Tualatin will be about 40% single-family detached, 15% single-family attached and 45% multifamily.

To achieve this mix, Tualatin will need to implement policies that allow a wider variety of middle-density housing types (e.g., cottage clusters, townhouses, duplexes, triplexes, and quadplexes), as well as higher-density housing types (e.g., apartment buildings taller than four stories and mixed-use buildings).

In addition, Tualatin will allow for development of housing that is affordable to workers in Tualatin⁷ and is located in proximity to employment opportunities to attract needed labor force for its industrial and commercial zones and mixed-use overlay zones. These types of housing include (but are not limited to) live-work units, “skinny” single-family detached housing, townhouses, cottage housing, duplexes and triplexes, and less costly types of multifamily housing.

⁶ Based on 2013–2017 ACS five-year estimates for Tualatin.

⁷ The average wage in Tualatin was \$57,300 in 2017. Housing that is affordable to a worker with that wage would have a housing cost of no more than \$1,430 per month. Some workers make less than the average wage and would require housing affordable to lower incomes, as described in Strategy 3.

A single worker with a job paying the average wage could afford a dwelling with a sales price of no more than \$230,000. Given that the average sales price in Tualatin in early 2019 was \$480,000, housing affordable at the average wage in Tualatin is likely to be rental housing. If the household has two full-time workers with jobs paying the average wage, the household may be able to purchase a dwelling in Tualatin.

Goal

Allow and encourage the development of a broader diversity of housing types, including middle-density housing types and higher-density housing types.

Recommended Actions

Action 2.1. Allow and encourage development of duplexes, cottage housing, townhomes, row houses, and triplexes and quadplexes in lower-density residential zones.

Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types.

This approach could be implemented through the local zoning or development code. These housing types would be listed as outright allowable uses in appropriate residential zones. These housing types may provide additional affordability and allow more residential units than would be achieved by detached homes alone.

The City has already partially implemented this strategy. The City already allows one accessory dwelling unit for existing single-family units. Tualatin allows duplexes, townhouses, and multifamily housing as a conditional use in the Residential Low Density residential zone. Tualatin allows duplexes, townhouses, and multifamily housing as a permitted use in the Medium-Low Density and Medium-High Density residential zones.

This strategy would move Tualatin toward compliance with the potential requirements of House Bill 2001, which passed during the 2019 legislative session. The bill requires cities within the Metro UGB to allow middle housing types in low-density residential zones. The bill defines middle housing types as:

- (A) duplexes,
- (B) triplexes,
- (C) quadplexes,
- (D) cottage clusters, and
- (E) townhouses.

To comply with House Bill 2001, Tualatin will need to:

- Allow cottage cluster as a housing type in the Residential Low Density residential zone. Tualatin may want to allow cottage cluster housing in the Medium-Low Density and Medium-High Density residential zones. Tualatin will also need to include development standards in the Tualatin Development Code.
- Allow duplexes, townhouses, and multifamily housing as a permitted use in the Residential Low Density residential zone.

[Recommendations 2.1a: Allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density residential zone. Tualatin will also need to](#)

revise the Development Code to include development standards for these housing types. As part of implementation of House Bill 2001, the Oregon Department of Land Conservation and Development (DLCD) will be developing a model code for cities to accommodate these housing types. Given that the model code may not be available before December 2020 and the deadline for adoption of policies to meet the requirement of House Bill 2001 is June 30, 2022, Tualatin should begin the process to identify changes necessary to implement House Bill 2001 before the model code is available.

Recommendations 2.1b: Allow cottage cluster housing in the Medium-Low Density and Medium-High Density residential zones, at densities appropriate for the zones.

Action 2.2. Identify opportunities to increase development of commercial and residential mixed-use development.

One way to provide additional opportunities for housing development, especially multifamily housing development, is through planning for mixed-use development. Tualatin defines mixed-use development as “a tract of land or building or structure with two or more different uses such as, but not limited to residential, office, retail, manufacturing, public or entertainment, in a compact urban form.”

The Economic Opportunities Analysis shows that Tualatin has a small amount of vacant unconstrained commercial land (11 acres). Strategy 5 (redevelopment) recommends identifying opportunities for redevelopment, especially for mixed-use development. Both the Economic Opportunities Analysis and Housing Needs Analysis document the fact that most people who work in Tualatin live elsewhere and that there are relatively few opportunities for housing for people who want to live and work in Tualatin.

One way to increase opportunities for this type of housing is to increase the overall amount of housing affordable to people who work at jobs in Tualatin, much of which will be multifamily housing and should be located near employment centers in Tualatin. Increasing opportunities for mixed-use development can address both of these issues.

Recommendation 2.2a: Identify opportunities for more mixed-use development, either through rezoning land to a mixed-use zone and/or through redevelopment (consistent with Action 5.1).

Action 2.3. Identify opportunities to allow and support development of innovative housing types.

Some housing types have traditionally not been present in Tualatin, either because they are not allowed or because the market is not developing them. Some innovative housing types may include single-room occupancy (more than four unrelated living in the same dwelling with shared kitchen and bathrooms); reuse of cargo containers for housing; tiny homes (dwelling units between 100 and 500 square feet); and other innovative housing types.

In addition, growth of seniors is increasing demand for single-level single-family detached units to allow seniors to remain in Tualatin as they age. While this type of unit is allowed in Tualatin, little of this housing has been developed over recent years.

Tualatin's land base does not provide opportunity for development of higher-amenity housing on larger lots. This type of housing generally appeals to households with higher incomes. When Tualatin is evaluating opportunities for UGB expansion, there may be opportunities for development of this type of housing in areas where developing higher-density housing is challenging or undesirable, such as on hillsides.

[Recommendation 2.3a](#): Evaluate allowing and supporting development of other housing types in Tualatin, such as single-room occupancy (more than four unrelated living in the same dwelling with shared kitchen and bathrooms); reuse of cargo containers for housing; tiny homes (dwelling units between 100 and 500 square feet); and higher amenity housing on larger lots.

Strategy 3: Support development and preservation of housing that is affordable for all households

The following recommended strategy and actions are intended to use a deliberate set of mandates and incentives to support the development of new affordable housing and preserve existing affordable housing.

Issue Statement

Availability of housing that is affordable to households at all income levels is a key issue in Tualatin. For the purposes of this strategy, affordable housing is defined as 1) housing for very low-income and extremely low-income households at 50% or below the median family income (MFI)⁸ (\$41,000 in 2018); 2) housing for low-income households with incomes between 50% and

⁸ Based on U.S. Department of Housing and Urban Development Median Family Income of \$81,400 for Washington County in 2018.

80% of the MFI (\$41,000 to \$65,000 in 2018); and 3) housing for middle-income households with incomes between 80% and 120% of the MFI (\$65,000 to \$98,000 in 2018).

The City's policy options for providing opportunities to build housing, especially affordable housing (both market-rate and government-subsidized affordable housing) are limited. The most substantial ways the City can encourage development of housing is through ensuring that enough land is zoned for residential development, in addition to assembling and purchasing land for affordable housing development, eliminating barriers to residential development where possible, and providing infrastructure in a cost-effective way.

Based on the actions identified below and the priorities set by decision makers, the City should develop a comprehensive housing strategy that supports the development of long-term (30–60 years) affordable housing that is government-subsidized which is developed by nonprofits, private developers, and/or in partnership between any of the following: public, nonprofit, and/or private developers. The Tualatin Housing Program will use a variety of tools, such as those described in this memorandum, to lower barriers to and encourage affordable housing development.

Goal

The goal of this strategy is to promote more lower-cost housing, with a focus on low and middle-income housing, creating mixed-income neighborhoods. This focus is to ensure that there is housing that is affordable to workers at businesses in Tualatin.

Recommended Actions

Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of the median family income in Washington County (\$48,900 or less for a household size of four people).

Evaluate policies to support development of low-income housing that would be affordable to households earning less than 80% of the MFI in Washington County (\$65,000 for a household size of four people), many of whom may be eligible for income-restricted housing, which is commonly known as low-income housing. These policies will leverage funds from the Metro Housing Bond (discussed in Strategy 4). Some examples of support include:

- Reducing or waiving systems development charges (SDCs) and Transportation Development Tax (TDT) fees (see Action 3.6).
- Evaluating adoption of a tax exemption program (see Action 3.7).
- Providing density bonuses for development of housing affordable to households with incomes below 60% of the MFI.
- Participating in a land bank for housing affordable to households with incomes below 60% of the MFI (see Action 3.5).

- Evaluating adoption of an inclusionary zoning program to require market-rate development to include some housing affordable to households with incomes below 80% of the MFI.
- Developing an expedited review process for development of affordable housing projects that target housing affordability at 60% of the MFI.
- Partnering with Washington County Housing Services and Oregon Housing and Community Services (OHCS) to identify resources for developing additional housing affordable for household with incomes of below 60% of the MFI.

[Recommendation 3.1a:](#) Develop policies to support development of housing affordable to households with incomes below 60% of the MFI, as part of the City’s program to leverage funds from the Metro Housing Bond.

Action 3.2 Develop policies to support development of housing affordable to people who have incomes between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four in Washington County) and live and work in Tualatin.

Workforce housing is housing that is affordable to households earning between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four in Washington County). An important part of this action is coordinating with economic development planning. In 2017, the average wage for jobs in Tualatin was \$57,300.

Action 3.1 includes housing policies for households earning between 60% and 120% of the MFI. Some additional ways that the City may support development of housing affordable to households with incomes between 60% and 120% of the MFI are:

- Coordinating planning for economic development with planning for residential development to emphasize the growth of jobs that pay at or above Tualatin’s average wage (\$57,300 in 2017).
- Supporting and potentially partnering with employers who are interested in developing an employer-assisted housing program to provide grants or loans to support rehabilitation or new housing development.
- Partnering with Washington County Housing Services and Oregon Housing and Community Services (OHCS) to identify resources for developing additional housing affordable for household with incomes between 80% and 120% of the MFI.
- Participating in a land bank for housing affordable to households with incomes between 80% and 120% of the MFI (see Action 3.5).

[Recommendation 3.2a:](#) Emphasize growth of jobs that pay at or above average wages, as part of the City’s Economic Development Strategy.

[Recommendation 3.2b:](#) Identify opportunities to partner with or support employers who are interested in developing an employer-assisted housing program.

Action 3.3. Develop policies to prevent and address homelessness.

Households earning less than 30% of the MFI (\$24,000 or less for a family of four) are at risk of becoming homeless. They can afford monthly rent of \$600 or less. About 16% of households in Tualatin currently fit into this income category. Tualatin has a deficit of about 1,400 units affordable to households with incomes of \$25,000 or less.

Tualatin can use approaches similar to those in Action 3.1 to support development of housing affordable to these households, including using funds from the Metro Housing Bond. Tualatin can also take the following actions to prevent and address homelessness:

- Develop a strategic plan to address homelessness and strengthen partnerships between the City and service providers who assist people experiencing homelessness.
- Partner with service providers to expand rapid rehousing and permanent supportive housing programs.
- Partner with service providers to support the creation of overnight shelters that provide safe sleeping options for people who are unsheltered. Work with service providers to explore alternatives to congregate shelters.

There are many other actions that Tualatin can take to prevent and address homelessness, such as expansion of transportation options, increasing outreach to the homeless population, partnering with service providers of mental health services, supporting a crisis intervention team, and other services.

[Recommendation 3.3a: Develop policies to prevent and address homelessness.](#)

Action 3.4. Develop policies to prevent or mitigate residential displacement resulting from redevelopment and increases in housing costs in Tualatin.

Redevelopment and development of new housing can increase housing costs and displace existing residents. Housing that is currently affordable to households, such as those earning below 60% of the MFI (less than \$48,900 for a household of four) or between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four), can become unaffordable as a result of redevelopment and overall increases in housing costs in Tualatin, making it harder for existing residents of Tualatin and people working at businesses in Tualatin to afford to live in Tualatin.

- Identify funding to allocate to housing programs that prevent and alleviate the risk of displacement, such as the funding sources identified in Strategy 4, to fund programs such as the ones below.
- Evaluate the feasibility of developing a housing preservation and development program to assist with capital repairs, façade improvements, or weatherization. Tualatin may consider criteria for funding, such as the property must be regulated affordable or at risk of converting to market rate. Tualatin could consider offering funds to low-cost market-rate properties in need of major structural repairs (in return for the property owner maintaining existing rent levels).
- Partner with organizations to support programs that preserve market-rate housing and affordable housing. These partnerships can include programs such as provision of grants or low-interest loans to support rehabilitation of existing, older single-family detached homes in poor condition, and/or extending existing Low Income Housing Tax Credit projects for an additional term or converting to long-term affordable housing
- Limit condominium conversions. Develop and evaluate requirements for multifamily building owners who want to convert the apartment units to condominiums. Limitations may restrict the conditions under which conversion is allowed, (e.g., based on vacancy rates or tenant consent). Limitations could require that tenants be offered a right of first refusal to purchase their unit, should the owner want to convert their property to a condominium.
- Work with agencies who offer Fair Housing education and enforcement. Provide landlords and tenants with education of rights and responsibilities under Fair Housing Act and provide resources for enforcement actions where Fair Housing law has been violated. Tualatin could provide resources/information about the Housing Choice Voucher Program to reduce the extent to which landlords discriminate against voucher recipients in Tualatin.

[Recommendation 3.4a: Develop policies to prevent displacement of existing residents.](#)

[Recommendation 3.4b: Develop policies to prevent loss of existing affordable housing.](#)

Action 3.5. Partner with organizations to establish a land bank or land trust.

A land bank supports housing affordability by reducing or eliminating land or acquisition costs from a developer's total development budget. Land banks take several forms, but many are administered by a nonprofit or government entity with a mission of managing a portfolio of properties to support a public or community purpose over many years or decades. The land banking process involves key procedural steps, including (1) strategic land and property acquisition, (2) restoration of the property (e.g., clear blight, clear title), and (3) resale to a buyer.

A land trust is similar to land banking in that they participate in strategic land and property acquisition and restoration of the property (e.g., clear blight, clear title). Though instead of ultimately selling the property (land and buildings), the land trust holds the land in perpetuity and sells or leases the buildings. A land trust is typically a private or nonprofit organization that leases or sells the buildings (e.g., dwelling units) sited on the land but owns and manages the land permanently. A land trust can support housing affordability by leasing the dwelling units on their land to income-qualified renters. If the land trust prefers to pursue homeownership objectives, they can enact a deed covenant prior to selling the dwelling units to safeguard lasting affordability for homeowners.

The City's role in a land bank or land trust may include:

- Identifying opportunities to assist with assembly of land into a single tax lot or multiple adjacent tax lots in certain cases (i.e., mixed-use development with more than one developer involved) to support development of affordable housing.
- Identifying surplus publicly-owned properties that could be used for affordable housing and partner with developers of affordable housing (consistent with Actions 3.1 or 3.2).

[Recommendation 3.5a: Determine whether to participate in a land bank or land trust, such as the Proud Ground Community Land Trust, and determine the City's role in the land banking process.](#)

Action 3.6. Evaluate creative system development charge financing opportunities.

Opportunities to change the way that the City collects system development charges (SDC) and the Transportation Development Tax (TDT) include (1) reducing or waiving system development charges for residential development that meets Tualatin's housing needs or goals (such as the development of housing affordable to households earning less than 60% of the MFI [\$48,900 for a household of four]); (2) implementing an SDC financing credit program to incentivize needed housing types; (3) developing a sliding scale of SDC based on the size of the units, charging lower SDC for smaller units; (4) implementing a sole source system development charge program; (5) vesting SDC rates on submission of the complete land use review application to determine the SDC early in the development process; and (6) collecting SDC at completion of construction (prior to issuance of a certificate of occupancy) rather than at issuance of the building permit.

[Recommendation 3.6a: Review options for potential changes to SDC and TDT to determine if one or more of the options above is appropriate for Tualatin and implement changes to SDCs and the TDT, as appropriate.](#)

Action 3.7. Evaluate establishment of a tax exemption program to support development of affordable housing.

Tax exemption programs typically provide exemptions from property taxes for ten years, and for some, up to twenty years. Tax exemption programs include the following:

| Program | Vertical Housing Development Zones (VHDZs) | Multiunit Housing (a.k.a. MUPTe) | Low-Income Rental Housing/Nonprofit Corporation Low-Income Housing | Tax Exemption for Newly Rehabilitated or Constructed Multiunit Rental Housing |
|---|--|--|--|---|
| Eligible Projects/ Properties | Must include at least one “equalized floor” of residential; at least 50% of the street-facing ground floor area must be committed to nonresidential use. Can be new construction or rehabilitation. City can add other criteria. | Housing subject to a housing assistance contract with a public agency; OR housing that meets City-established criteria for design elements benefitting the general public and number of units. May be new construction, addition of units, or conversion of an existing building to residential use. | New rental housing exclusively for low-income households (at or below 60% MFI); rental housing for low-income persons (at or below 60% MFI) that is owned, being purchased, and/or operated by a nonprofit; or land held for affordable housing development. | Newly rehabilitated or constructed multiunit rental housing. Rental units affordable to households with an annual income at or below 120% of MFI. |
| Eligible Areas | Within designated areas. City may designate any area it chooses. ⁹ | Within designated areas. City may designate core areas. Alternatively, the City can designate the entire city and limit the program to affordable housing. | Anywhere in the city | Anywhere in the city |
| Duration of Tax Exemption/ Abatement | Exemption is for 10 years (this is set in statute, not by the City). | Exemption is for up to 10 years, except for low-income housing, exemption can be extended for as long as the housing is subject to the public assistance contract. | For the low-income rental housing program, exemption lasts 20 years. | City must establish a schedule that provides longer exemptions for projects with more qualifying units, with a maximum of 10 years. |
| Best Suited for | Encouraging mixed-use development in locations where ground floor commercial uses are essential to the vision and mixed-use is not economically feasible yet. | Encouraging multifamily housing in strategic locations or supporting development of housing affordable households with income of 80% of MFI or lower. | Reducing operating costs for regulated affordable housing affordable at 60% MFI or below. | Incentivizing market-rate/moderate-income multifamily housing development citywide. |

⁹ The prior statutes governing the VHDZ program specified certain types of areas where VHDZs could be designated. The current version of the statute leaves this decision entirely up to the City. However, logically, the zoning would need to allow both residential and nonresidential uses in order to allow development that could be eligible for VHDZ tax abatement.

Recommendation 3.7a: Review tax exemption options to support development of affordable housing or mixed-use housing to determine if one or more of the options above is appropriate for Tualatin and implement the tax exemption program(s) identified as appropriate for Tualatin.

Action 3.8. Ensure that Tualatin has sufficient staff capacity to implement the housing program priorities set by the City Council.

The Housing Strategy presented in this memorandum, and especially the actions presented in Strategy 3 and Strategy 4, will take substantial staff time to evaluate and implement. The City may need additional staffing to implement the Housing Strategy.

Recommendation 3.8a: As the City Council sets priorities for implementation of the Housing Strategy, the Council should work with the City Manager and Community Development Director to determine whether the City will need to add staff to implement the policies in the Housing Strategy.

Strategy 4: Identify Funding Tools to Support Residential Development

The following recommended strategy and actions are intended to consider a range of funding tools that Tualatin may implement and use to support residential development.

Issue Statement

Funding for affordable housing and the infrastructure that serves residential land is becoming increasingly difficult. Cities have adopted a broad range of tools to support affordable housing. The nature of those tools is dependent on local factors: tax base, council support, competing priorities, etc.

Funding affordable housing programs from existing revenue sources may be challenging. Supplemental tools will be necessary if the City wants to support residential development.

Goal

Explore creative and sound ways to support development of affordable housing and infrastructure development.

Recommended Actions

Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing.

Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing. The Metro Housing Bond is for \$652.8 million, the majority of it will support development of at least 3,900 new affordable units. Most of the new units will be affordable to households with income below 60% of the MFI (\$48,600 for a family of four) or less. Funds from the bond measure can be used for building new affordable units, housing purchase and rehabilitating existing housing, buying land for new affordable housing, and producing affordable homeownership units.

Washington County has been allocated \$118.9 million from the bond. The County's draft Local Implementation Strategy allocates Tualatin \$17.5 million for new construction of about 175 units of housing affordable for individuals and families. In addition, the County anticipates \$30.6 million in additional funds for Tualatin to support this housing development from sources such as Low Income Housing Tax Credits (LIHTC), private resources such as loans from private banks, property tax exemptions, Washington County HOME Partnership Investment Program funds, Washington County Housing Production Opportunity Fund, and resources from partner jurisdictions (such as fee waivers or exemptions, donated or discounted land, grants, or other resources).

The programs discussed in Strategy 3 (especially in Actions 3.1, 3.4, and 3.7) are ways that the City can support and leverage funding from the Metro Housing Bond. In addition, Actions 4.2 (Urban Renewal) and 4.3 (CET) can also leverage funding from the Metro Housing Bond.

[Recommendation 4.1a: Evaluate opportunities, such as housing development incentives \(from Strategy 3\), to use leveraged funding from the Metro Housing Bond to support the development of affordable housing.](#)

Action 4.2. Evaluate establishing an urban renewal district.

As the City evaluates establishing a new urban renewal district (which is currently an ongoing process within the City), evaluate opportunities to support development of affordable housing programs (Strategy 3) funded through urban renewal. The City should also evaluate development of infrastructure (Strategy 1) and redevelopment opportunities (Strategy 5) to support residential development.

Tax increment finance revenues (TIFs) are generated by the increase in total assessed value in an urban renewal district (from the time the district is first established). As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off the bonds. Over the long term (most districts are established for a period of twenty or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:

- Redevelopment projects, such as mixed-use or infill housing developments
- Economic development strategies, such as capital improvement loans for small or start-up businesses that can be linked to family-wage jobs
- Streetscape improvements, including new lighting, trees, and sidewalks
- Land assembly for public as well as private reuse
- Transportation enhancements, including intersection improvements
- Historic preservation projects
- Parks and open spaces

- As the City continues its ongoing evaluation of establishing a new urban renewal district, the City should consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of the MFI (\$48,600 for a household of four). Cities primarily use urban renewal funds to support the development of affordable housing by purchasing land and accepting development proposals on that land. Cities typically require some percentage of housing to be affordable, or they make the inclusion of affordable housing a criterion for the evaluation of development proposals.

In addition, cities use urban renewal funds to directly invest in infrastructure projects that benefit housing development.

[Recommendation 4.2a](#): As the City continues its ongoing evaluation of establishing a new urban renewal district, the City should consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of the MFI.

Action 4.3. Evaluate implementation of a construction excise tax.

The construction excise tax (CET) is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533, which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction.

The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:

- 50% must be used for developer incentives (e.g., fee and SDC waivers, tax abatements, etc.).
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives, while the remaining 50% is unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.

[Recommendation 4.3a](#): Evaluate implementation of a CET, starting with an analysis of the financial capacity of a CET based on historical construction rates and the amount of the CET. The fiscal potential will provide a foundation that (1) helps determine whether a CET would generate enough revenue to make an impact, and (2) helps focus discussion on how the City could generate the best return on investment of CET funds.

Strategy 5: Identify Redevelopment Opportunities

This strategy focuses on actions that are intended to identify redevelopment opportunities in areas where housing would be appropriate.

Issue Statement

Tualatin has a deficit of land for housing, a deficit of 109 dwelling units in the Medium High Density Residential designation and a deficit of 101 dwelling units in the High Density / High-Rise Residential designation. Some (or perhaps all) of this deficit could be accommodated through redevelopment of existing areas within Tualatin, where there are opportunities to increase the intensity of land uses. Redevelopment may also provide opportunities for the development of mixed-use areas that are more walkable, have amenities that households frequently access (e.g., schools, medical facilities, parks, retail, restaurants, and other services), and have access to transit, consistent with the actions in Strategy 6.

Redevelopment may require actions from other strategies, such as increasing allowable densities, up-zoning, density bonuses for affordable housing, land assembly, reduced parking requirements, tax abatement programs to support housing development, and funding support such as an urban renewal district.

As the City plans for redevelopment, it should be sensitive to the potential for displacement of existing residents. Action 3.4 includes measures to mitigate displacement resulting from redevelopment.

Goal

Redevelop selected areas of Tualatin to create vibrant mixed-use districts that include new housing opportunities.

Recommended Actions

Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

A key finding of the Housing Needs Analysis is that Tualatin has limited land for development of multifamily housing and projects deficits of land to accommodate new housing in the Medium High Density and High Density / High Rise plan designations. The Economic Opportunities Analysis finds that Tualatin has limited land for commercial development and projects a substantial deficit of land to accommodate new housing.

The City should identify three to four areas within Tualatin for redevelopment into mixed-use areas, with a mixture of higher-density housing and employment uses such as retail, office, and commercial services. For example, some areas that may be appropriate for redevelopment include the Commons, areas near key transit stops, and the area west of 6th Street/east of 90th Street/north of Sagert Street. In selecting areas ripe for redevelopment, the City should consider whether economic conditions support redevelopment and landowner attitudes to redevelopment, and it should also set criteria based on transportation and transit connections and proximity to existing employment centers.

The City should engage the community in developing a vision for redeveloping the selected areas. The planning to implement this vision could be developed through redevelopment plans that show how the property will be redeveloped into a vibrant area with a mixture of uses, connections with Tualatin's automotive and pedestrian/bicycle transportation networks, and a variety of housing types. The redevelopment plans should include working with landowners to ensure they are supportive of the plans, as well as involving stakeholder and citizen input into the vision for the district and development of the redevelopment plans.

The City should consider opportunities to support redevelopment, such as urban renewal (Action 4.2), to address infrastructure deficiencies or to support development of affordable housing, funding from the Metro Housing Bond (Action 4.1) for affordable housing development, land banking (Action 3.5), opportunities to reduce SDCs (Action 3.6), and property tax exemptions (Action 3.7) to support housing development.

[Recommendation 5.1a: Initiate a process to identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment.](#)

Action 5.2. Support redevelopment of underutilized commercial buildings for housing.

Tualatin has several underutilized commercial buildings, such as stores that have closed, that may be appropriate for redevelopment. The City should work with landowners to evaluate opportunities for redeveloping vacant buildings for new housing.

The City should consider opportunities to support redevelopment of underutilized commercial buildings, such as urban renewal, to address infrastructure deficiencies or support development of affordable housing, such as the Metro Housing Bond (Action 4.1) or property tax abatements (Action 3.7).

[Recommendation 5.2a: Identify underutilized commercial areas that are ripe for redevelopment and work with landowners and developers to support redevelopment.](#)

Strategy 6: Ensure There are Connections between Planning for Housing and Other Community Planning

This strategy focuses on actions that are intended to ensure coordination between planning for housing and other community planning, such as transportation planning or neighborhood planning.

Issue Statement

Discussions of residential development led to discussions of the design of neighborhoods and connectivity in Tualatin and a desire for more deliberate planning of new residential development to integrate multiple modes of transportation, access to parks and schools, and retail and services in or near neighborhoods. Given that large parts of Tualatin are already built out, this type of planning will need to consider long-term redevelopment opportunities to retrofit the existing built environment into neighborhoods with these characteristics.

This type of planning should occur with attention paid to equity issues, ensuring that neighborhoods with these characteristics are developed in a way that does not displace existing households and provides opportunity for housing for all residents of Tualatin, regardless of income, age, or race/ethnicity. This implies development of neighborhoods with a mixture of incomes, homeowners and renters, and a mixture of housing types (i.e., both single-family detached housing and attached or multifamily housing).

Goal

Ensure that Tualatin develops as a walkable and complete community with amenities that are easily accessible to people who live in Tualatin.

Recommended Actions

Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth

The next update to the Transportation System Plan (TSP) should coordinate planning for housing, as well as employment growth, with transportation planning, providing for opportunities for more intensive multifamily development where there is sufficient capacity for automotive and transit capacity. The redevelopment areas (Action 5.1) should be planned for in areas where there is higher capacity for automotive and transit, as well as being connected by pedestrian and bicycle trails.

The update to the TSP ensures there are additional opportunities to decrease dependence on automotive transportation, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit). The TSP update should also identify opportunities to address capacity issues on Tualatin's roads to ease congestion and make traveling by car within and outside of Tualatin easier.

[Recommendation 6.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for housing, such as increased focus on development in](#)

walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit).

[Recommendation 6.1b](#): Evaluate opportunities to expand transit and improve transportation connectivity in Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin’s Town Center and vital services, and out to the neighborhoods.

[Recommendation 6.1c](#): Evaluate opportunities for planning transit-oriented development as transit becomes more available in Tualatin, consistent with redevelopment planning.

[Recommendation 6.1d](#): Develop a bicycle and pedestrian plan for Tualatin to increase connectivity within Tualatin.

Action 6.2. Coordinate planning for economic development with housing planning.

Tualatin has a jobs-housing imbalance, with more jobs than residents in Tualatin. The other strategies in this memorandum are intended to support development of housing that is affordable to people who work at businesses in Tualatin (the average wage was \$57,300 in 2017), such as Action 3.2. The City should evaluate opportunities to support development of housing that is affordable to workers at businesses in Tualatin to ensure that people who work in Tualatin have the opportunity to live in Tualatin. As part of this evaluation, the City should identify opportunities for residential development closer to jobs in Tualatin, to make it easier for people to walk, bicycle, or use transit to get to work. These opportunities are parts of the strategies throughout this memorandum.

[Recommendation 6.2a](#): Ensure the City includes housing planning for housing that is affordable to people who work at businesses in Tualatin.

Action 6.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses.

The City should develop a framework for development of mixed-use neighborhoods that results in neighborhoods where residents have easy, convenient access to many of the places and services they use daily without relying heavily on a car. The framework would include the following elements: walkable neighborhoods with access to transit, nearby parks (i.e., within one-quarter mile), neighborhood retail and restaurants, and near schools. The neighborhood would have higher concentrations of people and would be complete with sidewalks, bike lanes, and bus routes that support a variety of transportation options. The design of the neighborhood should integrate design standards that promote public safety. In larger cities, these are referred to as “twenty-minute neighborhoods,” but given Tualatin’s smaller size, the scale might be more like “ten-minute neighborhoods.”

[Recommendation 6.3a](#): Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life.

Action 6.4. Support sustainable development practices.

Sustainable development practices are environmentally responsible and resource-efficient building practices that range from building design, building construction, and building operations and maintenance. Examples of sustainable building practices include certification programs such as Leadership in Energy and Environmental Design (LEED) or National Green Building Standard.

The City could support sustainable development practices by offering incentives for certified buildings, or the City could require that new buildings adhere to specified sustainable building practices.

The trade-off with some types of sustainable building practices is that they can increase development costs (especially over the short run) and may make it more difficult to develop housing affordable for middle and lower-income households. Over the long run, some sustainable building practices pay for themselves with decreased operational costs (such as energy-efficient features that reduce heating and cooling costs).

[Recommendation 6.4a: Evaluate sustainable building practices, including certifications, to determine whether the City should offer incentives for certification or require certification of new buildings as sustainable.](#)

Appendix A: Tualatin's Existing Comprehensive Plan Policies

Section 4.050 General Growth Objectives.

The following are general objectives used as a guide to formulate the Plan. The objectives are positive statements to describe the Plan's intent to:

- (1) Provide a plan that will accommodate a population range of 22,000 to 29,000 people.
- (2) Cooperate with the Metropolitan Service District to reach regional consensus on population growth projections within the Tualatin area.
- (3) Conform to Metropolitan Service District (Metro) procedures for initiating amendments to the Metro Urban Growth Boundary.
- (4) Provide a plan that will create an environment for the orderly and efficient transition from rural to urban land uses.
- (5) Convert agricultural land only if needed for urban uses.
- (6) Arrange the various land uses so as to minimize land use conflicts and maximize the use of public facilities as growth occurs.
- (7) Prepare a balanced plan meeting, as closely as possible, the specific objectives and assumptions of each individual plan element.
- (8) Define the urban growth boundary.
- (9) Prepare a plan providing a variety of living and working environments.
- (10) Encourage the highest quality physical design for future development.
- (11) Coordinate development plans with regional, state, and federal agencies to assure consistency with statutes, rules, and standards concerning air, noise, water quality, and solid waste. Cooperate with the U.S. Fish and Wildlife Service to minimize adverse impacts to the Tualatin River National Wildlife Refuge from development in adjacent areas of Tualatin.
- (12) Adopt measures protecting life and property from natural hazards such as flooding, high groundwater, weak foundation soils and steep slopes.
- (13) Develop regulations to control sedimentation of creeks and streams caused by erosion during development of property.
- (14) Develop a separate growth program that controls the rate of community growth and is acceptable to the Land Conservation and Development Commission.
- (15) Arrange the various land uses in a manner that is energy efficient.

- (16) Encourage energy conservation by arranging land uses in a manner compatible with public transportation objectives.
- (17) Maintain for as long a period as possible a physical separation of non-urban land around the City so as to maintain its physical and emotional identity within urban areas of the region.
- (18) Fully develop the industrial area located in Washington County west of the City only when adequate transportation facilities are available and the area has been annexed to the City and served with water and sewer services.
- (19) Cooperate with Washington County to study the methods available for providing transportation, water and sewer service to the industrial area west of the City, designating this area as a special study area.
- (20) Initiate annexation of property within the Urban Growth Boundary planned for residential development only when petitioned to do so by owners of the affected property, including cases involving unincorporated "islands" of property surrounded by land annexed previously.
- (21) Territories to be annexed shall be in the Metro Urban Growth Boundary.
- (22) Address [Metro's Urban Growth Management Functional Plan, Title 13](#), Nature in Neighborhoods, through the conservation, protection and restoration of fish and wildlife habitat, including Metro's Regionally Significant Fish and Wildlife Habitat, through the Tualatin Basin Natural Resource Coordinating Committee and the Tualatin Basin Program.

(a) Support and implement the elements of the Tualatin Basin Program to:

- (i) Develop and adopt local policies and regulations to implement the provisions of the Tualatin Basin Program.
- (ii) Adopt low impact development (LID) provisions to reduce environmental impacts of new development and remove barriers to their utilization.
- (iii) Coordinate with Clean Water Services (CWS) to implement their Healthy Streams Action Plan and other programs such as their Stormwater Management Plan and Design and Construction Standards.
- (iv) Coordinate with CWS, Metro and others to develop and support the funding, voluntary and educational components of the Tualatin Basin Program.
- (v) Coordinate with CWS, Metro and others to develop and support the monitoring and adaptive management components of the Tualatin Basin Program.

(b) Continue active participation in the Tualatin Basin Natural Resources Coordinating Committee and the Steering Committee to support and implement the Tualatin Basin Program.

(c) Coordinate with CWS and Metro to update Metro's Regionally Significant Fish and Wildlife Habitat Inventory Map. Changes to the Inventory Map will be on-going as on-site inventories are conducted as part of private and public construction projects.

(d) Support and implement provisions allowing public access to planned public facilities.

Section 5.030 General Objectives.

The following are general objectives used to guide the development of the residential housing element of the Plan. They describe the Plan's intent to:

- (1) Provide for the housing needs of existing and future City residents.
- (2) Provide housing opportunities for residents with varied income levels and tastes that are esthetically and functionally compatible with the existing community housing stock.
- (3) Cooperate with the Housing Authority of Washington County and the Housing Division of Clackamas County to identify sites, projects and developers to provide the City's fair share of assisted housing units for low and moderate income households, and participate in the region's Housing Opportunity Plan.
- (4) Locate higher density development where it is convenient to the City's commercial core, near schools, adjacent to arterial and collector streets and, as much as possible, in areas with existing multi-family housing and provide residential opportunities in selected commercial areas through the Mixed Use Commercial Overlay District.
- (5) Provide areas that are suitable for manufactured dwelling parks and areas that are suitable for subdivisions that will accommodate manufactured homes.
- (6) Provide areas that will accommodate small-lot subdivisions.
- (7) Develop specific and enforceable design standards for multi-family developments, town-houses, manufactured homes, manufactured dwelling parks and small-lot subdivisions.
- (8) Encourage owner occupancy of multi-family developments and other housing units within the City.
- (9) Encourage subdividers and other residential developers to consider the need for solar access on residential construction sites.

(10) Provide for the raising of agricultural animals and agricultural structures in areas that are presently used for this purpose and that are not buildable due to their location in the 100-year flood plain.

(11) Require that all residential development adjacent to Expressways be buffered from the noise of such Expressways through the use of soundproofing devices such as walls, berms or distance. Density transfer to accommodate these techniques is acceptable.

(12) Encourage the development of attached housing in accordance with the RML Planning District in the area of the Norwood Expressway/Boones Ferry Road intersection.

(13) Provide truck routes for industrial traffic that provide for efficient movement of goods while protecting the quality of residential areas.

(14) Protect residential, commercial, and sensitive industrial uses from the adverse environmental impacts of adjacent industrial use.

(15) Protect adjacent land uses from noise impacts by adopting industrial noise standards.

(16) Protect the Tonquin Scablands from adverse impacts of adjacent development. This includes the main Scabland area in the vicinity of the Burlington Northern Railroad tracks which is preserved through the use of the Wetlands Protection District and the Greenway and Riverbank Protection District. This also includes other elements of the Scabland formations found farther to the east. These latter areas will be preserved on a case-by-case basis as development occurs through preservation in their natural state, allowing residential density transfer through the small lot subdivision, common wall housing, and condominium conditional use processes.

(17) Protect wooded areas identified on the Natural Features Map found in the Technical Memorandum by requiring their preservation in a natural state, by integrating the major trees into the design of the parking lots, buildings, or landscaping areas of multi-family complexes and non-residential uses, or in low density areas through the small lot, common wall, or condominium conditional use. If it is necessary to remove a portion or all of the trees, the replacement landscape features shall be subject to approval through the Architectural Review process, except for conventional single family subdivisions.

Appendix B: Housing Policy Tools to Address Needs

This appendix presents the information provided to the CAC in the memorandum *Housing Policy Tools to Address Needs* (dated May 16, 2019).

The City of Tualatin contracted ECONorthwest to develop a Housing Needs Analysis and a Housing Strategy for Tualatin. The Housing Needs Analysis will determine whether the City of Tualatin has enough land to accommodate 20-years of population and housing growth. It will characterize housing affordability problems and identify gaps in housing affordability in Tualatin. The Housing Needs Analysis will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as development of an action plan to implement the housing policies (i.e. the Housing Strategy).

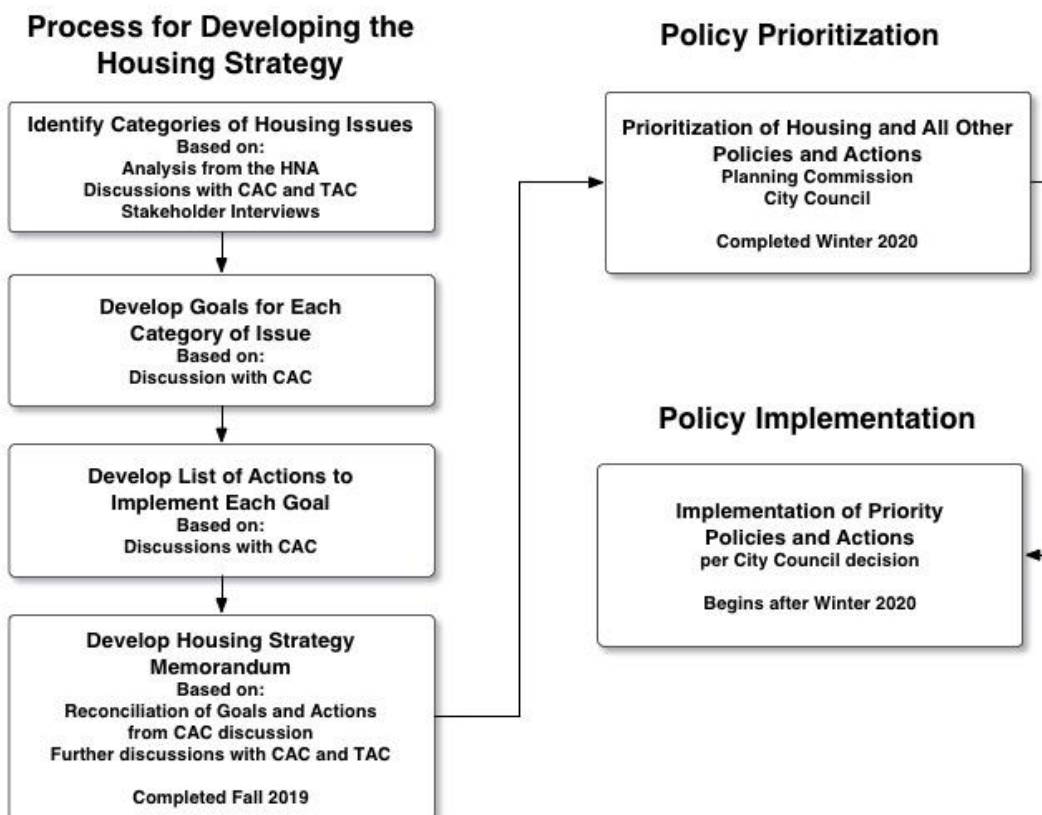
This memorandum provides a range of housing policy options for the City of Tualatin to consider as it addresses its housing needs. These policy options are commonly used by cities in Oregon and other states. Policy options are categorized as follows:

- Land Use Regulations
- Increase Housing Types
- Financial Assistance to Homeowners and Renters
- Lower Development or Operational Costs
- Funding Sources to Support Residential Development

The intention of this memorandum is to provide a toolbox of potential policies and actions that the City can use to address strategic issues. **Exhibit 1** illustrates the process for developing the housing strategy and incorporating the strategy into the broader Tualatin 2040 process. Through this project, the CAC and TAC will provide feedback and recommendations that will be used to develop the Tualatin Housing Strategy. The May 23 CAC meeting will begin this process with the following steps: (1) identify categories of housing issues, (2) develop goal(s) to address each category of issue, and (3) developing a list of actions to implement each goal. At a subsequent CAC meeting, we will discuss one or more drafts of the Housing Strategy memorandum, which will document the housing issues, goals, and actions.

After the conclusion of this project, the Housing Strategy will be combined with other policies and actions and will be prioritized by the Tualatin Planning Commission and City Council. The policies and actions will be implemented per the Tualatin City Council's direction once prioritization is completed.

Exhibit 1. Process for developing and implementing the housing strategy



Options for Housing Policy Tools

This memorandum provides the City with information about potential policies that could be implemented in Tualatin to address the City’s housing needs. Implementing some of the strategies in this memorandum may be beyond Tualatin’s current staff or financial resources.

For many of the policy tools described below, we give an approximate scale of impact. **The purpose of the scale of impact is to provide some context for whether the policy tool generally results in a little or a lot of change in the housing market.** The scale of impact depends on conditions in the City, such as other the City’s other existing (or newly implemented) housing policies, the land supply, and housing market conditions. We define the scale of impact as follows:

- A **small** impact may not directly result in development of new housing or it may result in development of a small amount of new housing, such as 1% to 3% of the needed housing (which is 10 to 30 dwelling units for Tualatin). In terms of housing affordability, a small impact may not improve housing affordability in and of itself. A policy with a small impact may be necessary but not sufficient to increase housing affordability.
- A **moderate** impact is likely to directly result in development of new housing, such as 3% to 5% of needed housing (which is 30 to 50 dwelling units for Tualatin). In terms of

housing affordability, a moderate impact may not improve housing affordability in and of itself. A policy with a moderate impact may be necessary but not sufficient to increase housing affordability.

- A **large** impact is likely to directly result in development of new housing, such as 5% to 10% (or more) of needed housing (which is 50 to 100 dwelling units for Tualatin). In terms of housing affordability, a **large** impact may improve housing affordability in and of itself. A policy with a large impact may still need to work with other policies to increase housing affordability.

Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes, and those which increase the land available for housing.

| Strategy Name | Description | Scale of Impact |
|---|---|--|
| Regulatory Changes | | |
| Administrative and Procedural Reforms | <p>Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications. However, complicated projects frequently require additional analysis such as traffic impact studies, etc.</p> <p>A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.</p> | <p>Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to the city's procedures. Streamlining procedures may be necessary but not sufficient to increase housing production on its own.</p> |
| Expedited / Fast-tracked Building Permit | <p>Expedite building permits for pre-approved development types or building characteristics (e.g. green buildings).</p> <p>City of Bend offers expedited review and permitting for affordable housing. Any residential or mixed-use development that receives local, state or federal affordable housing funding is eligible to receive a written decision by the Planning Department within two weeks of the date of submittal. For projects that require more complex planning review, a decision will be written or the first public hearing will be held within six weeks of the date of submittal.</p> | <p>Scale of Impact - Small. Expedited permit processing will benefit a limited number of projects. It may be necessary but not sufficient to increase housing production on its own.</p> |
| Streamline Zoning Code and other Ordinances | <p>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development.</p> <p>As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations, parking requirements, and other zoning standards.</p> <p>Many of the remaining tools in this section focus on changes to the zoning code.</p> | <p>Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to the zoning code and other ordinances.</p> |

| Strategy Name | Description | Scale of Impact |
|-------------------------------------|---|---|
| <p>Allow Small Residential Lots</p> | <p>Small residential lots are generally less than 5,000 sq. ft. and sometimes closer to 2,000 sq. ft. This policy allows individual small lots within a subdivision. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small-lots limit sprawl, contribute to a more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p> <p>Cities across Oregon allow small residential lots, including many cities in the Metro area.</p> | <p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 2,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes. This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |
| <p>Mandate Maximum Lot Sizes</p> | <p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p> <p>This tool is used by some cities but is used less frequently than mandating minimum lot sizes.</p> | <p>Scale of Impact—Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |

| Strategy Name | Description | Scale of Impact |
|--|--|---|
| Mandate Minimum Residential Densities | <p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multifamily zones, they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p> <p>Mandating minimum density is generally most effective in medium and high density zones where single-family detached housing is allowed. The minimum density ensures that low-density single-family housing is not built where higher-density multifamily housing could be built.</p> | <p>Scale of Impact—Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of “underbuild” and the minimum density standard.</p> <p>For cities that allow single-family detached housing in high density zones, this policy can result in a moderate or larger impact.</p> |
| Increase Allowable Residential Densities | <p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development codes. This strategy is most commonly applied to multifamily residential zones.</p> <p>For cities with maximum densities, consider removing maximum allowable densities. This change may be most relevant.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p> | <p>Scale of Impact—Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |
| Allow Clustered Residential Development | <p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p> | <p>Scale of Impact—Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p> |

| Strategy Name | Description | Scale of Impact |
|-------------------------------|--|--|
| Reduced Parking Requirements | <p>Jurisdictions can reduce or eliminate minimum off-street parking requirements, as well as provide flexibility in meeting parking requirements. Reducing parking requirements positively impact development of any type of housing, from single-family detached to multifamily housing.</p> <p>Reduced parking requirements are most frequently used in conjunction of development of subsidized affordable housing, but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.</p> <p>City of Bend offers parking reductions for affordable housing and transit proximity. Parking for affordable housing units is 1 space per unit regardless of size, compared to 1 space per studio or 1 bedroom unit, 1.5 spaces per 2-bedroom unit, and 2 spaces per 3- or more bedroom unit for market-rate multifamily development or 2 spaces per market rate detached dwelling unit. Affordable housing units must meet the same eligibility criteria as for other City of Bend affordable housing incentives</p> <p>City of Portland offers parking exceptions for affordable housing and sites adjacent to transit. The City of Portland allows housing developments that meet the inclusionary zoning requirements to reduce parking requirements to zero if located near frequent transit service, and to exclude the affordable housing units from parking requirements for developments located further from frequent transit service. The City also allows market rate housing developments located near frequent transit service to provide little or no parking, depending on the number of units in the development.</p> | <p>Scale of Impact—Small to moderate.</p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p> <p>Reducing parking requirements can have a moderate to large impact on housing affordability if little or no parking is required.</p> |
| Reduce Street Width Standards | <p>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones. This strategy could be applied to alleys, when required, to ensure that alleys are relatively narrow to reduce development and maintenance costs.</p> <p>Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.</p> | <p>Scale of Impact—Small. This policy is most effective in cities that require relatively wide streets.</p> |

| Strategy Name | Description | Scale of Impact |
|------------------------------------|--|---|
| Preserving Existing Housing Supply | <p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Manufactured home preservation • Single-room-occupancy ordinances • Regulating demolitions | <p>Scale of Impact—Small to moderate. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing. Cities with older housing stock are more likely to benefit from this policy.</p> |
| Inclusionary Zoning | <p>Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning provides density or other types of incentives.</p> <p>The price of low-income housing passed on to purchasers of market-rate housing. Inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.</p> <p>Oregon's inclusionary zoning laws apply to structures with 20 or more multifamily units, with inclusion of units that are affordable at 80% of the median family income of the city.</p> <p>The City of Portland has implemented an inclusionary zoning program. While Portland's inclusionary zoning program is resulting in production of affordable multifamily units, there is considerable discussion and disagreement about the impact of number of multifamily units being built and potential changes in the location of units.</p> | <p>Scale of Impact—Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.</p> |

| Increasing Land Available for Housing | | |
|--|--|--|
| <p>Re-designate or rezone land for housing</p> | <p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (i.e., smaller parcels) in areas where multifamily housing would be compatible (i.e., along transit corridors or in employment centers that would benefit from new housing).</p> <p>This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p> <p>Cities across Oregon frequently re-zone and re-designate land to address deficits of land for new housing.</p> | <p>Scale of Impact - Small to large. Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land.</p> |
| <p>Encourage multifamily residential development in commercial zones</p> | <p>This tool seeks to encourage denser multifamily housing as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities.</p> <p>This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p> <p>Cities across Oregon frequently encourage multifamily housing development in commercial zones, either as stand-alone residential buildings or as mixed-use buildings.</p> | <p>Scale of Impact – Small to moderate. Many cities already encourage multifamily housing in commercial zones. Further encouraging multifamily housing in commercial zones would likely have a small impact, as multifamily housing is allowed in many of the commercial areas where it would be desirable. Unless it is publicly subsidized, mixed-use development generally results in relatively costly housing because ground floor commercial development is relatively expensive.</p> |
| <p>Transfer or Purchase of Development Rights</p> | <p>This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to “receiving zones” and can be traded and can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed).</p> <p>Transfer of development rights is done less frequently in Oregon, as cities generally zone land for higher density housing where they would like it to occur. This policy is frequently used by cities outside of Oregon.</p> | <p>Scale of Impact - Small to moderate. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas.</p> |

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| <p>Provide Density Bonuses to Developers</p> | <p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain number of affordable units.</p> <p>City of Bend offers affordable housing density and height bonuses. Qualifying affordable housing projects are eligible for a 10-foot building height bonus for multifamily housing when affordable housing units are gained and for a density bonus. The density increase is based on the percentage of affordable housing units within the proposed development: if 10% of the units are affordable, the maximum density is 110% of the standard maximum density. The maximum density bonus is 50% above the base density. Qualifying projects must be affordable to households at or below 60% of the AMI for rental housing and at or below 80% of the AMI for ownership housing, and require development agreements and restrictions to ensure continued affordability.</p> <p>Ashland has four different density bonuses, one of which is for development of affordable housing at higher densities and another for energy-efficient housing. Affordable housing projects meeting eligibility requirements (including rental housing affordable to households at or below 60% of AMI or ownership housing affordable to households at or below 80% of AMI for a minimum of 30 years) receive a density bonus of two units for each affordable housing unit provided, up to a maximum of a 35% increase in density.</p> <p>Kirkland Washington offers density bonuses for duplex, triplex, and cottage homes. Cottage homes (limited to 1,500 square feet of floor area) and two- and three-unit homes (up to 1,000 square feet of floor area average per unit) are allowed at double the density of detached dwelling units in the underlying zone.</p> | <p>Scale of Impact – Small to moderate. Cities provide density bonuses on a case-by-case basis, which results in a small and sometimes moderate impact in many cities. Density bonuses can have a greater impact on housing affordability when the bonus increases the number of affordable units developed.</p> |
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Increase Housing Types

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

| Strategy Name | Description | Scale of Impact |
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| <p>Allow Duplexes, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes in low density zones</p> | <p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> <p>House Bill 2001 may require cities to allow some of these housing types in single-family zones.</p> | <p>Scale of Impact – Small to moderate. Allowing these types of housing in more zoning districts may provide relatively few number of new, relatively affordable, housing opportunities.</p> |
| <p>Allow Cottage housing, Tri- and Quad-Plexes Townhomes, Row Houses, Stacked Townhouses, Cottage Courts, Duplex/Townhouse Courts, & Garden Apartments in medium density zones</p> | <p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> | <p>Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in medium density zones, as well as the types of housing newly allowed in the medium density zone.</p> |
| <p>Allow Stacked Townhouses, Garden Apartments and larger-scale Apartments in high density zones</p> | <p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> | <p>Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in high density zones, as well as the types of housing newly allowed in the high density zone.</p> |

| Strategy Name | Description | Scale of Impact |
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| Allow Live-Work housing or Mixed-use housing in commercial zones | Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone. | Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. |
| Remove barriers to Development of Accessory Dwelling Units (ADUs) in single-family zones | As of July 1, 2018, ORS 197.312 requires cities to allow at least one ADU for each detached single-family dwelling in areas zoned for detached single-family dwellings. Jurisdictions can make development of ADUs more likely by limiting restrictive standards and procedures, such as reducing systems development charges for ADUs, reducing or eliminating parking requirements, or allowing ADUs regardless of where the primary dwelling is owner-occupied. | Scale of Impact - Small. Oregon law recently changed to require cities to allow ADUs. |
| Allow small or “tiny” homes | “Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units. Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units. Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners. Portland and Eugene allow tiny homes as temporary shelter for people experiencing homelessness. | Scale of Impact - Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes. |

Lower Development or Operational Costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in a city in order to increase housing affordability and available housing stock.

| Strategy Name | Description | Scale of Impact |
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| Programs or policies to lower the cost of development | | |
| Parcel assembly | <p>Parcel assembly involves the city's ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is often associated with development of affordable housing (affordable to households with income below 60% of MFI), where the City partners with nonprofit affordable housing developers.</p> <p>Parcel assembly can be critically important role for cities to kick start quality affordable housing and work force housing projects that can be positive catalysts too for market rate development.</p> | <p>Scale of Impact - Small to large. Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.</p> |
| Land Banking | <p>Land banks support housing development by reducing or eliminating land cost from development, with the goal of increasing the affordability of housing. They can take several forms. Many are administered by a non-profit or non-governmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. Ideally, a land bank is set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. Cities can partner with non-profits or sometimes manage their own land banks. Cities may also donate, sell, or lease publicly-owned land for the development of affordable housing even without a formal 'land bank' organization.</p> <p>Land banks are purposed for short-term ownership of lands. Lands acquired are often vacant, blighted, or environmentally-contaminated. Land banks may also acquire lands with title defects or of which derelict structures sit. Lands are eventually transferred to a new owner for reuse and redevelopment.</p> | <p>Scale of Impact - Small to large. A land bank will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p> |

| Strategy Name | Description | Scale of Impact |
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| Land Trusts | <p>A land trust is typically a nonprofit organization that owns land and sells or leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants / buyers, land trusts can achieve below-market pricing. Land trusts are most commonly used as a method for supporting affordable home ownership goals.</p> <p>Land trusts are purposed for long-term stewardship of lands and buildings. Lands / buildings acquired may have need for remediation or redevelopment. Lands / buildings may have also been acquired to preserve affordability, prevent deferred maintenance, or protect against foreclosure</p> <p>Proud Ground (Portland Metro Area) was founded in 1999 and has grown into one of the largest community land trusts in the country. The organization focuses on affordable homeownership and controls ground leases associated with 270 homes in Multnomah, Washington, Clackamas, and Clark County.</p> | <p>Scale of Impact - Small to large. A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p> |
| Public Land Disposition | <p>The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB-5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, or EB-5.</p> <p>Cities across Oregon use publicly land to support affordable and market-rate of housing development. In some cases, municipalities put surplus public land into land banks or land trusts.</p> <p>Tri-Met is evaluating re-use of construction staging sites for future affordable housing and/or transit-orient development sites.</p> <p>Cottage Grove is working with the school district to discuss and plan for use of surplus school district land for future housing development.</p> | <p>Scale of Impact – Small to moderate. Depends on whether the City has surplus land that would be appropriate for future housing development.</p> |

| Strategy Name | Description | Scale of Impact |
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| Reduced / Waived Building Permit fee, Planning fees, or SDCs | <p>Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.</p> <p>City of Portland offers SDC exemptions for affordable housing. Portland's SDC Exemption Program exempts developers of qualifying affordable housing projects from paying SDCs levied by the City of Portland for transportation, water, parks and environmental services. Eligible rental projects must serve households earning at or below 60% of the AMI for a 60-year period. Portland also offers SDC waivers for development of ADUs.</p> <p>City of McMinnville offers SDC exemptions and reduced permit fees for affordable housing. Building and planning permit fees for new or remodel housing construction projects are reduced by 50% for eligible projects and SDCs for transportation, wastewater and parks are exempted at 100%. Reductions/exemptions are prorated for mixed use or mixed-income developments. The property must be utilized for housing for low-income persons for at least 10 years or the SDCs must be paid to the city.</p> | Scale of Impact - Small. |
| SDC Financing Credits | <p>May help to offset an SDC charge, which is a one-time fee that is issued when there is new development or a change in use.</p> <p>SDC financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. SDCs are granted when the project makes lasting improvements, such as improving roads, reducing number of trips, create or improve parks or recreational centers, and permanently removing water services.</p> | Scale of Impact – Small to moderate. The City may consider changes in SDCs to allow financing but the City would want to ensure that the impact should be spread-out and non-negatively impact one entity. |
| Sole Source SDCs | Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and Urban Renewal (Tax Increment Financing). Funding can come from an SDC fund or general fund. In some cases, there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing. | Scale of Impact – Small to moderate. Depends on how the tool is implemented and whether it is used with other tools, such as LIDs or Urban Renewal. |

| Strategy Name | Description | Scale of Impact |
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| Fees or Other Dedicated Revenue | <p>Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also, these fees or revenues allow for new revenue streams into the City.</p> | |
| Reimbursement District | <p>A Reimbursement District is a cost sharing mechanism, typically Initiated by a developer. The purpose is to provide a reimbursement method to the developer of an infrastructure improvement, through fees paid by property owners at the time the property benefits from the improvement. A developer applies to create a Reimbursement District by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the improvement</p> <p>Eligible Reimbursement District projects typically include (but are not limited to) construction or connections of a sewer, water, storm water or street improvements. Applications typically include: a fee sufficient to cover the cost of administrative review, a description of the project, properties that would be impacted, and a detailed methodology and calculation of how the estimated costs would be reimbursed by payments from benefitted properties over a specified timeframe. A report from the City Engineer is generated in review of the submitted application. After a public hearing process, the council will approve, reject or modify the proposal. The approval of a Reimbursement District results in a resolution and distribution of notice among benefitted properties before construction can begin.</p> <p>Benefitted properties must pay the Reimbursement Fee when they make a physical connection to the improvement (or in the case of a sewer project, when the benefitted property creates an impervious surface that drains into the public sewer) within the Reimbursement District Area. Reimbursement fees are collected by the City and are distributed to the developer for the duration of the Reimbursement District, which are typically 10-15 years.</p> <p>Paid by benefitted properties at the time the property benefits from the improvement, typically at connection to the sewer, water or storm drain system.</p> | <p>Scale of Impact – Small to moderate.</p> |

| Strategy Name | Description | Scale of Impact |
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| Linkage Fees | <p>Linkage fees are charges on new development, usually commercial and / or industrial development only, which can be used to fund affordable housing. To implement them, a city must undertake a nexus study that identifies a legal connection between new jobs housed in the developments, the wages those jobs will pay, and the availability of housing affordable to those employees.</p> <ul style="list-style-type: none"> • Can be used for acquisition and rehabilitation of existing affordable units. • Can be used for new construction. | Scale of Impact – Small to moderate. |
| Tax abatement programs that decrease operational costs by decreasing property taxes | | |
| Vertical Housing Tax Abatement (Locally Enabled and Managed) | <p>The 2017 Legislature passed legislation moving the administration of Vertical Housing Program from Oregon Housing and Community Services (OHCS) to the local City and County beginning Oct 6th, 2017. OHCS no longer administers this program.</p> <p>The legislation subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area is median income or below).</p> | Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact. |

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| <p>Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)</p> | <p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p>The passing of HB 2377 - Multiunit Rental Housing Tax Exemption allows cities and counties to create a property tax exemption for newly rehabilitated or newly constructed multi-unit rental housing within their boundaries depending on the number of units made available to low-income households, for up to 10 consecutive years. The bill was crafted to strengthen the connection to affordability by requiring cities and counties to establish a schedule in which the number of years an exemption is provided increases directly with the percentage of units rented to households with an annual income at or below 120 percent of MFI, and at monthly rates that are affordable to such households. While not specifically referenced in the measure, ORS 308.701 defines “Multi-unit rental housing” as: “(a) residential property consisting of four or more dwelling units” and; “does not include assisted living facilities.”</p> <p>All new multifamily units that are built or renovated that offer rent below 120% of AMI are potentially eligible for this tax exemption. In a city with an AMI of \$55,000 (common outside of Portland), that's rent of \$1,650 per month or less. The tax exemption is for all taxing districts which is administered by the City. Due to this, smaller jurisdictions may have more trouble managing this program.</p> <p>Local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.</p> <p>The City of Eugene offers a ten-year Multi-Unit Property Tax Exemption (MUPTE) for projects in its eastern downtown core. Eugene’s criteria for granting MUPTE include: Project must provide 5 or more units of housing (not including student housing), development must meet minimum density standards, development must comply with minimum green building requirements, a portion of construction and other contracting requirements must be through local business, the development must provide 30% of the units affordable at 100% of AMI or pay a fee of 10% of the value of the tax abatement toward supporting moderate income housing development, demonstrate that the project would not be financially feasible without the exemption by providing 10-year pro forma with and without MUPTE and comply with other criteria.</p> <p>The City of Salem’s Multi-Unit Housing Tax Incentive Program (MUHTIP) was adopted in 2012 to spur the construction of “transit supportive” 10 multi-unit housing in the city’s downtown core. In order to qualify for the exemption, projects must consist of at least</p> | <p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p> |
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| Strategy Name | Description | Scale of Impact |
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| | two dwelling units, be located in the city's "core area," and include at least one public benefit. | |
| <p>Nonprofit Corporation Low Income Housing Tax Exemption</p> <p>and</p> <p>Low-Income Rental Housing Tax Exemption</p> | <p>Note: These are two separate tax exemptions available under statute (ORS 307.515 to 307.523 / ORS 307.540 to 307.548). They are grouped together for their similarities (but differences are noted).</p> <p>Land and improvement tax exemption used to reduce operating costs for regulated affordable housing affordable at 60% AMI or below. Requires the City to adopt standards and guidelines for applications and enforcement mechanisms.</p> <p>The low-income rental housing program exemption lasts 20 years. The nonprofit corporation low-income housing program must be applied for every year but can continue as long as the property meets the criteria. Rents must reflect the full value of the property tax abatement and City can add additional criteria.</p> <p>There is no requirement that construction must be complete prior to application. Programs both work well in tandem with other incentives, such as land banking.</p> | <p>Scale of Impact – Small to moderate. The exemption reduces operating costs, meaning it is a tool more useful to property owners of affordable housing projects. Developers, who do not own and operate their own projects, may be less inclined to use the program.</p> |

¹⁰ City of Salem, "Multi Unit Housing Tax Incentive Program," <https://www.cityofsalem.net/Pages/multi-unit-housing-tax-incentive-program.aspx>.

Funding Sources to Support Residential Development

The following policies focus on ways to pay for the costs of implementing the affordable housing programs and infrastructure development.

| Strategy Name | Description | Scale of Impact |
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| Urban Renewal / Tax Increment Finance (TIF) | <p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments • Economic development strategies, such as capital improvement loans for small or startup businesses which can be linked to family-wage jobs • Streetscape improvements, including new lighting, trees, and sidewalks • Land assembly for public as well as private re-use • Transportation enhancements, including intersection improvements • Historic preservation projects • Parks and open spaces <p>Urban renewal is a commonly used tool to support housing development in cities across Oregon.</p> | <p>Scale of Impact – Moderate to Large. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.</p> |

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| <p>Construction Excise Tax (CET)</p> | <p>Funds land use planning throughout the region by taxing construction permits.</p> <p>CET is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533 which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction. The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:</p> <ul style="list-style-type: none"> • 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.) • 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction. • 15% flows to Oregon Housing and Community Services for homeowner programs. <p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.</p> <p>The City of Portland’s CET went into effect in 2016. It levies a 1% CET on residential, commercial, and industrial development valued at \$100,000 or more, with all revenues going toward affordable housing. The revenues pay for production of housing at or below 60% AMI, developer incentives for inclusionary zoning, along with state homeownership programs.</p> <p>City of Bend adopted a CET of 0.3% on residential, commercial, and industrial development in 2006, with revenues dedicated to loans to fund developments by profit and nonprofit affordable housing developers. The fee has raised \$11 million as of 2016, allowing the City to lend money to fund 615 units. The fund has leveraged \$63 million in state and federal funding and \$14 million in equity.</p> <p>The City of Milwaukie adopted a CET on commercial, residential, and industrial development in November of 2017. The City exempted deed-restricted affordable housing, ADUs, and improvements less than \$100,000 from paying the CET. The adopting ordinance allocates funds as required by state statutes, specifying that flexible funds from the commercial improvements will be used 50% toward housing available to those making up to 120% of MFI, and 50% for economic development programs in areas with sub-area plans (such as Downtown and Riverfront, and the City’s urban renewal areas).</p> | <p>Scale of Impact – Depends on the amount of funding available.</p> |
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| <p>General Fund and General Obligation (GO) Bonds</p> | <p>Allows funding for a project that is not dependent on revenue from the project to back the bond.</p> <p>City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements.</p> <p>Property taxes are increased to pay back the GO bonds.</p> <p>City of Portland passed \$258 million bond for affordable housing in 2016. The goal of the bond is to build or preserve up to 1,300 units in the next five to seven years. The city issued a request for information to solicit interest in acquiring properties or land under the affordable housing bond. The city is looking for opportunities to acquire existing properties of 20 or more units, or vacant land that is appropriately zoned for 20+ housing units, and is looking for both traditional and nontraditional development opportunities.</p> | <p>Scale of Impact – Moderate to large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).</p> |
| <p>Local Improvement District (LID)</p> | <p>Enables a group of property owners to share the cost of a project or infrastructural improvement.</p> <p>A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records.</p> <p>An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners.</p> <p>The City collects the funds and regardless if the actual cost is greater than the estimated cost (on which the assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment were placed property owners (due to underestimation).</p> | <p>Scale of Impact – Depends on the amount of funding available and Bonding capacity.</p> |
| <p>General Fund Grants or Loans</p> | <p>A city can use general fund or tax increment dollars to directly invest in a specific affordable housing projects. These grants or loans can serve as gap funding to improve development feasibility. There are several options for using general fund grants or loans, including the potential for bonds to generate upfront revenue that is repaid over time, as recently approved in the City of Portland. Another option is to use general fund dollars to contribute to other programs that are successfully operating, such as non-profit land trusts or even other government agencies that have the administrative capacity to maintain compliance requirements over time, using intergovernmental agreements.</p> | <p>Scale of Impact – Depends on the amount of funding available.</p> |

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| <p>Transient Lodging Tax (TLT)</p> | <p>Generates revenue by primarily taxing tourists and guests using temporary lodging services. Taxes for temporary lodging at hotels, motels, campgrounds, and other temporary lodgings. Oregon has a statewide TLT and cities and counties can also charge a local TLT subject to certain limitations. The statutes specify that 70% must be used for tourism promotion or tourism related facilities and 30% is unrestricted in use, and there cannot be a reduction of the total percent of room tax. The state tax is specified at 1.8%; local government tax rates vary as local governments set the rate for their jurisdiction by ordinance. Cities and counties may impose taxes on transient lodging. Alternatively, some cities have an agreement for the county to impose the tax and cities share in a percent of the revenue.</p> | <p>Scale of Impact – Small. The amount of funding from TLT is likely to be relatively small, given that only 30% of TLT funds have unrestricted use.</p> |
| <p>CDBG</p> | <p>The Community Development Block Grants program is a flexible program that provides annual grants on a formula basis to both local governments and States. Grants are awarded on a 1, 2, or 3-year period. It is required that at least 70% of the CDGB funds are used for activities that benefit low- and moderate- income. Additionally, each activity must address any threats to health or welfare in the community (for which other funding is unavailable). These funds can be used for acquisition and rehabilitation of existing affordable units, as well as new construction that prioritizes community development efforts.</p> | <p>Scale of Impact – Depends on the amount of funding available.</p> |

DATE: December 4, 2019
TO: Tualatin Project Advisory Committees
CC: Karen Perl Fox, Steve Koper, and Jonathan Taylor
FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
SUBJECT: FINAL: TUALATIN ECONOMIC DEVELOPMENT STRATEGY

The City of Tualatin contracted ECONorthwest to develop an Economic Opportunities Analysis and an Economic Development Strategy for Tualatin. The Economic Opportunities Analysis (EOA) will determine whether the City of Tualatin has enough land to accommodate twenty years of commercial and industrial job growth. The EOA will provide the basis for an update to the City’s Comprehensive Plan Economic Element, as well as development of an action plan to implement the economic development policies (i.e., the Economic Development Strategy).

The EOA uses a planning period of 2020–2040. Tualatin is planning for growth of about 12,800 new jobs within the Tualatin planning area over the twenty-year planning period. The preliminary results of the EOA show that Tualatin has a deficit of land designated for employment in the Commercial and Industrial Comprehensive Plan Designations.

A key objective of the EOA and accompanying Economic Development Strategy is to identify options for changes to the City’s Comprehensive Plan and land use regulations needed to address commercial and industrial land needs. This memorandum presents an economic development strategy for Tualatin, based on the results of the EOA and discussions with the Community Advisory Committee (CAC) and Technical Advisory Committee (TAC). The economic development strategy presents a comprehensive package of interrelated policy changes that the CAC recommends the City address.

This Economic Development Strategy focuses on land use tools to ensure there is adequate land planned and zoned to provide opportunities for employment growth on sites with a variety of characteristics (e.g., site sizes, locations, visibility, and other characteristics).

Through the technical analysis of the EOA and input from the CAC and TAC, the City identified four strategic priorities to address issues identified in the EOA. The strategic priorities are: (1) ensuring an adequate supply of land that is available and serviceable; (2) identifying redevelopment opportunities; (3) supporting business retention, growth, and attraction; and (4) ensuring there are connections between planning for economic development and other community planning. Strategic priorities are described in greater detail in the section below.

Appendix A presents the full text of Tualatin’s existing Comprehensive Plan policies for commercial and industrial development. Appendix B presents the information about economic development tools commonly used in other cities in Oregon.

Tualatin's Economic Development Strategy

Tualatin's Economic Development Strategy is organized around four broad strategic priorities: (1) ensure an adequate supply of land that is available and serviceable; (2) identify redevelopment opportunities; (3) support business retention, growth, and attraction; and (4) ensure there are connections between planning for economic development and other planning (such as transportation planning, water and wastewater planning, and economic development planning). The broad goal of the Tualatin Economic Development Strategy is to help the City manage the land within the Tualatin planning area to support and manage economic growth while maintaining the character and quality of life in Tualatin and protecting public interests such as health, safety, and municipal revenues.

The Tualatin CAC convened seven times between March 2019 and September 2019. The CAC discussed economic development at the meetings in June, August, and September. The Tualatin TAC met four times between April 2019 and September 2019 and discussed economic development at the June, August, and September meetings (while some meetings included discussions of other topics, as well). The CAC and TAC provided input on the development of the Economic Development Strategy through discussions at meetings and opportunities for input on written documents.

The recommendations from the CAC in this strategy consider key findings from the EOA, such as the following examples. The City has a long-term deficit of commercial and industrial land for growth over the 2020 to 2040 period. This document presents a comprehensive strategy that provides a variety of policies to support business retention, growth, and attraction in Tualatin.

Many of the actions described in the Tualatin Economic Development Strategy will require legislative amendments to the City's Comprehensive Plan and/or Development Code. These actions will be subject to standard notification and hearing procedures. After the economic opportunities analysis is completed, the Planning Commission and City Council will prioritize the actions suggested in this memorandum, along with other actions suggested for Tualatin in 2040. Implementation of high priority actions will begin in 2020, based on City Council direction.

Summary of Actions

The table below summarizes the strategies, actions, and recommendations made by the CAC. The priority shown in the table is based on discussions with the CAC about the actions they view as being in need of prompt attention. Low-priority actions represent actions that the CAC thinks are important but that may be executed later on in the Tualatin 2040 process. At some level, all of the actions in this strategy are a high priority for the CAC.

| Strategy, Action, and Recommendations | Priority |
|--|----------|
| Strategy 1: Ensure an adequate supply of land that is available and serviceable. | |
| Action 1.1. Evaluate opportunities to increase mixed-use development. <ul style="list-style-type: none"> ▪ Recommendation 1.1a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes commercial and residential uses. ▪ Recommendation 1.1b: Evaluate opportunities to develop an employment zone that allows for greater mixture of industrial and commercial uses, limiting retail commercial uses. | High |
| Action 1.2. Identify opportunities to make more efficient use of industrial land. <ul style="list-style-type: none"> ▪ Recommendation 1.2a: Prohibit new development that require substantial amounts of land but result in little employment. ▪ Recommendation 1.2b: Evaluate reducing or eliminating the minimum lot size from 20,000 square feet. | Medium |
| Action 1.3. Identify opportunities to make more efficient use of commercial land. <ul style="list-style-type: none"> ▪ Recommendation 1.3a: Evaluate reducing or eliminating the minimum lot size from 10,000 square feet in commercial zones and allow additional development standards to determine minimum lot size. ▪ Recommendation 1.3b: Evaluate increasing building height limits in commercial development centers, including for retail development. | High |
| Action 1.4. Plan for infrastructure development to support commercial and industrial development. <ul style="list-style-type: none"> ▪ Recommendation 1.4a: Prioritize infrastructure projects, especially transportation projects that are necessary to support employment growth, with the goal of managing and reducing congestion resulting from new growth. ▪ Recommendation 1.4b: Seek support from regional partners for development and improvement of transportation infrastructure that serves employment centers in Tualatin. ▪ Recommendation 1.4c: Identify opportunities to increase transit service between Tualatin and other cities within the Portland region. ▪ Recommendation 1.4d: Identify options to extend transit service within Tualatin to employment centers. | Low |
| Action 1.5. Work with landowners ensure land is development-ready and certified as shovel ready by Business Oregon. <ul style="list-style-type: none"> ▪ Recommendation 1.5a: Encourage and assist landowners to get their sites certified through the Business Oregon Certified Shovel Ready program. ▪ Recommendation 1.5b: Continue to work with landowners to ensure that development sites are listed on Business Oregon’s prospector site. | Low |

| Strategy, Action, and Recommendations | Priority |
|---|----------|
| <p>Action 1.6. Plan for long-term development in Tualatin through 2040 and beyond.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.6a: Actively work with Metro staff to ensure that Tualatin’s population and employment forecasts are planned for similar growth rates and to coordinate Tualatin’s planning with regional plans. ▪ Recommendation 1.6b: Develop and implement a system to monitor the supply of commercial and industrial land every two years. ▪ Recommendation 1.6c: Reevaluate Tualatin’s economic opportunities and land sufficiency every three years. | High |
| Strategy 2: Identify redevelopment opportunities. | |
| <p>Action 2.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.1a: Initiate a process to identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment. | Low |
| <p>Action 2.2. Revise the Tualatin Town Center Plan to focus on opportunities to support redevelopment.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.2a: Develop a community vision and planning for the Town Center, with a focus on redevelopment to support development of housing and employment uses. ▪ Recommendation 2.2b: Evaluate opportunities to redevelop City-owned properties to create catalytic projects that include a mix of housing and retail and office uses. | High |
| <p>Action 2.3. Identify opportunities to redevelop and intensify uses in industrial areas.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.3a: Identify opportunities for industrial redevelopment and work with property owners to support redevelopment, which may require changes to zoning to allow different types of industrial buildings (i.e., vertical buildings) or infrastructure investments to provide additional urban services. | Medium |
| <p>Action 2.4. Develop policies to support redevelopment and mixed-use development.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.4a: Evaluate the redevelopment potential of publicly owned properties, such as parking lots. ▪ Recommendation 2.4b: Continue to evaluate establishing new urban renewal districts to support development of commercial, industrial, and residential businesses, especially mixed-use districts. | High |
| Strategy 3: Support business retention, growth, and attraction. | |
| <p>Action 3.1. Revise the Economic Development Strategy, develop a clear vision for economic development, and create an action plan to implement the vision.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.1a: Establish an Economic Development Commission to guide development of the economic development strategy. ▪ Recommendation 3.1b: Develop an action-oriented five-year economic development action plan that includes a community vision. | Medium |
| <p>Action 3.2 Support growth of existing businesses in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.2a: Continue to identify opportunities to support existing businesses in Tualatin, through working with partners such as the Tualatin Chamber of Commerce to identify and resolve issues that are barriers to the businesses growing and staying in Tualatin. | Low |
| <p>Action 3.3. Support growth of and retain entrepreneurial businesses in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.3a: Continue to identify opportunities to support growth and retention of entrepreneurial businesses in Tualatin. | High |

| Strategy, Action, and Recommendations | Priority |
|--|----------|
| <p>Action 3.4. Identify opportunities to attract or grow businesses with pay at or above Tualatin's average wage.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.4a: Identify partnerships and incentive programs to grow, retain, and attract businesses with wages at or above the City's average wage of \$57,300. | Medium |
| <p>Action 3.5. Evaluate use of incentives to retain, grow, and attract businesses.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.5a: Evaluate the outcomes the City wants to achieve through offering economic development incentives and the incentives the City could offer. | Medium |
| <p>Action 3.6. Ensure that Tualatin has sufficient staff capacity to implement the economic development priorities set by the City Council.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.6a: Council should work with the City Manager, Community Development Director, and Economic Development Manager to determine whether the City will need to add staff to implement the policies in the Economic Development Strategy. ▪ Recommendation 3.6b: City staff should work with City Council members and stakeholders to ensure they understand economic development processes and tools/policies to support economic development. | Low |
| Strategy 4: Ensure there are connections between planning for economic development and other community planning. | |
| <p>Action 4.1. Ensure that updates to the Transportation System Plan coordinate with planning for employment and business growth.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for mixed-use and commercial development, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit). ▪ Recommendation 4.1b: Evaluate opportunities to expand transit and improve transportation connectivity (both capacity and access on I-5 and regional connector roads) for freight and automobiles between Tualatin and other cities within the Portland region. ▪ Recommendation 4.1c: Evaluate opportunities to expand transit and improve transportation connectivity within Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin's Town Center and vital services and out to the neighborhoods. ▪ Recommendation 4.1d: Evaluate opportunities for planning transit-oriented development, as transit becomes more available in Tualatin, consistent for redevelopment planning. ▪ Recommendation 4.1e: Develop a bicycle and pedestrian plan for Tualatin to increase these types of connectivity within Tualatin. | High |
| <p>Action 4.2. Coordinate planning for economic development planning with housing planning.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.2a: Ensure the City plans for housing that is affordable to people who work at businesses in Tualatin. | Low |
| <p>Action 4.3. Develop a design and planning framework for "ten-minute neighborhoods" that include a mixture of uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.3a: Develop a framework for mixed-use neighborhoods that include the elements that residents need for day-to-day life. | Medium |
| <p>Action 4.4. Identify opportunities to support workforce development.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.4a: Work with businesses and partners in education to ensure there are workforce training opportunities in Tualatin. | Medium |
| <p>Action 4.5. Evaluate development of a civic center with a range of uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.5a: Evaluate development of a civic center with a range of uses in Tualatin. | Low |

Strategy 1: Ensure an Adequate Supply of Land that is Available and Serviceable

This strategy is about ensuring an adequate land supply, which includes a twenty-year supply and a pipeline of serviced land that is available for immediate development (referred to as a “short-term” supply of employment land). Employment land supply should include sites with a variety of characteristics (e.g., site sizes, locations, visibility, and other characteristics). Efficient use of Tualatin’s employment land is key to ensuring that Tualatin has adequate opportunities to grow from 2020 to 2040, and beyond. In the Portland region, the average size of new development sites for employment is generally between 5 and 15 acres in size.

Issue Statement

Tualatin’s forecast for commercial and industrial employment growth and land demand shows that Tualatin has a deficit of land (74 gross acres) in Industrial Plan Designations and a deficit (175 acres) in Commercial Plan Designations (including retail, office, and other commercial services).

Tualatin is part of the Metro Urban Growth Boundary (UGB) and cannot expand its planning area on its own. Tualatin can, however, increase land use efficiency within its planning area through changing zoning standards (e.g., limiting uses with lower employment density), allowing and encouraging more mixed-use development, and planning for redevelopment (see Strategy 2). This is a common issue and opportunity in Tualatin for both housing and economic development, which provides an opportunity for the City to develop solutions for both.

Tualatin needs land that is vacant but also has urban services that support commercial and industrial development, such as municipal water services, sewer and wastewater services, stormwater management systems, and transportation connections with adequate capacity to accommodate growth. Tualatin can monitor growth to ensure that the City has enough land in the short-term land supply (available for development within one year of application for a building permit) and shovel-ready land (available for development within 180 days of application for a building permit). Tualatin can work with Metro and other regional partners on future expansions of the Metro UGB to accommodate additional employment land development in Tualatin.

Goal

Ensure that sufficient land is designated so that the supply is adequate for commercial and industrial development. Maintain an adequate short-term supply of suitable, shovel-ready commercial and industrial land to respond to economic development opportunities as they arise.

- “Short-term supply” means suitable land that is ready for construction usually within one year of an application for a building permit or request for service extension.

Recommended Actions

Action 1.1: Evaluate opportunities to increase mixed-use development.

Tualatin has a deficit of industrial land (74 gross acres) and commercial land (175 gross acres). In addition, Tualatin has a deficit of residential land in the Medium High Density Residential designation (about 7 gross acres of land) and in the High Density / High-Rise Residential designation (about 4 gross acres of land). One way to address these land deficits is to allow and encourage mixed-use development.

Tualatin can identify additional opportunities for development of commercial and residential mixed-use development (consistent with recommendation Action 1.2 in the Housing Strategy). In identifying opportunities for mixed-use, the City should coordinate planning for new mixed-use areas with Action 5.1 in the Housing Strategy, to identify three to four areas within Tualatin for redevelopment as mixed-use areas (Action 2.1 addresses need for redevelopment). The mixed-use areas could serve multiple purposes in Tualatin; they could function as places to live and/or work, as destinations for residents in other parts of Tualatin, or as recreational experiences for visitors. In addition, feedback from the CAC shows that the community wants rezoning and redevelopment to promote the opportunities for commercial and industrial development, especially mixed-use development.

In addition, Tualatin could develop an employment zone that allows for a greater mixture of industrial and commercial uses, limiting retail commercial uses. Areas for this type of employment zone might include Basalt Creek or the Leveton area. These mixed-use zones should allow for greater density in the form of taller buildings, smaller lot sizes, and other opportunities for increased development capacity.

[Recommendation 1.1a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes commercial and residential uses. The City should exclude industrial sanctuary land \(i.e., land in the Southwest Tualatin Concept Plan area\) from this evaluation, as this land has been identified as regionally significant industrial areas.](#)

[Recommendation 1.1b: Evaluate opportunities to develop an employment zone that allows for greater mixture of industrial and commercial uses, limiting retail commercial uses.](#)

Action 1.2: Identify opportunities to make more efficient use of industrial land.

Tualatin has a deficit of 74 acres of industrial land. One way to make the most efficient use of industrial land in Tualatin is changing the zoning ordinance to focus uses on key target industries and allow for denser development.

The City should consider no longer allowing development of new businesses that require substantial amounts of land but result in little employment and have low employment densities. Such uses include warehouse and distribution, vehicle storage, or self-storage units. Existing businesses of these types should be allowed to continue to operate.

The City should consider reducing or eliminating the minimum lot size from 20,000 square feet, especially in areas that have existing small lots already. These standards may be necessary in regionally significant industrial areas (RSIA).

[Recommendation 1.2a:](#) Prohibit new development that requires substantial amounts of land but results in little employment and has low employment densities, such as warehouse and distribution.

[Recommendation 1.2b:](#) Evaluate reducing or eliminating the minimum lot size from 20,000 square feet, especially in areas that have existing small lots.

Action 1.3: Identify opportunities to make more efficient use of commercial land.

Tualatin has a deficit of 175 acres of commercial land. One way to make the most efficient use of industrial land in Tualatin is by changing the zoning code to make more efficient use of commercial areas. For example, Tualatin could reduce or eliminate the minimum lot size to 10,000 square feet (from the three-acre minimum lot size the Mid-Rise Office Commercial zone). Tualatin could also increase building height limits to allow taller buildings in key commercial development centers (currently most commercial zones allow 35 to 45 feet, with the Mid-Rise Office Commercial zone allowing buildings as tall as 75 feet).

In addition, promoting mixtures of uses (consistent with Action 1.1) that integrate employment and housing can help promote efficient use of land. The large deficit of commercial land, however, will require rezoning land for new commercial uses or redeveloping existing land to allow new commercial uses (consistent with Action 2.1).

[Recommendation 1.3a:](#) Evaluate reducing or eliminating the minimum lot size from 10,000 square feet in commercial zones. Allow additional development standards, such as requirements for parking and circulation or setbacks, to determine minimum lot size.

[Recommendation 1.3b:](#) Evaluate increasing building height limits in commercial development centers, including for retail development.

Action 1.4. Plan for infrastructure development to support commercial and industrial development.

The City already coordinates land use planning with the Capital Improvement Plan to ensure that infrastructure is available to support commercial and industrial development, especially in newly urbanizing areas and areas identified as high priority for development. Some types of infrastructure development, especially transportation and transit infrastructure, have lagged behind growth in Tualatin and in the broader region, resulting in automotive congestion and insufficient transit service, as discussed in Strategy 4 and in Strategy 6 of the Housing Strategy.

[Recommendation 1.4a:](#) Prioritize infrastructure projects, especially transportation projects that are necessary to support employment growth, with the goal of managing and reducing congestion resulting from new growth.

[Recommendation 1.4b](#): Seek regional support for development and improvement of transportation infrastructure by working with Washington County, Metro, adjacent communities, and ODOT, to advocate for and support improvements to key regional transportation facilities that serve employment areas in Tualatin.

[Recommendation 1.4c](#): Identify opportunities to increase transit service between Tualatin and other cities within the Portland region (such as the ongoing planning for the Southwest Corridor) and transit within Tualatin.

[Recommendation 1.4d](#): Identify options to extend transit service to employment centers to expand transportation options for workers in Tualatin, such as a local bus service like Wilsonville's SMART.

Action 1.5: Work with landowners ensure land is development-ready and certified as shovel ready by Business Oregon.

The *Regional Industrial Site Readiness Inventory (2017 update)* identifies large sites (those over 25 buildable acres) and their development-ready status across the Portland Metro Region. The report categorizes sites within the Portland Metro Region based on site size (focusing on sites with 25 or more net buildable acres), development-ready status (based on the status of urban infrastructure provision and brownfield remediation status), and the willingness of the owner to sell or develop the site.

Tier 1 sites are those with at least 25 net buildable acres that are development ready within 180 days (6 months) and have an owner who is willing to sell or develop the site. Tualatin has no Tier 1 sites. There are four sites in Tualatin that qualify for Tier 2 or Tier 3 status, identified as being ready for development between 7 to 30 months (for Tier 2 sites) and more than 30 months (for Tier 3 sites).

In addition, the *Regional Industrial Site Readiness Inventory* also identifies four sites in Tualatin that are smaller than 25 buildable acres. While these smaller sites are not part of the inventory of Tier 1 through Tier 3 sites, they play an important role in providing opportunities for business development in Tualatin. Many of the inquiries to Greater Portland Inc. for development sites for new businesses are for sites smaller than 25 acres.

For areas with existing or planned infrastructure (consistent with Action 1.4), the City can encourage and assist landowners in getting their sites certified as shovel-ready through the Business Oregon Certified Shovel Ready program. A site is shovel-ready if it is specifically zoned for industrial or traded-sector uses, has the infrastructure necessary to support development (or can have it within 180 days), and is available for development within 180 days or less.

Shovel-ready sites and other development sites can be listed on Business Oregon's Oregon Prospector website to market sites to potential developers and businesses. The Oregon Prospector website reports information about site location, size, access to infrastructure, and

other characteristics that developers need to know prior to making locational decisions. There is one site in Tualatin currently listed on Oregon Prospector.

[Recommendation 1.5a:](#) Encourage and assist landowners in getting their sites certified through the Business Oregon Certified Shovel Ready program. The economic developer should work directly with the local landowners on the certification process.

[Recommendation 1.5b:](#) Continue to work with landowners to ensure that development sites are listed on Business Oregon's Oregon Prospector website.

Action 1.6. Plan for long-term development in Tualatin through 2040 and beyond.

The Economic Opportunity Analysis plans for the 2020 to 2040 period. It shows that employment will continue to grow in Tualatin at a substantially faster pace than households over the next twenty years. One of the key issues discussed through the Economic Opportunity Analysis and Housing Needs Analysis is the existing and likely future imbalance of employment and housing, where people who work at businesses in Tualatin have limited opportunities to live in Tualatin.

A key part of long-range planning is working with Metro on regional planning for housing and employment in and around Tualatin. The City would be well-served by having information to share with Metro about new development, the City's planning efforts to provide opportunities for people to work and live in Tualatin, and economic development plans.

[Recommendation 1.6a:](#) Actively work with Metro staff on upcoming Regional Growth Management reports to ensure that Tualatin's population and employment forecasts are planned for similar growth rates and to coordinate Tualatin's planning with regional plans.

[Recommendation 1.6b:](#) Develop and implement a system to monitor the supply of commercial and industrial land every two years. This includes monitoring employment development (through permits) as well as land consumption (e.g., development on vacant or redevelopable lands). The reports resulting from growth monitoring can be used in working with Metro to better understand Tualatin's opportunities for growth and characterize needs for expansion to accommodate employment growth.

[Recommendation 1.6c:](#) Reevaluate Tualatin's economic opportunities and land sufficiency every three years.

Strategy 2: Identify Redevelopment Opportunities

This strategy focuses on actions that are intended to identify redevelopment opportunities in areas where employment growth would be appropriate.

Issue Statement

Tualatin has a deficit of industrial and commercial land that comprises 74 and 175 gross acres, respectively. Some of this deficit could be accommodated through redevelopment of existing areas within Tualatin, where there are opportunities to increase the intensity of land uses. Redevelopment opportunities may also provide opportunities for the development of mixed-use areas that are more walkable, have frequently accessed amenities (e.g., schools, medical facilities, parks, retail, restaurants, and other services), have access to transit, and accommodate new housing, consistent with the actions in Strategy 4.

Redevelopment may require actions from other strategies, such as increasing allowable densities, rezoning, land assembly, tax abatement programs to support employment growth development, and funding support such as urban renewal or local improvement district.

Goal

Redevelop selected areas of Tualatin to create vibrant mixed-use districts that include new employment and housing opportunities.

Recommended Actions

Action 2.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

This action is consistent with the Housing Strategy Action 5.1. Tualatin has deficits of land for development of commercial uses, as well as for development of multifamily housing to accommodate new housing in the Medium High Density and High Density / High-Rise Plan Designations.

The City should identify three to four areas within Tualatin for redevelopment into mixed-use areas, with a mixture of higher-density housing and employment uses such as retail, office, and commercial services. For example, some areas that may be appropriate for redevelopment include the Commons, areas near key transit stops, and the area west of 6th Street/east of 90th Street/north of Sagert Street. In selecting areas ripe for redevelopment, the City should consider whether economic conditions support redevelopment, landowner attitudes to redevelopment, and set criteria for selecting redevelopment areas based on considerations such as transportation and transit connections and proximity to existing employment centers.

The City should engage the community in developing a vision for redeveloping the selected areas. The planning to implement this vision could be achieved through a redevelopment plan that shows how the property will be redeveloped into a vibrant area with a mixture of uses, connections with Tualatin's automotive and pedestrian/bicycle transportation networks, and a variety of housing types. The redevelopment plans should include working with landowners to

ensure they are supportive of redevelopment plans, as well as stakeholder and citizen involvement and input into the vision for the district and development of the redevelopment plans.

The City should consider opportunities to support redevelopment, such as use or urban renewal (Action 2.4) to address infrastructure deficiencies, as well as approaches to overcome barriers to redevelopment.

[Recommendation 2.1a: Initiate a process to identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment.](#)

Action 2.2: Revise the Tualatin Town Center Plan to focus on opportunities to support redevelopment.

The Tualatin Town Center Plan was intended to guide development in Tualatin’s downtown area, which is centered around the Lake of the Commons and includes about 364 acres of land. The existing Town Center Plan was developed in the mid-2000s and was not adopted.

An update of the Town Center Plan could focus on opportunities for redevelopment, including identifying changes to zoning necessary to allow and encourage development of both housing and employment uses. The update should include development of a community vision for the future of Town Center to guide changes to zoning and other policy, as well as City investments in Town Center.

In conjunction with the update to the Tualatin Town Center Plan, the Tualatin Development Commission could act as developer for redevelopment of City-owned properties (such as surface parking lots) to create catalytic projects that include a mix of housing (both market-rate and affordable housing) and retail and office uses.

[Recommendation 2.2a: Develop a community vision and planning for Town Center, with a focus on redevelopment to support development of housing and employment uses.](#)

[Recommendation 2.2b: Evaluate opportunities to redevelop City-owned properties to create catalytic projects that include a mix of housing \(both market-rate and affordable housing\) and retail and office uses.](#)

Action 2.3: Identify opportunities to redevelop and intensify uses in industrial areas.

Redevelopment often focuses on commercial and residential redevelopment. Industrial redevelopment (where industrial land is redeveloped for new industrial uses) is less common in smaller cities like Tualatin because the costs of redevelopment often exceed the value of land for new industrial uses or rents are not high enough to support industrial redevelopment. In the Portland region, however, redevelopment is occurring in industrial areas, possibly as a result of the higher achievable rents and desirability of locations in Portland and other industrial centers.

There may be opportunities for industrial redevelopment for new industrial uses in Tualatin over the twenty-year planning period. These opportunities may include sites with excellent access to I-5 or other regional roads, where redevelopment costs are lower (i.e., brownfield remediation is not required), or at Tigard Sand and Gravel’s gravel mine, once the company is done with mining operations.

[Recommendation 2.3a: Identify opportunities for industrial redevelopment and work with property owners to support redevelopment, which may require changes to zoning to allow different types of industrial buildings \(i.e., vertical buildings\) or infrastructure investments to provide additional urban services. This action is consistent with Action 1.2.](#)

Action 2.4: Develop policies to support redevelopment and mixed-use development.

The costs of redevelopment and of mixed-use development can make these types of development financially infeasible or at least very difficult. Given the deficit of land for commercial and industrial development, Tualatin will need to support redevelopment. Supporting mixed-use development is key to accommodating the need for higher-density multifamily housing and providing opportunities for people to live and work in Tualatin. The City should evaluate opportunities to support redevelopment and mixed-use development within Tualatin. Some examples include:

- Use publicly owned properties, such as parking lots, to assemble land for development of catalytic projects that support additional development and further other community objectives, such as housing affordable to workers with incomes of about \$50,000 (about 60% of the median family income, based on the Housing Needs Analysis) or a business incubator or shared workspace to support growth of small businesses.
- Assist with assembly of land to support redevelopment that includes multiple properties.
- Continue to evaluate establishing new urban renewal districts, consistent with Action 4.2 in the Housing Strategy. For economic development purposes, urban renewal is often used for projects to improve districts (i.e., street beautification or façade programs), providing low-interest loans to businesses (i.e., loans to support expansion of businesses that provide jobs at or above the City average), or infrastructure improvements needed to support commercial or industrial development.

[Recommendation 2.4a: Evaluate the redevelopment potential of publicly owned properties, such as parking lots.](#)

[Recommendation 2.4b: Continue to evaluate establishing new urban renewal districts to support the development of commercial, industrial, and residential businesses, especially mixed-use districts.](#)

Strategy 3: Support Business Retention, Growth, and Attraction

Economic development generally occurs through three broad approaches: retention of existing businesses, growth of existing and small businesses (such as entrepreneurs), and attraction of new businesses from outside of the City. This strategy describes economic development efforts to support growth of economic activity and employment.

Issue Statement

The main focus of economic development is retaining and growing businesses. These businesses both provide employment for people living in Tualatin and the surrounding region and pay property taxes that help balance the City's tax base. Generally speaking, the costs to serve residential lands is often greater than the cost to serve employment lands, because residents use more services (such as schools, police, fire, governance and leadership, infrastructure maintenance, etc.) at a higher rate than employment. As the City works to balance development of housing and employment, the City should consider the long-term fiscal health and sustainability of the City by encouraging continued employment growth while also encouraging additional residential growth to provide opportunities for people to live and work in Tualatin.

This strategy is about actions that support retention and expansion of existing businesses, growth and creation of entrepreneurial businesses, and attraction of new businesses that align with Tualatin's values as a community. The types of businesses the City wants to attract most are non-polluting businesses with wages at or above the Washington County average, focusing on growth of businesses that have sufficient wages for their workers to afford to live and work in Tualatin.

Goal

Support business growth in Tualatin to diversify and expand commercial and industrial development in order to provide employment opportunities with levels of pay that allows workers to live in Tualatin, as well as supporting the City's tax base.

Recommended Actions

Action 3.1: Revise the economic development strategy, develop a clear vision for economic development, and create an action plan to implement the vision.

Tualatin has an existing economic development strategy, last updated in 2014. The City plans to update the Economic Development Strategy, based on the City's new Economic Opportunities Analysis. Discussions with stakeholders suggest it is important that updating the Economic Development Strategy include development of a clear vision for economic development, as the starting place for the Economic Development Strategy. **The vision should identify community aspirations for economic development and the City's role in economic development.**

The revised document should be an action-oriented five-year economic development action plan that includes a community vision for economic growth in Tualatin. The factual basis for the Action Plan is the information gathered about on local and regional economic trends

gathered through the Economic Opportunity Analysis, from policies and objectives established for the Comprehensive Plan (this document) and with feedback and input from stakeholders. The Action Plan would present detailed actions for executing the economic development policies based on the priorities established by the Tualatin City Council.

Development of this strategy could be guided by an Economic Development Committee composed of elected and appointed officials, business owners and managers in Tualatin, people involved in economic development in Tualatin (i.e., the Tualatin Chamber of Commerce) and the Portland region, and residents of Tualatin.

[Recommendation 3.1a: Establish an Economic Development Commission to guide development of the economic development strategy.](#)

[Recommendation 3.1b: Develop an action-oriented five-year economic development action plan that includes a community vision for economic growth in Tualatin.](#)

Action 3.2: Support growth of existing businesses in Tualatin.

Business retention is a key part of successful economic development. Working with partners such as the Tualatin Chamber of Commerce and the Tualatin Commercial Citizen Involvement Organization, the City should continue to reach out to businesses in Tualatin to identify and resolve issues related to growing their business and remaining in Tualatin. Issues that businesses in Tualatin have already identified include difficulties retaining workforce (given potentially long commutes and difficulty in finding qualified workers), increasing concerns about transportation and freight access and congestion, and a lack of incentives to support development. Issues related to transportation (commuting and freight access) are discussed in Action 4.1 and incentives to support development are discussed in Action 3.5. This document does not propose actions related to workforce quality, but this is likely an issue that would be addressed in the Economic Development Action Plan in Action 3.1b.

City staff can also support existing businesses by sharing technical resources, maintaining open communications with local businesspeople, and providing available staff support for economic development projects initiated by the business community.

[Recommendation 3.2a: Continue to identify opportunities to support existing businesses in Tualatin through working with partners such as the Tualatin Chamber of Commerce to identify and resolve issues that are barriers to the businesses growing and staying in Tualatin.](#)

Action 3.3: Support growth of and retain entrepreneurial businesses in Tualatin.

Small businesses, many of which are entrepreneurial, account for the majority of businesses in Tualatin. Businesses with five or fewer employees in Tualatin account for 64% of private employment and businesses with fewer than twenty employees account for 89% of private employment. The City should identify opportunities to support small and entrepreneurial businesses to grow and retain them in Tualatin. Some approaches to this include:

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- Form partnerships with organizations that assist entrepreneurial businesses, such as Tualatin Chamber of Commerce, Tualatin Commercial Citizen Involvement Organization, Westside Economic Alliance, Greater Portland Inc., Business Oregon, and Federal agencies such as the Economic Development Administration. These partnerships can help Tualatin identify resources to assist businesses and find solutions.
 - Identify opportunities to support growth of small businesses and entrepreneurs, such as business incubators or buildings with co-working space for small businesses.
 - Support and encourage home-based businesses and identify barriers in the City's policies to growth of home-based businesses.
 - Support or organize community events that involve local businesses, such as revitalization of the farmer's market or organizing events like Portland's Sunday Parkway.

[Recommendation 3.3a: Continue to identify opportunities to support growth and retention of entrepreneurial businesses in Tualatin.](#)

Action 3.4: Identify opportunities to attract or grow businesses with pay at or above Tualatin's average wage.

Tualatin's average wage was \$57,300 in 2017, compared with the Washington County average of \$70,300 in 2018. One of the areas of significant concern in development of the Economic Opportunities Analysis and Housing Needs Analysis was ensuring that workers in Tualatin can afford to both live and work in Tualatin. A worker earning the average wage in Tualatin can afford rents of about \$1,400 per month, which is above the average multifamily rent of \$1,200 in 2018. Affording the median housing sale price in Tualatin (about \$480,000 as of February 2019) requires a household income between \$120,000 and \$160,000, which will most frequently require a household with two full-time workers.

Attracting businesses that pay wages at or above the City's average wage will require deliberate effort on the City's part, such as developing incentive programs that attract or retain businesses (e.g., low-interest loans, fee waivers, and other incentives). The City will need to work with organizations that support business growth, retention, and attraction, such as Tualatin Chamber of Commerce, Tualatin Commercial Citizen Involvement Organization, Westside Economic Alliance, Greater Portland Inc., Business Oregon, and federal agencies (e.g., the Economic Development Administration). These partnership may include marketing Tualatin to attract new businesses.

Examples of these businesses that often pay above average wages include those identified as target industries in Tualatin's Economic Opportunities Analysis, such as advanced manufacturing, food processing, plastics manufacturing, information technology and analytical systems, and business services.

[Recommendation 3.4a: Identify partnerships and incentive programs to grow, retain, and attract businesses with wages at or above the City's average wage of \\$57,300.](#)

Action 3.5: Evaluate use of incentives to retain, grow, and attract businesses.

Cities often offer incentives to retain, grow, and attract businesses. In addition to having businesses stay in the community, cities use incentives to achieve goals such as attracting higher paying jobs, increasing the diversity of jobs or businesses, attracting businesses that pay high property taxes (such as manufacturers or data centers), or other desirable attributes. In Action 3.4, this memorandum identifies a goal of attracting businesses with higher paying jobs. Through the development of the Economic Development Action Plan (Action 3.1), the City may identify other business attributes or economic development goals it wants to achieve through offering incentives.

The City should evaluate use of incentives to achieve these goals, such as:

- Expedited entitlement and permitting process (e.g., 66-day review process for industrial projects).
- Financial assistance for business expansion or attraction, such as low-interest loans or grants.
- Public/private partnerships to support redevelopment of mixed-use development.
- Assist with assembly of land to support redevelopment that includes multiple properties.
- Property tax exemption, such as the Strategic Investment Program, which grants a fifteen-year property tax exemption for large capital-intensive facilities.
- Systems development charge (SDC) financing opportunities (consistent with Action 3.5 in the Housing Strategy).
- Development of or participation in a business incubator, shared workspace, start-up accelerators, or other forms of business mentoring.
- Work with partners (such as Tualatin Chamber of Commerce, Westside Economic Alliance, Greater Portland Inc., and Business Oregon) to market Tualatin's businesses and their product, across the state, nationally, and internationally.
- Street improvements and beautification.

[Recommendation 3.5a: Evaluate the outcomes the City wants to achieve through offering economic development incentives and the incentives the City could offer. This evaluation should be part of the development of the Economic Development Action Plan in Action 3.1.](#)

Action 3.6. Ensure that Tualatin has sufficient staff capacity to implement the economic development priorities set by the City Council.

The Economic Development Strategy presented in this memorandum, and especially the actions presented in Strategy 2 and Strategy 3, will take substantial staff time to evaluate and implement. The City may need additional staffing to implement the Economic Development Strategy.

Recommendation 3.6a: As the City Council allocates resources toward economic development efforts and sets priorities for implementation of the Economic Development Strategy, the Council should work with the City Manager, Community Development Director, and Economic Development Manager to determine whether the City will need to add staff to implement the policies in the Economic Development Strategy.

Recommendation 3.6b: City staff should work with City Council members and stakeholders to ensure they understand economic development processes and tools/policies to support economic development.

Strategy 4: Ensure there are Connections between Planning for Economic Development and Other Community Planning

This strategy focuses on actions that are intended to ensure coordination between planning for economic development and other community planning, such as housing, transportation planning, or other urban infrastructure planning (such as water or wastewater systems), and natural resources and parks planning.

Issue Statement

Discussions of economic development lead to discussions of transportation issues in Tualatin and a desire to ensure a job-housing balance in Tualatin. Transportation issues include heavy congestion on Tualatin's roadways, including access to I-5, arterial roads connecting Tualatin within the region, and local roadways. In addition, Tualatin is not well served with transit. Tualatin is served with the West Side Express Service (WES) train and two TriMet bus lines. The Max line is expected to extend to Bridgeport Village.

In addition, Tualatin has more employees than residents. Between 2007 and 2017, the population grew by about 0.35% per year, compared with employment growth of 2.9% per year. The forecast for population growth over the next twenty years is substantially lower than employment growth, with a household growth forecast of about 0.4% per year and an employment forecast growth about 1.4% per year. The Housing Needs Analysis shows that Tualatin has opportunities for residential growth beyond the forecast for growth. Success in housing development as a part of redevelopment and mixed-use development (Strategy 2) will further increase the amount of housing that could be developed in Tualatin beyond the forecast for new growth.

Jobs with at least average wages pay enough to live in rental housing in Tualatin. The average wage for employment in Tualatin in 2017 was over \$57,000, which is sufficient to afford a monthly rent of about \$1,425. The average multifamily rent in Tualatin was nearly \$1,200 in 2017. As a result, a person earning around the average wage can afford rent of about \$1,425 and the average multifamily rent in Tualatin.

However, the average sale price for a unit in Tualatin in early 2019 was \$480,000, which would require a wage between \$120,000 and \$160,000 to afford homeownership. None of the industries in Tualatin have an average pay this high, and only one-quarter of households in Tualatin and Washington County have household incomes high enough to afford the average sale price. As a result, people who work in Tualatin can own a newly purchased home in Tualatin if they have substantially higher-than-average wages or if there is more than one worker per household, which is common with an average of 1.4 jobs per household in Tualatin.

Reasons for working in Tualatin and living outside the city likely extend beyond housing affordability. People choose to commute for a variety of reasons: preference for another community, family and friends living in another community, choosing a location that allows the other worker(s) in the household an easier commute, long-term homeownership in another community, and other reasons.

The result of so much commuting is congestion on Tualatin's roads and the region's highways. Planning for new employment growth will require coordination with transportation planning. It will also require coordination with water, waste-water, and storm-water planning. Through this project and the Housing Needs Analysis, it requires coordination with planning for housing and neighborhood growth.

Goal

Ensure that Tualatin develops as a walkable and complete community with a range of amenities that are easily accessible to people who live in Tualatin.

Recommended Actions

Action 4.1. Ensure that updates to the Transportation System Plan coordinate with planning for employment and business growth.

The next update to the Tualatin Transportation System Plan (TSP) should coordinate planning for employment and business growth with transportation planning, providing opportunities for more intensive employment development (or redevelopment) where there is sufficient capacity for automotive and transit capacity. The redevelopment areas (Action 2.1) should be planned for in areas where there is higher capacity for freight access, automotive and transit access, and with connections to pedestrian and bicycle trails.

The update to the TSP should ensure there are additional opportunities to decrease dependence on automotive transportation, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit). The TSP update should also identify opportunities to address

capacity issues on Tualatin's roads to ease congestion and make traveling by car within Tualatin and to areas outside of Tualatin easier. This action and the recommendations below are consistent with those in the Housing Strategy Action 6.1.

Recommendation 4.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for mixed-use and commercial development, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit).

Recommendation 4.1b: Evaluate opportunities to expand transit and improve transportation connectivity (both capacity and access on I-5 and regional connector roads) for freight and automobiles between Tualatin and other cities within the Portland region.

Recommendation 4.1c: Evaluate opportunities to expand transit and improve transportation connectivity within Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin's Town Center and vital services and out to the neighborhoods.

Recommendation 4.1d: Evaluate opportunities for planning transit-oriented development, as transit becomes more available in Tualatin, consistent for redevelopment planning.

Recommendation 4.1e: Develop a bicycle and pedestrian plan for Tualatin to increase these types of connectivity within Tualatin.

Action 4.2. Coordinate planning for economic development planning with housing planning.

Tualatin has a job-housing imbalance, with more jobs than residents in Tualatin. The other strategies in this memorandum are intended to support development of housing that is affordable to people who work at businesses in Tualatin (the average wage was \$57,300 in 2017), such as Action 3.4. This action and the recommendation below are consistent with those in the Housing Strategy Action 6.2.

Recommendation 4.2a: Ensure the City plans for housing that is affordable to people who work at businesses in Tualatin.

Action 4.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses.

The City should develop a framework for development of mixed-use neighborhoods that results in neighborhoods where residents have easy, convenient access to many of the places and services they use daily without relying heavily on a car. The framework would include the following elements: walkable neighborhoods with access to transit, nearby parks (i.e., within one-quarter mile), neighborhood retail and restaurants, and nearby schools. The neighborhood would have higher concentrations of people and would be complete with the sidewalks, bike lanes, and bus routes that support a variety of transportation options. The design of the neighborhood should integrate design standards that promote public safety. In larger cities, these are referred to as “twenty-minute neighborhoods,” but given Tualatin’s smaller size, the scale might be more like ten-minute neighborhoods. This action and the recommendation below are consistent with those in the Housing Strategy Action 6.2.

[Recommendation 4.3a: Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life.](#)

Action 4.4. Identify opportunities to support workforce development.

Ability to attract and retain qualified and trained workers is one of the key barriers to development identified by existing businesses in Tualatin. These partners could include Tualatin High School, Portland Community College, Portland State University, and WorkSource Oregon. The City could play a convening role to work with businesses to understand their workforce training needs, then work with these partners to offer classes in Tualatin to provide this training. This training could be offered in existing facilities (such as at the high school) or in newly built facilities that are part of one or more mixed-use areas.

[Recommendation 4.4a: Work with businesses and partners in education to ensure there are workforce training opportunities in Tualatin, identifying opportunities to integrate workforce training in mixed-use areas.](#)

Action 4.5. Evaluate development of a civic center with a range of uses.

Evaluate development of a civic center with a range of uses, include a performing arts center, convention center, historic museum, welcome center for visitors, and other uses to enhance life and business in Tualatin.

[Recommendation 4.5a: Evaluate development of a civic center with a range of uses in Tualatin.](#)

Appendix A: Tualatin's Existing Comprehensive Plan Policies

Section 4.050 General Growth Objectives.

The following are general objectives used as a guide to formulate the Plan. The objectives are positive statements to describe the Plan's intent to:

- (1) Provide a plan that will accommodate a population range of 22,000 to 29,000 people.
- (2) Cooperate with the Metropolitan Service District to reach regional consensus on population growth projections within the Tualatin area.
- (3) Conform to Metropolitan Service District (Metro) procedures for initiating amendments to the Metro Urban Growth Boundary.
- (4) Provide a plan that will create an environment for the orderly and efficient transition from rural to urban land uses.
- (5) Convert agricultural land only if needed for urban uses.
- (6) Arrange the various land uses so as to minimize land use conflicts and maximize the use of public facilities as growth occurs.
- (7) Prepare a balanced plan meeting, as closely as possible, the specific objectives and assumptions of each individual plan element.
- (8) Define the urban growth boundary.
- (9) Prepare a plan providing a variety of living and working environments.
- (10) Encourage the highest quality physical design for future development.
- (11) Coordinate development plans with regional, state, and federal agencies to assure consistency with statutes, rules, and standards concerning air, noise, water quality, and solid waste. Cooperate with the U.S. Fish and Wildlife Service to minimize adverse impacts to the Tualatin River National Wildlife Refuge from development in adjacent areas of Tualatin.
- (12) Adopt measures protecting life and property from natural hazards such as flooding, high groundwater, weak foundation soils and steep slopes.
- (13) Develop regulations to control sedimentation of creeks and streams caused by erosion during development of property.
- (14) Develop a separate growth program that controls the rate of community growth and is acceptable to the Land Conservation and Development Commission.
- (15) Arrange the various land uses in a manner that is energy efficient.

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- (16) Encourage energy conservation by arranging land uses in a manner compatible with public transportation objectives.
- (17) Maintain for as long a period as possible a physical separation of non-urban land around the City so as to maintain its physical and emotional identity within urban areas of the region.
- (18) Fully develop the industrial area located in Washington County west of the City only when adequate transportation facilities are available and the area has been annexed to the City and served with water and sewer services.
- (19) Cooperate with Washington County to study the methods available for providing transportation, water and sewer service to the industrial area west of the City, designating this area as a special study area.
- (20) Initiate annexation of property within the Urban Growth Boundary planned for residential development only when petitioned to do so by owners of the affected property, including cases involving unincorporated "islands" of property surrounded by land annexed previously.
- (21) Territories to be annexed shall be in the Metro Urban Growth Boundary.
- (22) Address Metro's Urban Growth Management Functional Plan, Title 13, Nature in Neighborhoods, through the conservation, protection and restoration of fish and wildlife habitat, including Metro's Regionally Significant Fish and Wildlife Habitat, through the Tualatin Basin Natural Resource Coordinating Committee and the Tualatin Basin Program.

(a) Support and implement the elements of the Tualatin Basin Program to:

- (i) Develop and adopt local policies and regulations to implement the provisions of the Tualatin Basin Program.
- (ii) Adopt low impact development (LID) provisions to reduce environmental impacts of new development and remove barriers to their utilization.
- (iii) Coordinate with Clean Water Services (CWS) to implement their Healthy Streams Action Plan and other programs such as their Stormwater Management Plan and Design and Construction Standards.
- (iv) Coordinate with CWS, Metro and others to develop and support the funding, voluntary and educational components of the Tualatin Basin Program.

(v) Coordinate with CWS, Metro and others to develop and support the monitoring and adaptive management components of the Tualatin Basin Program.

(b) Continue active participation in the Tualatin Basin Natural Resources Coordinating Committee and the Steering Committee to support and implement the Tualatin Basin Program.

(c) Coordinate with CWS and Metro to update Metro's Regionally Significant Fish and Wildlife Habitat Inventory Map. Changes to the Inventory Map will be on-going as on-site inventories are conducted as part of private and public construction projects.

(d) Support and implement provisions allowing public access to planned public facilities.

Section 6.030 Objectives.

The following are general objectives used to guide the development of this Plan:

- (1) Encourage commercial development.
- (2) Provide increased employment opportunities.
- (3) Provide shopping opportunities for surrounding communities.
- (4) Locate and design commercial areas to minimize traffic congestion and maximize access.
- (5) Continue to utilize specific and enforceable architectural and landscape design standards for commercial development.
- (6) Encourage developers to consider solar access when designing commercial development projects.
- (7) Provide for limited and carefully designed neighborhood commercial centers.
- (8) Provide for the continued development of major medical services facilities in the City of Tualatin, especially at the Meridian Park Hospital site. The Medical Center Planning District shall be applied only to a property, or a group of contiguous properties, of no less than 25 acres and shall have frontage on an arterial as designated in TDC Chapter 11, Tualatin Community Plan.
- (9) To work with the applicable jurisdictions and agencies to develop the Durham Quarry Site and Durham Quarry Area with high quality development. It is appropriate to apply an overlay district on the Durham Quarry Site and Durham Quarry Area to allow mixed commercial/residential uses. It is appropriate to enter into an intergovernmental

agreement with the City of Tigard and Washington County to allow the City of Tualatin to review and decide land use applications and building permit applications for the portion of the Durham Quarry Site in the City of Tigard.

Section 7.030 Objectives.

The following are general objectives used to guide development of the Plan and that should guide implementation of the Plan's recommendations:

- (1) Encourage new industrial development.
- (2) Provide increased local employment opportunity, moving from 12 percent local employment to 25 percent, while at the same time making the City, and in particular the Western Industrial District, a major regional employment center.
- (3) Improve the financial capability of the City, through an increase in the tax base and the use of creative financing tools.
- (4) Preserve and protect, with limited exceptions, the City's existing industrial land.
- (5) Cooperate with Washington County, Metro, and the State of Oregon to study the methods available for providing transportation, water, and sewer services to the Western Industrial District.
- (6) Fully develop the Western Industrial District and the Southwest Tualatin Concept Plan Area (SWCP), providing full transportation, sewer, and water services prior to or as development occurs.
- (7) Improve traffic access to the Western Industrial District and SWCP area from the Interstate 5 freeway and State Highway 99W through regional improvements identified in the 2035 Regional Transportation Plan.
- (8) Cooperate with the Department of Environmental Quality and Metro to meet applicable air quality standards by 1987.
- (9) Construct a north/south major arterial street between Tualatin Road and Tualatin-Sherwood Road and SW Tonquin Road in the 124th Avenue alignment to serve the industrial area.
- (10) Rebuild the Tualatin Road/Pacific Highway intersection to allow for substantially greater traffic flows.
- (11) Provide truck routes for industrial traffic that provide for efficient movement of goods while protecting the quality of residential areas.
- (12) Protect residential, commercial, and sensitive industrial uses from the adverse environmental impacts of industrial use.

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- (13) Protect adjacent land uses from noise impacts by adopting industrial noise standards.
- (14) Continue to protect the Hedges Creek Wetland and Tonquin Scablands from adverse impacts of adjacent development.
- (15) Continue to administer specific and enforceable architectural and landscape design standards for industrial development.
- (16) Encourage industrial firms to use co-generation as a means to utilize waste heat from industrial processes and consider solar access when designing industrial facilities.
- (17) Protect wooded areas identified on the Natural Features Map found in the Technical Memorandum by requiring their preservation in a natural state or by integrating the major trees into the design of the parking lots, buildings, or more formal landscaping areas of an industrial development. If it is necessary to remove a portion or all of the trees, the replacement landscape features shall be subject to approval through the Architectural Review process.

Appendix B: Potential Economic Development Actions

This appendix presents potential economic development actions that cities take to increase economic activities. The purpose of this appendix is to provide information and ideas to Tualatin staff and stakeholders, as they develop economic development policies and actions to implement those policies. This appendix is not intended to be adopted into the Tualatin Comprehensive Plan.

A wide range of economic development policies and actions are available to cities for influencing the level and type of economic development. It is useful to make a distinction between economic development policies, which are typically adopted by ordinance into local comprehensive land use plans, and a local economic development strategy. While policies and economic development strategies should be aiming to achieve the same outcomes, they are not the same thing. The key differences are: (1) economic development strategies are typically presented in the form of a strategic plan that covers a five-year time horizon while policies use the longer 20-year horizon in most comprehensive plans; (2) strategies are more broad reaching and may identify actions that extend outside the capacity of local government while policies focus on land use and infrastructure; and (3) strategies are more agile in the sense that they provide a framework rather than legal guidance.

While many of the actions identified in this appendix could be included either as policies or strategies, the focus is primarily on policies and actions that implement those policies.

Local economic development policy usually has a fundamental goal of supporting businesses that align with a jurisdiction's long-term vision for the community.¹¹ Economic development broadly focuses on three strategies: (1) business recruitment; (2) business retention and expansion (BRE); and (3) innovation and entrepreneurship. Historically, many cities focused on recruitment as their foundational strategy; however, many cities and economic development are rethinking this approach and local governments are increasingly implementing policies that focus on support for entrepreneurs, especially those starting new businesses.¹²

Recent research on the effectiveness of local economic development efforts support this focus on innovation and entrepreneurship to attract new, young businesses. Providing support for institutions and firms where innovation happens allows for businesses to grow and new

¹¹ Based on Leigh and Blakley's definition for sustainable economic development as follows, "Local economic development is achieved when a community's standard of living can be preserved and increased through a process of human and physical development that is based on principles of equity and sustainability. There are three essential elements in this definition, detailed below: First economic development establishes a minimum standard of living for all and increases the standard over time. Second, economic development reduces inequality. Third, economic development promotes and encourages sustainable resource use and production." Leigh, N. and Blakeley, E. *Planning Local Economic Development: Theory and Practice*. 2013.

¹² Kauffman Foundation. "Entrepreneurship's Role in Economic Development." Entrepreneurship Policy Digest. June 2014.

businesses to form as industries evolve. Local jurisdictions can specifically provide support for accelerators and incubators, especially those that provide connections between research institutions, established firms, and entrepreneurs. Entrepreneurs are also increasingly mobile with improved access to high-speed internet. Local jurisdictions can promote quality of life and access to amenities as a way to attract these new businesses.¹³ Moreover, every start up is also a BRE opportunity.

Economic development is also about collaboration and identifying partnerships that can make the most of the resources available for economic development activities. Local jurisdictions should focus on their role in economic development, as there are factors that the jurisdiction can and cannot control. As identified in a 2017 University of Oregon report on the “Perceptions and Needs of Economic Development Programs in Oregon,” organizations and jurisdictions involved in economic development activity supported the importance of coordination between entities, but that implementation of coordinating efforts is difficult due to lack of capacity, unbalanced effort, or trust issues.¹⁴ To help overcome these barriers to coordinating economic development efforts, a key component to developing local economic development policies is identifying which policies and actions that the City is well-suited to be a lead partner, and those better suited for a partner organization to lead. It is important to develop policies and actions that identify other organizations as the lead partner. Successful implementation of these policies and actions will depend on an understanding of an organization’s capacity and access to resources.

The focus of the actions listed in this Appendix is primarily on the City’s role: what resources can the City commit to economic development and what roles are most appropriate for the City. Following are foundational assumptions about the City’s role:

- The City plays a limited role in economic and business development.
- The City is one of several organizations that provide and maintain infrastructure.
- The City has limited staff and financial resources that can be invested in appropriate economic development activities.
- The City has an obligation to adopt an economic development strategy, policies to manage employment lands, and maintain a 20-year supply of commercial and industrial sites under Goal 9 and OAR 660-009.
- The City could be an ideal organization to coordinate BRE and entrepreneurship activities or to house staff that are coordinating BRE and entrepreneurship activities.

¹³ Leigh, N. and Blakeley, E. *Planning Local Economic Development: Theory and Practice*. 2013.

¹⁴ University of Oregon, Department of Planning, Public Policy & Management, Community Services Center. “Perceptions and Needs of Economic Development Programs in Oregon.” Final Report. December 2017.

The policy and action examples provided in this appendix are organized by broad policy categories, with cross-references to the factors of production that influence business location and expansion. The factors of production are discussed in detail the EOA document. While it is important to understand how the factors of production influence economic development activity, it is more useful to group policies and actions in broad categories such as, Land Use, Public Facilities, Business Assistance, etc.

The effectiveness of any individual actions or combination of actions depends on local circumstances and desired outcomes. Local strategies should be customized not only to meet locally defined objectives, but also to recognize economic opportunities and limitations (as defined in the Economic Opportunity Analysis). Positive outcomes are not guaranteed: even good programs can result in limited or modest results. It is important to remember that effective economic development requires a long-term view—immediate results are not guaranteed. Thus, maintaining a focus on implementation is essential.

Economic development is a team activity—no single entity can implement all the activities that are necessary for a robust economic development program. Many municipal economic development strategies include actions that rely on other entities to implement. For example, many municipal strategies we have reviewed include strategies and actions around workforce development. Workforce development is not a municipal service, so cities must coordinate with external entities for this function. The main points here are (1) be deliberate about policies / strategies /actions that rely on external partners, and (2) if these are included in the plan, be sure that resources are committed to execute them—understanding that coordination is time-consuming and challenging.

Table B-1 identifies a range of potential economic development strategies that the Tualatin could consider implementing. These strategies range from those closely associated with the basic functions of government (provision of buildable land and public services) to those sometimes viewed as outside the primary functions of government (such as financial incentives and business assistance). The primary action categories in Table B-1 are Land Use, Public Facilities, Business Assistance, Workforce, and Other. As stated above, it is important for Tualatin to identify the policies and actions they are well-suited to lead, and where collaboration with, and leadership from, partner organizations is necessary. Table B-1 also includes suggestions for potential partners and whether Tualatin should take on a lead or support role.

Table B-1. Potential economic development actions

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|---|---|---|---------------------------|---|
| Land Use | Policies regarding the amount and location of available land and allowed uses. | | | |
| Provide adequate supply of land | Provide an adequate supply of development sites to accommodate anticipated employment growth with the public and private services, sizes, zoning, and other characteristics needed by firms likely to locate in Tualatin. | County, adjacent cities, State, landowners, and key stakeholders | Lead | Land, infrastructure |
| Zoning Code | Conduct an audit of the city's zoning code and a review of other development regulations to ensure that the regulations support the goals of economic development | County, if they manage land within the city's planning area but outside of the city limits | Lead | Land, Regulation |
| Increase the efficiency of the permitting process and simplify city land-use policies | Take actions to reduce costs and time for development permits. Adopt development codes and land use plans that are clear and concise. | County, if they assist with the permitting or building inspection process | Lead | Regulation, taxes, financial incentives |
| Public Facilities | Policies regarding the level and quality of public and private infrastructure and services. | | | |
| Provide adequate infrastructure to support employment growth | Provide adequate public services (i.e. roads, transportation, water, and sewer) and take action to assure adequate private utilities (i.e. electricity and communications) are provided to existing businesses and development sites. One way to pay for adequate infrastructure is through use of urban renewal, shown in the table below. | Public works department, special service districts, utilities, State and Federal partners who may provide grants, developers and landowners | Lead | Local infrastructure, Access to markets, suitable land to serve |
| Focused public investment | Provide public and private infrastructure to identified development or redevelopment sites. | Public works department, special service districts, utilities, State and Federal partners who may provide grants, developers and landowners | Lead | Regulation, taxes |
| Communications infrastructure | Actions to provide high-speed communication infrastructure, such as developing a local fiber optic network. | Communication utilities and public works department | Lead/Support | Local infrastructure, Access to markets |

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|---|---|--|---------------------------|--|
| Business Assistance | Policies to assist existing businesses and attract new businesses. | | | |
| Business retention and growth | Targeted assistance to businesses facing financial difficulty or thinking of moving out of the community. Assistance would vary depending on a given business' problems and could range from business loans to upgrades in infrastructure to assistance in finding a new location within the community. | Chamber of Commerce, Business Oregon, Regional ED Corporation An agent of the City of Tualatin should be direction involved in BRE efforts to highlight the city's issues and provide accountability. | Support | Local infrastructure, Access to markets, Materials, Regulation, Taxes, Financial incentives, Industry clusters |
| Recruitment and marketing | Establish a program to market the community as a location for business in general, and target relocating firms to diversify and strengthen the local economy. Take steps to provide readily available development sites, an efficient permitting process, well-trained workforce, and perception of high quality of life. | Chamber of Commerce, Business Oregon, Regional ED Corporation | Support | Labor, Land, Local infrastructure, Regulation, Taxes, Industry clusters, Quality of life |
| Development districts (enterprise zones, renewal districts, etc.) | Establish districts with tax abatements, loans, assist with infrastructure, reduced regulation, or other incentives available to businesses in the district that meet specified criteria and help achieve community goals. | Taxing districts, special districts, and the county Business Oregon can play a secondary role | Lead | Local infrastructure, Regulation, Taxes, Financial incentives, Quality of life |
| Business clusters | Help develop business clusters through business recruitment and business retention policies. Encourage siting of businesses to provide shared services to the business clusters, businesses that support the prison and hospital and agricultural industry, including retail and commercial services. | Business Oregon, Educational/research institutions Because clusters are regional, regional institutions such as GPI, the Columbia-Willamette Workforce Collaborative, and the Technology Association of Oregon should lead this approach. | Support | Industry clusters, Innovative capacity |

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|--------------------------------|---|--|---------------------------|--|
| Public/private partnerships | Make public land or facilities available, public lease commitment in proposed development, provide parking, and other support services. | Developers, businesses, and landowners | Lead and/or Support | Land, Financial incentives |
| Financial assistance | Tax abatement, waivers, loans, grants, and financing for firms meeting specified criteria. Can be targeted as desired to support goal such as recruitment, retention, expansion, family-wage jobs, or sustainable industry. | County, special service districts, other taxing districts | Lead | Regulation, Taxes, Financial incentives |
| Business incubators | Help develop low-cost space for use by new and expanding firms with shared office services, access to equipment, networking opportunities, and business development information. Designate land for live-work opportunities. | Education/research institutions, Chamber of Commerce, Small Business Administration (Federal) | Support | Entrepreneurship, Innovative capacity, Access to markets |
| Business/start-up accelerators | Provide similar services and opportunities as a business incubator but using a specific timeframe for businesses to meet certain benchmarks. Help connect businesses with funding at the end of the time period of the program to continue product development. | Education/research institutions, Chamber of Commerce, Small Business Administration (Federal), venture capitalists | Support | Entrepreneurship, Innovative capacity, Access to markets |
| Mentoring and advice | Provide low-cost mentors and advice for local small businesses in the area of management, marketing, accounting, financing, and other business skills. | Chamber of Commerce, local businesses, and other potential mentors | Support | Entrepreneurship, Innovative capacity |
| Export promotion | Assist businesses in identifying and expanding into new products and export markets; represent local firms at trade shows and missions. | State, Chamber of Commerce, regional economic development partners | Support | Entrepreneurship, Innovative capacity, Access to markets |

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|---|--|--|---|--|
| Workforce | | | | |
| Policies to improve the quality of the workforce available to local firms. | | | | |
| Job training | Create opportunities for training in general or implement training programs for specific jobs or specific population groups (i.e. dislocated workers). | School districts, education/research institutions, businesses | Support | Labor |
| Job access | Provide transit/shuttle service to bring workers to job sites. | Businesses, transit agency | Lead | Labor, Local infrastructure |
| Jobs/housing balance | Make land available for a variety of low-cost housing types for lower income households, ranging from single-family housing types to multifamily housing. | Developers, landowners, businesses, affordable housing developers, other housing agencies or developers | Support Lead, if urban renewal or other tools are at the City's disposal | Land, Labor, Quality of life |
| Other | | | | |
| Regional collaboration | Coordinate economic development efforts with the County, the State, and local jurisdictions, utilities, and agencies so that clear and consistent policies and objectives are developed. | Regional economic development partners, county, nearby cities, Business Oregon | Lead initiation of the coordination, participatory in the coordination process | Innovative capacity |
| Quality of life | Maintain and enhance quality of life through good schools, cultural programs, recreational opportunities, adequate health care facilities, affordable housing, neighborhood protection, and environmental amenities. | School district, recreational districts, hospitals and medical providers, affordable housing providers, and other stakeholders | Lead on city programs, support on other programs | Local infrastructure, Labor, Land, Quality of life |

Source: ECONorthwest.



City of Tualatin

TUALATIN DEVELOPMENT COMMISSION Staff Report

TO: Honorable Chairman and Members of the Commission
THROUGH: Sherilyn Lombos, City Manager
FROM: Chris Ragland, Building Official
DATE: 12/9/2019

SUBJECT:

Consideration of **Ordinance 1429-19** Relating to Building Codes; Amending Tualatin Municipal Code 4-1-010 To Adopt State Building Code Updates; Adding New Provisions; And Declaring An Emergency

RECOMMENDATION:

Amend Tualatin Municipal Code Chapter 4-1-010 to reflect current codes adopted by The State Building Codes Division.

EXECUTIVE SUMMARY:

The City of Tualatin administers a Building Inspection Program delegated by the State Building Codes Division (BCD) through the Department of Consumer and Business Services. The Memorandum of Agreement (MOA) with the Building Code Division requires local jurisdictions to enforce Building Codes adopted by the State of Oregon as referenced in ORS chapter 455. See Attachment A MOA.

OUTCOMES OF DECISION:

The City of Tualatin will be current with most recent adopted State Building Codes.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this code adoption.

ATTACHMENTS:

Attachment A - MOA between BCD and City of Tualatin

Attachment B - Ordinance No.1429-19

ORDINANCE NO. 1429-19

AN ORDINANCE RELATING TO BUILDING CODES; AMENDING TUALATIN MUNICIPAL CODE 4-1-010 TO ADOPT STATE BUILDING CODE UPDATES; ADDING NEW PROVISIONS; AND DECLARING AN EMERGENCY.

WHEREAS, the State of Oregon has updated the State Building Codes; and

WHEREAS, the City of Tualatin wishes to adopt the updated State Building Codes into Tualatin Municipal Code Chapter 4-1.

THE CITY OF TUALATIN ORDAINS AS FOLLOWS:

Section 1. TMC 4-1-010 (Standards, Applicable to Building) is amended to read as follows:

TMC 4-1-010 – Standards, Applicable to Building.

(1) The City adopts the following specialty codes, rules, and standards:

(a) ~~The Oregon Structural Specialty Code, 2017 edition, adopted by the State in OAR 918-750-0100 (2017);~~ The Oregon Structural Specialty Code, 2019 edition, adopted by the State in OAR 918-750-0100 (2019);

(b) ~~The Oregon Mechanical Specialty Code, 2014 edition, adopted by the State in OAR 918-440-0012 (2014)~~ The Oregon Mechanical Specialty Code, 2019 edition, adopted by the State in OAR 918-440-0012 (2019);

(c) The Oregon Plumbing Specialty Code, 2017 edition, adopted by the State in OAR 918-480-0005 (2017);

(d) The Manufactured Dwelling rules adopted by the State in OAR 918-500-510 to 918-500-0595 (2010);

(e) The Manufactured Dwelling and Parks Specialty Code, 2002 edition, adopted by the State in OAR 918-600-0010 (2002), including the April 1, 2005 amendments;

(f) The Recreational Parks and Organizational Camps Administrative Rules, 2011 edition, adopted in OAR 918-650-0000 to 918-650-0085 (2011);

(g) The Oregon Manufactured Dwelling Installation Specialty Code, 2010 edition, adopted by the State in OAR 918-500-510 to 981-500-590 (2010);

(h) ~~The Oregon Residential Specialty Code, 2014 edition, adopted by the State in OAR 918-480-0005(2014)~~ The Oregon Residential Specialty Code, 2017 edition, adopted by the State in OAR 918-480-0005(2017);

(i) ~~The Oregon Energy Efficiency Specialty Code, 2014 edition, adopted by the State in OAR 918-460-0500 (2014)~~ The Oregon Zero Energy Ready Commercial Code, 2019 edition, adopted by the State in OAR 918-460-0500 (2019); and

(j) The Oregon Fire Code, 2014 edition, adopted by the State in OAR 837-040-0140 (2014), and as adopted and amended by Tualatin Valley Fire and Rescue District Ordinance No. 14-02.

(2) The provisions in subsection (1) apply to all building and related activities conducted within the City and are in addition to all other applicable provisions of the Tualatin Municipal Code and the Tualatin Development Code.

Section 2. Severability. Each section of this ordinance, and any part thereof, is severable. If any part of this ordinance is held invalid by a court of competent jurisdiction, the remainder of this ordinance shall remain in full force and effect.

Section 3. Emergency. This Ordinance is necessary for the immediate protection of the public peace, health, safety, and welfare and take effect on January 1, 2020.

ADOPTED by the City Council this 9th day of December, 2019.

CITY OF TUALATIN, OREGON

BY _____
Mayor

APPROVED AS TO FORM

ATTEST:

BY _____
City Attorney

BY _____
City Recorder

**Memorandum of Agreement
Relating to Delegated Building Inspection Program**

I. Parties:

This agreement is made and entered into by the Building Codes Division (hereinafter the “Division”), through the Department of Consumer and Business Services, and the **City of Tualatin** building inspection program (“Jurisdiction”). In providing the services specified in this agreement (and any associated services) both parties are public bodies and maintain their public body status as specified in ORS 30.260. Both parties understand and acknowledge that each retains all immunities and privileges granted them by the Oregon Tort Claims Act (ORS 30.260 through 30.295) and any and all other statutory rights granted as a result of their status as local public bodies.

II. Purpose:

In accordance with the authority granted by Oregon Revised Statutes (ORS) chapter 455 and the rules adopted thereunder, this Memorandum of Agreement (MOA) sets forth the delegation from the state to Jurisdiction to operate a municipal building inspection program as referenced in ORS chapter 455.

III. Background:

The Department is authorized to:

1. Promulgate a state building code to govern the construction, reconstruction, alteration and repair of buildings. The state building code establishes uniform performance standards providing reasonable safeguards for health, safety, welfare, comfort and security for the residents of this state; and
2. Delegate authority to a Jurisdiction willing and able to assume operation of all or any portion of a building inspection program for a reporting period. A reporting period means a four-year period during which a Jurisdiction administers and enforces a building inspection program pursuant to an approved operating plan on behalf of the state.

IV. Agreement:

Jurisdiction’s building inspection program agrees to the following minimum standards, policies and procedures while operating a building inspection program during the current reporting period:

1. **Administrative Standards.** Program must provide adequate funds, equipment and other resources needed to administer and enforce the program consistent with the inspection and permit requirements of the state building code.
2. **Electrical Program.** A building inspection program with an electrical program must comply with all applicable electrical rules for the inspection and enforcement of electrical programs.
3. **Fees.** Program must follow the uniform fee methodology for building permit and inspection fees. Program must use permit and inspection fees collected only for the administration and enforcement of the building inspection program. Electrical permit fees must only be used for the administration and enforcement of the electrical program. To avoid division enforcement action, program must collect and remit surcharges (with permit log) to the division no later than the 15th day following the month or quarter for which the surcharges are required to be collected according ORS 455.220.

4. **Appeals.** Program must have a policy to allow an applicant for building permit to appeal decision made by building official. Program must also allow an applicant for a building permit to file a written appeal of a decision of the building official directly to the division on any matter relating to the administration and enforcement of ORS Chapter 455.
5. **Operating Plan.** Program must amend operating plan within 30 days when changes occur and provide amended operating plan to the division. Changes include a change of building official.
6. **Staff.** Program must have and use only appropriately certified employees, or approved and appropriately certified and associated state-licensed third party contractors and inspectors for inspections.
7. **Enforcement.** Program must not enforce any standard different from the state building code, unless specifically authorized to do so by the Director of the Department of Consumer and Business Services under ORS 455.040(1), and only in the manner so authorized; any standard so authorized shall not be considered an amendment to the state building code under ORS 455.030.
8. **Documentation.** Program must respond timely to division data requests on any matter relating to the administration and enforcement of ORS Chapter 455.

V. Indemnity:

To the extent permitted by Article XI, sections 9 and 10 of the Oregon Constitution, and within the limits of liability established in the Oregon Tort Claims Act, Jurisdiction shall defend, indemnify and save the division, its officers, agents, and employees harmless from any and all claims, actions, costs or damages caused by Jurisdiction.

Subject to the limitations of Article XI, section 7 of the Oregon Constitution and the Oregon Tort Claims Act, the State shall indemnify, within the limits of and subject to the restrictions in the Oregon Tort Claims Act, Jurisdiction, from any liability for personal injury or damage to life or property arising from the State's negligent activity under this Agreement provided, however, the State shall not be required to indemnify Jurisdiction for any such liability arising out of the wrongful acts of Jurisdiction, its officers, employees or agents.

VI. Term of the Agreement:

This agreement will become effective upon signature of all parties and will remain in effect until the end of the Jurisdiction's current reporting period unless the Jurisdiction abandons or ceases to administer the building inspection program or the division assumes administration of the program under activities related to ORS 455.770. Failure to comply with any provision of this agreement may impact the Jurisdiction's continued administration of the building inspection program.

VII. Signatures:

Both parties, by the signatures below, hereby acknowledge that they have read this agreement, understand it and agree to be bound by its terms and conditions.

Building Codes Division

Date

**Mark S. Long, Administrator
Building Codes Division**



City of Tualatin

Date

Please print building official name

Building Official Signature

Date

Please print name and title

Jurisdiction Representative Signature