



TUALATIN CITY PLANNING COMMISSION MEETING

THURSDAY, SEPTEMBER 15, 2022

TUALATIN SERVICE CENTER
10699 SW HERMAN ROAD
TUALATIN, OR 97062

OR VIA ZOOM MEETING:

[HTTPS://US02WEB.ZOOM.US/J/85297148008?PWD=ZKX1WJHCSDZKBPWU
ZDGWMT0AE40DZ09](https://us02web.zoom.us/j/85297148008?pwd=Zkx1WjhcSDZkbnBwUzRGWmTOAE40DZ09)

MEETING ID: 852 9714 8008
PASSCODE: 440401

DIAL BY YOUR LOCATION
+1 669 444 9171 US
+1 669 900 9128 US (SAN JOSE)

Bill Beers, Chair
Daniel Bachhuber Randall Hledik
Zach Wimer Janelle Thompson
Ursula Kuhn Brittany Valli

CALL TO ORDER & ROLL CALL

ANNOUNCEMENTS & PLANNING COMMISSION COMMUNICATION

COMMUNICATION FROM THE PUBLIC (NOT ON THE AGENDA)

Limited to 3 minutes

ACTION ITEMS

- [1.](#) Tualatin Development Code Chapter 65 Basalt Creek Employment Zone (BCE)

COMMUNICATION FROM CITY STAFF

FUTURE ACTION ITEMS

ADJOURNMENT



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Tualatin Planning Commissioners

THROUGH: Steve Koper, AICP, Assistant Community Development Director

FROM: Erin Engman, Senior Planner

DATE: September 15, 2022

SUBJECT:

Tualatin Development Code Chapter 65 Basalt Creek Employment Zone (BCE)

EXECUTIVE SUMMARY:

The Planning Commission will be asked to make a recommendation to the City Council on the proposed adoption of amendments to the Tualatin Development Code establishing the Basalt Creek Employment Zone (BCE).

BACKGROUND:

In 2019, the City:

- Adopted the Basalt Creek Concept Plan which included roughly 92.95 acres of land zoned Manufacturing Park (MP), and is anticipated to accommodate 1,897 new jobs. The MP zone is located adjacent to future residential lands and transitions to our border with Wilsonville, to the south. The area is presently unincorporated and lacks City infrastructure.
- Adopted an Economic Opportunities Analysis (EOA), which found a deficit of 74 acres of industrial land. The EOA further recommended changes to zoning that encourage more efficient use of employment land, by specifically prohibiting new development that requires substantial amounts of land but results in little employment, such as warehouse and distribution uses.

In 2021, the City:

- Adopted a new urban renewal area: the Southwest and Basalt Creek Development Area to address the lack of infrastructure in the Basalt Creek Planning Area and to support future high-wage job growth.

Project Initiation

- The City Planning Division entered into a professional services contract with Harper Houf Peterson Righellis (HHPR) in February 2022 to assist with the preparation of a code audit and update to support priorities identified in the Basalt Creek Concept Plan and Economic Opportunities Analysis.
- HHPR's sub-consultant Leland prepared an Economic Analysis Report (Attachment 4) which analyzed Metro region's industrial trends and developed recommendations to implement in the code update. They found that recent leasing activity, rent and price growth, and historically low vacancy rates indicate near-term demand for new industrial development. Leland determined that the existing Manufacturing Park zone is narrowly defined and needs to be more inclusive. They further recommended that the code project include provisions to support multi-tenant and build-to-suit

industrial buildings with a focus on tech, manufacturing, and warehousing.

- During a work session held on May 23, City Council directed staff to continue work on a legislative amendment to the Tualatin Development Code to meet the goals identified in the adopted documents and apply it to MP land identified in the Basalt Creek Concept Plan.

Council shared the following feedback for staff to consider as part of the amendments:

- Limit warehousing uses and corresponding truck traffic, particularly on Boones Ferry Road
- Encourage flexible multi-tenant, multi-use development
- Desire neighborhood commercial uses
- Maintain greenspace or trail connectivity for employees to enjoy

Open House Webinar

Staff held an open house webinar on July 27 to discuss the project with property owners, stakeholders, and governing agencies. A summary is included as Attachment 5.

While comments were varied, there were a few themes around:

- **Noise:** Noise is a concern for neighboring residential areas; and therefore a range of landscape buffer and screening standards are recommended adjacent to residential uses. Sound barrier construction standards, similar to those found in the ML zone ([TDC 60.310\(3\)](#)) may serve as an additional consideration.
 - Additionally our Development Code regulates industrial noise in [Chapter 63](#) by recognizing limitations set by the city [Municipal Code 6-14](#) and the state- [Department of Environmental Quality](#).
- **Intensity of uses being considered:** There was interest expressed in smaller footprint/ flexible format development with flexibility for craft industrial uses. As a result, the draft code proposes to reduce the minimum lot size standards and setbacks established in the MP zone.
 - There was also concern expressed over trip generation and if it will remain consistent with the Basalt Creek Concept Plan assumptions. Staff will include a Transportation Planning Rule finding in the City Council packet that will confirm that the proposed zoning changes will be consistent with previously adopted maximum potential trip generation.
- **Development form:** Attendees noted that landscape percentages currently required by the MP zone are high for the region. There was also interest in encouraging human-scale development that is pedestrian and cyclist friendly. In response, our draft code includes a range of setback standards to make more efficient use of land and proposes a minimum landscape standard of 15%.

Summary of Zoning Chapter

The draft zoning Chapter 65 is included as Attachment 2. The purpose of the Basalt Creek Employment district is to implement the goals of the Basalt Creek Concept Plan, specifically to provide an environment conducive to the development and protection of employment uses that contribute to the local economy and support nearby residential uses.

The proposed zoning would permit:

- Light manufacturing, office, and incubator space that are compatible with nearby residential uses
- Warehousing and Freight Movement uses in conjunction with a permitted light manufacturing use on the same site and limited in scale. Smaller amounts would be listed as a Permitted use, larger amounts would require approval of a Conditional Use Permit to demonstrate compliance with the purpose of the BCE zone.
- Retail uses limited in intensity to maintain adequate employment development opportunities
- Lessen existing minimum lot size standards to encourage a flex-space development pattern
- Reduced setbacks
- Stepped maximum building height adjacent to residential zoning.

The project also includes proposed amendments to Tualatin Comprehensive Plan Chapters 4 and 10; and Tualatin Development Code Chapter 73B in support of the new zoning district.

RECOMMENDATION:

Staff is asking the Tualatin Planning Commission forward a recommendation of Approval of the proposed text and map amendments (PTA/ PMA 22-0001) to the City Council. Staff anticipates this recommendation may include edits or changes to the text from what is presented, should the Commission so choose. The future City Council hearing has been tentatively scheduled for November 14, 2022.

ALTERNATIVES TO RECOMMENDATION:

The Planning Commission may alternatively:

- Recommend denial of PTA/ PMA 22- 0001 to the City Council.

ATTACHMENTS:

- Attachment 1: Presentation
- Attachment 2: Draft Code
- Attachment 3: Code Comparison
- Attachment 4: Economic Analysis Findings
- Attachment 5: Open House Summary

DRAFT

Basalt Creek MP Zone Update

Workshop to Review Draft Code

Tualatin Planning Commission • September 15, 2022





This Evening's Discussion

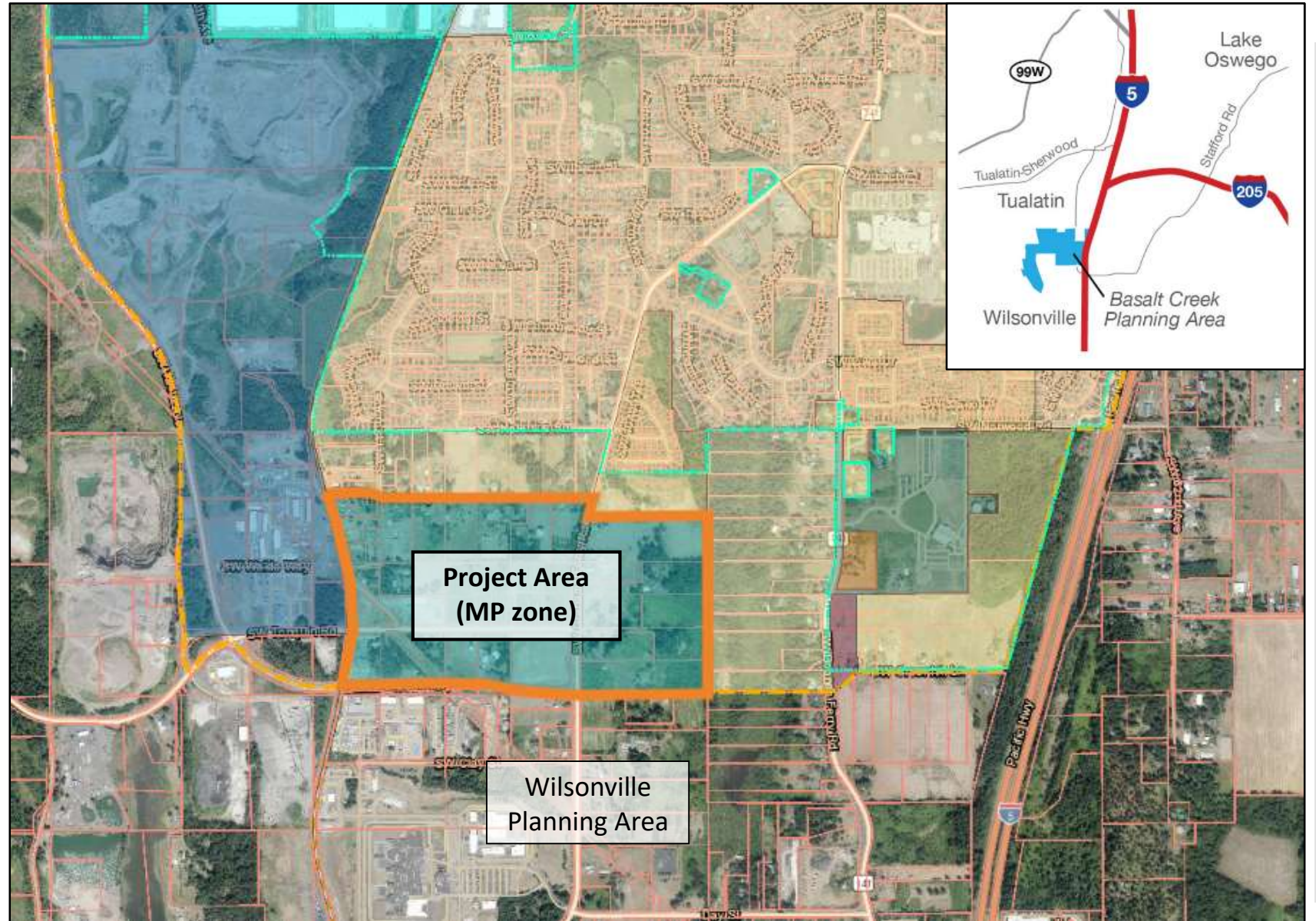
- **Project Background and Purpose**
- **Planning Process**
- **Recommended Directions for a New Industrial Zone**
- **Review Draft Code Language**

The background of the slide is a soft-focus photograph of a desk. In the foreground, there are several stacks of papers and documents. To the right, a white ceramic cup is visible. In the background, a small potted plant sits on the desk. The overall lighting is warm and natural, suggesting an indoor setting with light coming from a window.

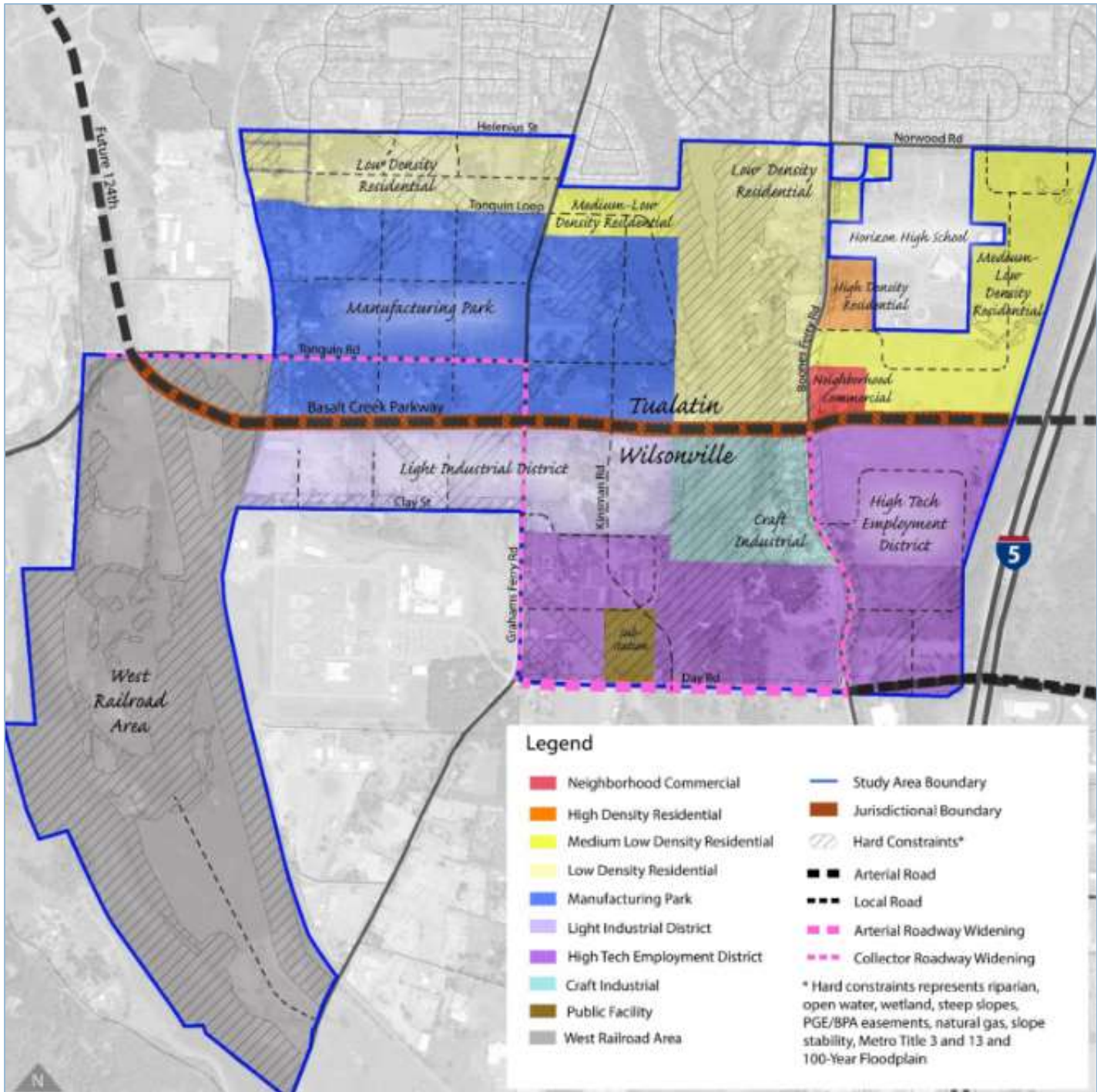
Background and Purpose

How Planning and Policy
Priorities Apply to the MP Zone

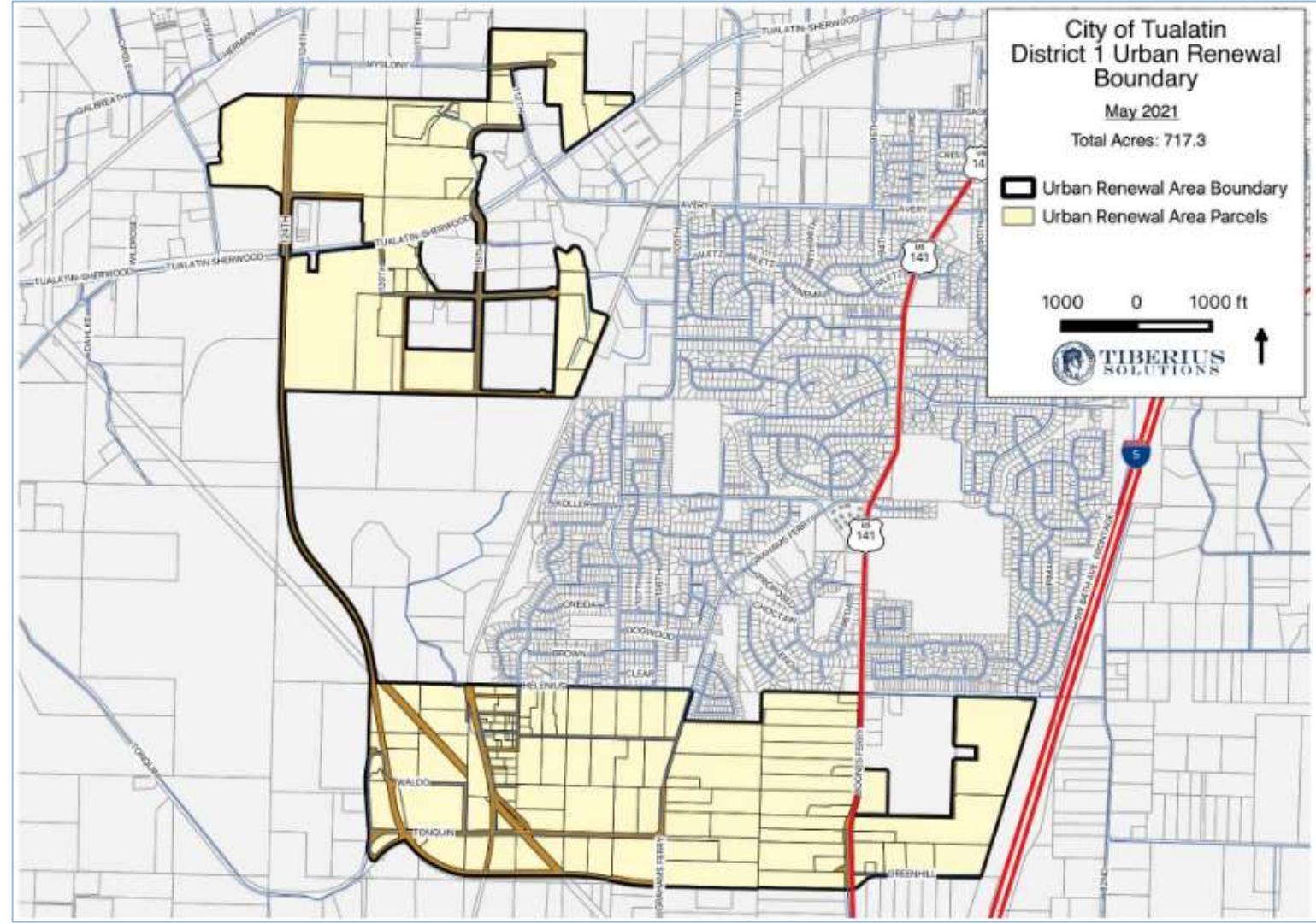
Project Focus



Basalt Creek Concept Plan (2018)



Southwest and Basalt Creek Development Area Plan (2021)



Priorities from Previous Plans

High
employment
density

Funding for
infrastructure
improvements

Minimizing
conflict
between uses

MP Zone



- Intended for large-scale manufacturing and research facilities
- Limited light-industrial uses
- Landscaping and setback requirements to create “park or campus like grounds”
- Restricts environmental impacts associated with industrial uses
- Distribution and warehousing not permitted



Planning Process

Community Engagement, and
What We've Learned So Far

Project Components

Code audit of existing MP zone

HHPR



Economic analysis

Leland Consulting Group



Transportation Planning Rule Analysis

DKS Associates



Draft code amendments

Project Team

Engagement Process

Stakeholder Interviews

March & April

City Council Work Session

May 23

Online Open House

July 27

Future Work Sessions and Hearings

Fall 2022

Industrial Market Overview

Average industrial vacancy of 3.7%, pricing per square foot has more than doubled over the past decade

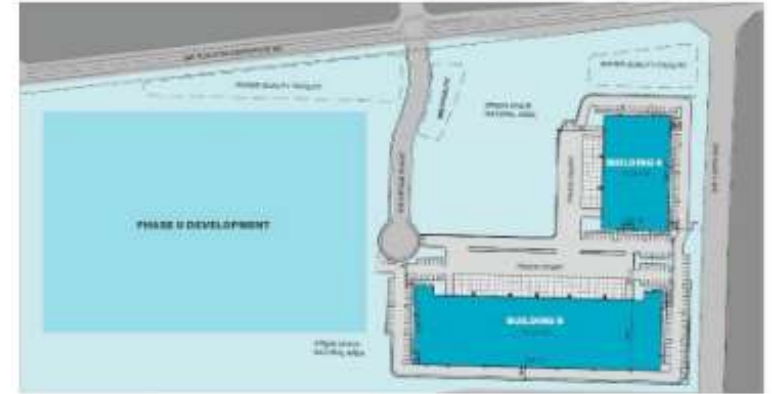
Constrained land supply has reduced amount of industrial land developed and pushed activity toward more difficult parcels, and secondary markets (Salem, Woodburn, Newberg, etc.)

Demand for industrial-commercial “flex” space that can be used by multiple different tenants

Where the Plans and the Market May Align

- Developments that can be divided into multiple smaller tenant spaces
- Flexible configuration for different firm types and functions, including:
 - Manufacturing (including light or craft manufacturing)
 - Office space
 - Storage and distribution of goods

T-S Corporate Park, Tonquin Employment Area, Sherwood



Where the Plans and the Market May Align

- These flex spaces allow for:
 - Higher overall employment density
 - Easier market entrance and early growth for smaller businesses and startups
 - A more diversified economic base



Recommended Directions for a New Industrial Zone



Allowing More Types of Industrial Uses

The MP zone only allows manufacturing of a short list of products including electronic, optical, and musical instruments, textiles, and sporting goods

Proposal: Allow all light manufacturing uses except for:

- Machine shops
- Contractor's offices with on-site storage
- Casting or fabrication of materials

Allowing More Types of Industrial Uses

Shipping and storage operations often support manufacturing and other industrial activities, especially as e-commerce continues to grow

Proposal: Allow warehouse and freight movement uses in combination with other industrial or office uses, with size limits.

Warehouse and freight movement would be allowed up to:

- Up to 50% of the size of onsite manufacturing or office uses
- Up to 200% of the size of onsite manufacturing or office uses with a conditional use permit

Allowing Commercial and Mixed-Use to Support the District

In Regionally Significant Industrial Areas like Basalt Creek, the amount of commercial development allowed is limited by Metro

Proposal: Allow retail and service uses up to the amount allowed by Metro Title 4

- Up to 5,000 square feet per outlet
- Up to 20,000 square feet total per site

Allowing Commercial and Mixed-Use to Support the District

Office uses are currently limited to a list of specific industries, and larger-scale corporate headquarters

Proposal: Allow standalone office uses up to 20,000 square feet total per site.

Allow medical offices up to a size limit based on the Metro Title 4 standard for retail and services:

- Up to 5,000 square feet per outlet
- Up to 20,000 square feet total per site

A background image showing a group of children sitting on the floor and clapping their hands. The image is faded and serves as a backdrop for the text.

Allowing Commercial and Mixed-Use to Support the District

Standalone child day
care centers are
currently limited to
5,000 square feet

Proposal: Allow child day care centers as a permitted
use, with no limit on size



Limit Transportation Impacts of Future Development

Ensure that a mix of commercial and industrial uses do not cause congestion or other traffic impacts in and around the district

Proposal: Prohibit commercial parking and drive-throughs

Encourage different scales of development

The MP zone requires extra land for deep landscaped setbacks (50' – 60' in the Basalt Creek area), making it difficult to develop at a smaller scale, or on smaller properties

Proposal: Allow for more flexible, land-efficient development patterns by:

- Increasing maximum height from 70' to 85'
- Reducing setbacks (but maintaining landscape buffers)
- Encouraging building orientation to the street
- Reducing the minimum site landscape percentage from 25% to 15%

Encourage different scales of development

Minimum lot size is currently 5 acres, larger than some of the existing parcels in the Basalt Creek district

Proposal: Reduce the minimum lot size to 2 acres, to allow for smaller building footprints and development of smaller sites.

Reduce the minimum lot size for standalone commercial to 10,000 square feet, to match the limited scale of commercial allowed.

Maintain compatibility between industrial, commercial, and residential uses

Balance flexibility in site standards with enhanced buffering between zones

Proposal: Require a 10' Type D standard landscaped area along the boundaries of residential zones

- Within the first 100' from a residential zone, building height is limited to the maximum in the neighboring zone
- Require sound barrier construction to mitigate noise from overhead doors and exterior equipment

Purpose

The purpose of this chapter is to guide employment uses, planning, and development in Tualatin. Tualatin's Buildable Lands Inventory and Economic Opportunities Analysis provide a basis for understanding the current trends and projected demand for new commercial and industrial land.

GOAL 4.1 ~~Encourage commercial development that provides employment opportunities, as well as access to goods and services for residents, employees, and the general community.~~ Ensure an adequate supply of employment land that is available and serviceable.

POLICY 4.1.1 LOCATION. Locate and design areas that allow commercial development in a manner that increases access to goods and services while minimizing traffic impacts, including the location of commercial services where accessible through transit and active transportation modes, the encouragement of mixed use development, and small neighborhood commercial nodes.

POLICY 4.1.2 CRITICAL SERVICES. Provide for the continued development of major medical services and other critical infrastructure within the City of Tualatin.

POLICY 4.1.3 DESIGN. Encourage functional and attractive commercial development through standards for site design and landscaping.

POLICY 4.1.4 MIXED USE. Encourage mixed use commercial and residential development.

POLICY 4.1.5 Plan for infrastructure development to support commercial and industrial development.

POLICY 4.1.6 Coordinate the City's Transportation System Plan with planning for employment and business growth.

Strategic Actions

- Evaluate potential opportunities to make more efficient use of commercial and industrial land.
- Evaluate the establishment of a program to assist landowners to get their sites certified through the Business Oregon Certified Shovel Ready program.
- Evaluate development of a civic center with a range of supportive and complementary uses.

GOAL 4.2: ~~Encourage new industrial development~~ Support business retention, growth, and attraction in ways that strengthen the local tax base and support Tualatin's industrial lands as a major local and regional employment center.

POLICY 4.2.1 Preserve and protect, with limited exceptions, the City's existing industrial land.

POLICY 4.2.2 Fully develop planned industrial areas, providing full transportation, sewer, and water services prior to or as development occurs.

POLICY 4.2.3 Cooperate with Washington County, Metro, and the State of Oregon to study the methods available for providing transportation, water, and sewer services to growing industrial areas.

POLICY 4.2.4 Support growth of existing businesses, including growth and retention of entrepreneurial businesses, in Tualatin.

Strategic Actions

- Evaluate revision to the Economic Development Strategy to develop a clear vision for economic development, and create an action plan to implement the vision.
- Evaluate opportunities to revise City code and policy to attract or grow businesses with pay at or above Tualatin's average wage.
- Evaluate use of incentives to retain, grow, and attract businesses.
- Evaluate opportunities to support workforce development.

GOAL 4.3 Manage industrial impacts to the environment and other uses.

POLICY 4.3.1 Cooperate with the Department of Environmental Quality and Metro to meet applicable air quality standards.

POLICY 4.3.2 Protect residential, commercial, and sensitive industrial uses from the adverse environmental impacts of industrial use.

POLICY 4.3.3 Protect adjacent land uses from noise and adverse environmental impacts by adopting industrial noise and environmental impact standards.

POLICY 4.3.4 Protect environmentally sensitive areas, including the Hedges Creek Wetland and Tonquin Scablands from adverse impacts of adjacent development.

POLICY 4.3.5 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.

POLICY 4.3.6 Protect wooded and other natural areas by requiring their preservation in a natural state or by integrating the major trees into the design of the parking lots, buildings, Goals & Policies or more formal landscaping areas of an industrial development. If it is necessary to remove a portion or all of the trees, require mitigation.

POLICY 4.3.7 Administer specific and enforceable architectural and landscape design standards for industrial development.

POLICY 4.3.8 Provide truck routes for industrial traffic that provide for efficient movement of goods while protecting the quality of residential areas.

GOAL 4.4: Identify redevelopment opportunities.

POLICY 4.4.1 Support and encourage redevelopment of mixed-use development.

Strategic Actions

- Evaluate zoning districts within Tualatin for redevelopment for housing and employment uses.
- Evaluate revisions to the Tualatin Town Center Plan to focus on opportunities to support redevelopment.
- Evaluate revisions to the Tualatin Development Code to encourage redevelopment and intensification of uses in commercial and industrial areas.

Planning District Objectives

This section describes the purpose of each planning district.

OTHER PLANNING DISTRICTS:

Basalt Creek Employment District (BCE)

The purpose of this district is to implement the goals of the Basalt Creek Concept Plan, to provide an environment conducive to the development and protection of employment uses that contribute to the local economy and support nearby residential uses. Such permitted uses must not cause objectionable noise, smoke, odor, dust, noxious gases, vibration, glare, heat, fire hazard or other wastes emanating from the property. The emphasis of the zone is on providing a variety of light manufacturing, office, and incubator space for established and emerging businesses, typically in a low-rise, flex-space development pattern. Retail uses are allowed but limited in intensity to maintain adequate employment development opportunities.

CHAPTER 65 BASALT CREEK EMPLOYMENT ZONE (BCE)

TDC 65.100. Purpose.

The purpose of this district is to implement the goals of the Basalt Creek Concept Plan, to provide an environment conducive to the development and protection of employment uses that contribute to the local economy and support nearby residential uses. Such permitted uses must not cause objectionable noise, smoke, odor, dust, noxious gases, vibration, glare, heat, fire hazard or other wastes emanating from the property. The emphasis of the zone is on providing a variety of light manufacturing, office, and incubator space for established and emerging businesses, typically in a low-rise, flex-space development pattern. Retail uses are allowed but limited in intensity to maintain adequate employment development opportunities.

TDC 65.200. Use Categories.

- (1) *Use Categories.* Table 65-1 lists use categories Permitted Outright (P) or Conditionally Permitted (C) in the BCE zone. Use categories may also be designated as Limited (L) and subject to the limitations listed in Table 65-1 and restrictions identified in TDC 65.210. Limitations may restrict the specific type of use, location, size, or other characteristics of the use category. Use categories which are not listed are prohibited within the zone, except for uses which are found by the City Manager or appointee to be of a similar character and to meet the purpose of this zone, as provided in TDC 31.070.

Table 65-1
Use Categories in the BCE Zone

USE CATEGORY	STATUS	LIMITATIONS AND CODE REFERENCES
RESIDENTIAL USE CATEGORIES		
Household Living	C (L)	Conditional uses limited to a caretaker residence when necessary for security purposes.
COMMERCIAL USE CATEGORIES		
Commercial Recreation	P (L)	Permitted uses limited to a health or fitness facility as a limited use subject to TDC 65.210(2) and (4).
Eating and Drinking Establishments	P (L)	Eating and drinking establishments without drive-up or drive-through facilities limited subject to TDC 65.210(2).
Marijuana Facilities	P (L)	Subject to TDC Chapter 80.
Medical Office	P (L)	Subject to TDC 65.120(2).
Office	P (L)	Permitted uses limited subject to TDC 65.210(1).

- THE DEVELOPMENT CODE OF THE CITY OF TUALATIN, OREGON
CHAPTER 65 BASALT CREEK EMPLOYMENT ZONE (BCE)

Other Educational and Vocational Services	P (L)	Permitted uses limited to: <ul style="list-style-type: none"> • Correspondence, trade, or vocational school as a limited use subject to TDC 65.210(2); • Job training or related services as a limited use subject to TDC 65.210(2).
Retail Sales and Services	P (L)	<ul style="list-style-type: none"> • Child day care center permitted subject to TDC 34.200. • All other Retail Sales and Services uses without drive-up or drive-through facilities are permitted subject to TDC 65.210(2) and (4).
INDUSTRIAL USE CATEGORIES		
Light Manufacturing	P (L)	All uses Permitted outright except: <ul style="list-style-type: none"> • Machine shop; • Building, heating, plumbing and electrical contractor's offices, with on-site storage of equipment or materials; • Casting or fabrication of metals.
Warehouse and Freight Movement	P (L)/C	Permitted uses limited to storage and distribution of goods produced on-site subject to TDC 65.210(3).
INFRASTRUCTURE AND UTILITIES USE CATEGORIES		
Basic Utilities	P	—
Greenways and Natural Areas	P	—
Public Safety Facilities	C (L)	
Transportation Facilities	P	—
Wireless Communication Facility	P (L)	Subject to maximum height and minimum setback standards defined by TDC Chapter 73F.

TDC 65.210. Additional Limitations on Uses.

(1) *Offices.* Offices are a permitted use as specified below.

(i) *Accessory Uses to an Industrial Use.* Office uses accessory to a permitted light manufacturing use are permitted.

- (ii) *Limited Uses*. Office uses not accessory to a permitted light industrial use must not exceed 20,000 square feet on the development site.
- (2) *Medical Office, Retail Sales and Services, Eating and Drinking Establishments, and/or Other Educational or Vocational Services*. Except for Child Day Care Centers, permitted uses in these categories, as specified in Table 65-1, are subject to the following additional standards.
 - (a) *Maximum Size*. The use must not exceed 5,000 square feet for any individual use or a total of 20,000 square feet of uses on the site.
 - (b) *Location Standard*. The use or uses must be located on a lot, parcel or development site that has at least 200 feet of frontage on SW Graham's Ferry Road.
- (3) *Warehouse and Freight Movement*. All uses must be conducted wholly in conjunction with a Permitted light manufacturing use on the same lot, parcel or site, and facilitate the storage and distribution of goods produced on-site.
 - (a) *Permitted Uses*. Uses may not exceed more than 50% of the gross floor area of the Permitted light manufacturing use.
 - (b) *Conditional Uses*. A conditional use permit is required for uses in excess of 200% of the gross floor area of the Permitted light manufacturing use.
- (4) *Outdoor Uses*. All uses must be conducted wholly within a completely enclosed building, except as provided by this section.
 - (a) *Permitted Uses*. Off-street parking and loading, utility facilities, wireless communication facilities, outdoor play areas of child day care centers as required by state day care certification standards, and outdoor storage occupying less than ten (10) percent of the total site area, are permitted outright as outdoor uses.
 - (b) *Conditional Uses*. A conditional use permit is required for outdoor storage activity or mechanical equipment when proposed to occupy more than ten (10) percent of the total lot area when part of and necessary for the operation of any permitted use.

TDC 65.300. Development Standards.

Development standards in the BCE zone are listed in Table 65-2. Additional standards may apply to some uses and situations, see TDC 65.310.

Table 65-2
Development Standards in the BCE Zone

STANDARD	REQUIREMENT	LIMITATIONS AND CODE REFERENCES
LOT SIZE		
Minimum Lot Size	2 acres	
Minimum Lot Size for Standalone Commercial Uses	10,000 square feet	
LOT DIMENSIONS		
Flag Lots	—	Must be sufficient to comply with minimum access requirements of TDC 73C.
MINIMUM SETBACKS		
Minimum Building Setback for Yards Adjacent to Streets or Alleys	30 feet	
Minimum Building Setback for Yards Adjacent to Streets for Commercial Uses	10 feet	
Minimum Building Setback for Yards Adjacent to Residential District, south of Tonquin Loop Road	30 feet	
Minimum Setback for Side and Rear Yards not Adjacent to Streets or Alleys	10 feet	No minimum setback if adjacent to railroad right-of-way or spur track.
Parking and Circulation Areas Adjacent to Public Right-of-Way	20 feet	No minimum setback required adjacent to joint access approach in accordance with TDC 73C.
Parking and Circulation Areas Adjacent to Private Property Line	10 feet	No minimum setback required adjacent to joint access approach in accordance with TDC 73C.
Fences	10 feet	From public right-of-way.
STRUCTURE HEIGHT		
Maximum Height	85 feet	Any portion of a structure within 100 feet of a residential zone shall be limited to the maximum height of that residential zone.

TDC 65.310. Additional Development Standards.

- (1) *Industrial Master Plan.* Minimum lot size, setbacks, maximum height, and other development standards may be modified by submittal of an Industrial Master Plan application. See TDC 33.050.
- (2) *Spur Rail Tracks.* Spur rail tracks are not permitted within 200 feet of an adjacent residential district.
- (3) *Wetland Conservation Lots.* Minimum lot size, width, or frontage requirement do not apply to wetland conservation lots.
- (4) *Landscape Buffer Adjacent to Residential Uses.* A minimum 10-foot-wide landscaped area, meeting the Type D standard described in Table 73B-2, must be located along property lines abutting residential zones.
- (5) *Sound Barrier Construction.* Sound barrier construction is required to mitigate the impact of noise associated with overhead doors and building mechanical equipment, including but not limited to heating, cooling, and ventilation equipment, compressors, waste evacuation systems, electrical transformers, and other motorized or powered machinery located on the exterior of a building. Sound barrier construction must conform to the following standards:
 - (a) *Applicability.* New construction, including additions or changes to existing facilities, must comply with the provisions of this section, as determined by the Architectural Review process. Where buildings or outdoor areas located on more than one parcel are all part of a single use as determined by the Architectural Review process, all of the parcels may be required to comply with the provisions of this section.
 - (b) *Distance from Residential Use.* Sound barriers must be used to intercept all straight-line lateral (direct line between two points) paths of 450 feet or less between a residential property within a residential planning district and:
 - (i) Any side edge of an overhead door or other doorway larger than 64 square feet, at a minimum height of eight feet above the floor elevation of the doorway; or
 - (ii) Any building mechanical device at a minimum height equal to the height of the mechanical object to be screened.
 - (c) *Exemption for Existing Structures.* Where existing structures (on or off site) are located such that they will reflect sound away from residential areas and will function as a sound barrier, on-site sound barrier construction must not be required, except that at the time such structures are removed, sound barrier construction must be required.

(d) *Design.* Sound barriers must consist of masonry walls or earth berms located so as to reflect sound away from, rather than toward, noise sensitive properties. This may include masonry wing walls attached to a building, detached masonry walls (such as the perimeter of the site), earth berms, or combinations of the three. Wing walls must be at least as tall as the tallest overhead door they are designed to screen where they meet the building. The height of the wall may be reduced along a maximum incline formed by a horizontal distance twice the vertical change in height, or 26.5 degrees from horizontal.

DRAFT

TDC 73B.020. - Landscape Area Standards Minimum Areas by Use and Zone.

The following are the minimum areas required to be landscaped for each use and zone:

Zone	Minimum Area Requirement*	Minimum Area Requirement with dedication for a fish and wildlife habitat*
(1) RL, RML, RMH, RH and RH/HR zones— Permitted Uses	None	None
(2) RL, RML, RMH, RH and RH/HR zones— Conditional Uses, except Small Lot Subdivisions	25 percent of the total area to be developed	20 percent of the total area to be developed
(3) CO, CR, CC, CG, ML, MG, and BCE zones except within the Core Area Parking District—All uses	15 percent of the total area to be developed	12.5 percent of the total area to be developed
(4) CO, CR, CC, CG, MUC, ML and MG zones within the Core Area Parking District—All uses	10 percent of the total area to be developed	7.5 percent of the total area to be developed
(5) IN, CN, CO/MR, MC and MP zones—All uses	25 percent of the total area to be developed	22.5 percent of the total area to be developed
(6) Industrial Business Park Overlay District and MBP—must be approved through Industrial Master Plans	20 percent of the total area to be developed	Not applicable
<p style="text-align: center;">* For properties within the Hedges Creek Wetland Protection District which have signed the "Wetlands Mitigation Agreement," the improved or unimproved wetland buffer area may reduce the required landscaping to 12.5 percent as long as all other landscape requirements are met.</p>		

Summary of Proposed Changes from MP Zone to Proposed BCE Zone

DRAFT – September 8, 2022

Allowed Uses

Issue	MP Zone (Ch. 62)	Proposed BCE Zone (Ch. 65)
Commercial parking	Commercial parking is permitted use (<i>Table 62-1</i>)	Commercial parking is not a permitted use
Drive-up and drive-through facilities	Drive-up and drive-through facilities are permitted, although not likely to occur due to limits on commercial uses	Drive-up and drive-through facilities are not permitted for Eating and Drinking Establishments and Retail Sales and Services
Child day care centers	Allowed, as accessory; standalone limited to 5,000 square feet per outlet (<i>TDC 62.210(4)</i>)	Allowed as accessory or standalone facility at any size
Light manufacturing uses	Permitted uses limited to: <ul style="list-style-type: none"> • Manufacture or assembly of electronic or optical instruments, equipment, devices; musical instruments; toys; and sporting goods • Production of textiles or apparel • Printing, publishing, and lithography shops • Research and development laboratories (<i>Table 62-1</i>)	Light manufacturing uses are allowed, except for: <ul style="list-style-type: none"> • Machine shops • Building, heating, plumbing, and electrical contractor’s offices, with on-site storage of equipment or materials • Casting or fabrication of metals
Offices	Allowed as accessory uses. Standalone office uses limited to: <ul style="list-style-type: none"> • Certain uses (offices for chemical and physical sciences, engineering, cartography, or other research functions); or • Corporate, regional, or district headquarters of at least 20,000 square feet (<i>TDC 62.210(2)</i>)	Office uses are allowed as accessory uses, or as standalone uses up to 20,000 square feet
Warehouse and Freight Movement	Warehouse and freight movement are not permitted uses (<i>Table 62-1</i>)	Warehouse and Freight Movement uses permitted on the same site as a permitted industrial use and facilitating the storage and distribution of goods produced on-site. Size

		limited to 50% of the floor area of the manufacturing use, or up to 200% of the floor area with a conditional use permit.
Retail Sales and Services	Permitted uses limited to: <ul style="list-style-type: none"> • Sale of goods produced on-site – limited to 1,500 square feet or 5% of overall floor space • Child day care center limited to 5,000 square feet per outlet • Food or convenience store, mailing operations, reproduction or photocopying services, bank, and medical services as limited uses of no more than 5,000 square feet per outlet or 20,000 square feet total per site 	Retail sales not limited to goods produced on-site, and size limitations increased to 5,000 square feet per outlet and 20,000 square feet total per site, consistent with Metro Title 4 limitations Locational standards require 200 feet of frontage on Graham’s Ferry Road
Eating and Drinking Establishments	Permitted uses limited to a restaurant or deli, limited to 5,000 square feet per outlet	Eating and Drinking Establishments not limited in type; size limitations still match Metro Title 4 limits Locational standards require 200 feet of frontage on Graham’s Ferry Road
Public Safety Facilities	Allowed as conditional uses, limited to a fire station	All types of public safety facilities allowed as conditional uses

Site Development Standards

Issue	MP Zone (Ch. 62)	Proposed BCE Zone (Ch. 65)
Minimum Lot Size	5 acres	2 acres; or 10,000 square feet for standalone commercial uses
Minimum Lot Width	250 feet	None
Minimum Building Setback for Yards Adjacent to Streets or Alleys	60 feet	30 feet; or 10 feet for standalone commercial uses

Minimum Building Setback for Yards Adjacent to Residential District	60 feet	30 feet, but 10-foot Type D landscape buffer required along property line
Minimum Setback for Side and Rear Yards not Adjacent to Streets or Alleys	0-50 feet, determined through Architectural Review process	10 feet
Minimum Setback for Parking and Circulation Areas Adjacent to Public Right-of-Way	50 feet	20 feet
Minimum Setback for Parking and Circulation Areas Adjacent to Private Property Line	5-25 feet, determined through Architectural Review process	10 feet
Fences	50 feet	10 feet
Maximum Height	70 feet, with possibility of increase to 85 feet based on the ratio of setback to building height	85 feet
Maximum Height Adjacent to Residential District	28 feet, with possible increase based on a 45-degree plane from the setback line	The portion of any building within 100 feet of a residential zone must meet the height limits of that neighboring zone
Landscape Percentage Required	25%	15%
Sound Barriers for Certain Equipment	Not required	Required, similar to standards found in TDC Chapters 60, 61, and 64

Basalt Creek MP Zone Update

Council Packet Memo DRAFT

Date May 9, 2022
To Chris Green, HHPR
From Sam Brookham, Leland Consulting Group

Economic Analysis Preliminary Findings

Summary of Methods

LCG is preparing an Economic Analysis memo that analyzes economic data and industry trends in the Portland metro region and the southwest I-5 corridor submarket. This information is being used to develop recommendations for the City to implement to enhance development prospects and create jobs in the area zoned Manufacturing Park in Basalt Creek. Methods include an assessment of the real estate market dynamics (construction and absorption trends, vacancy rates, rental rates, land values, building costs, etc.), a high-level evaluation of buildable industrial land in the SW Metro submarket, and case study research.

Additionally, LCG is conducting interviews with local and regional stakeholders as a core element of this methodology. These stakeholders include local agency partners, such as neighboring city staff, county staff, and economic development agency staff, and key players in the industrial development community, such as landowners, prominent developers in the submarket, and brokers. These interviews are intended to provide candid information regarding barriers to future development and opportunities for industrial and employment growth.

LCG shared baseline materials and asked the following questions of each stakeholder:

- What is your experience with the Basalt Creek area and the Manufacturing Park zoning?
- What are some of the regional industry trends that impact development prospects in Basalt Creek?
- Are there specific opportunities or industry trends that could be capitalized on in Basalt Creek? How will these change in the next 5, 10, 20 years?
- What do you perceive as some of the barriers to development? What can the City do to address these?
- What are some important zoning considerations for attracting development and growing jobs in Basalt Creek?
- Are there other ways the City could further support industry growth in Basalt Creek?

The answers to these questions inform the information provided below.

Industrial Market Overview

The Portland metro area is an attractive market for new and expanding industrial businesses, including manufacturing, warehousing, and logistics. The Portland Metro area, like much of the United States, has experienced historic levels of demand for industrial warehouse, distribution, and logistics space driven by ecommerce demand. Additionally, most industrial users have remained open throughout the pandemic as there is no virtual substitute for physical product creation and fulfillment.

Recent leasing activity, rent and price growth, and historically low vacancy rates indicate near-term demand for new development. Highlights are listed below.

- New leasing over the past year totaled 9.4m square feet, about 50% more than the 6.7m square feet of new leasing activity recorded in 2020.
- The average industrial vacancy in the metro region now stands at 3.7%, significantly lower than the historical average of 6.6% and lower than the 10-year annual average of 4.7%.
- Pricing has more than doubled over the past decade and continues to rise. Portland's industrial assets have increased from a historical high of around \$65 per square foot in 2010 to \$169 per square foot today.
- Cap rates have compressed below 6.0%, signaling that developers are willing to take more risks to deliver industrial products to market.
- Annual rent growth over the past three years has exceeded 8.0%, significantly higher than the 10-year average of 5.2%.

However, competition and strong demand are exacerbated by the already-constrained land supply in the market, which is, in turn, increasing land pricing, building pricing, and lease rates. Despite strong demand fundamentals, only 1.4m square feet of industrial space was developed in the last year, compared to an annual 10-year average of 2.5m square feet—a sign of the lack of available land to develop. This industrial land constraint has caused a push toward parcels that require more time and money due to issues such as zoning constraints, utility service issues, and topography challenges. It has also seen secondary markets like Salem, Woodburn, and Newberg, which have historically experienced minimal land sale activity, especially for speculative industrial land projects, experience a boost in activity.

SW Metro Submarket

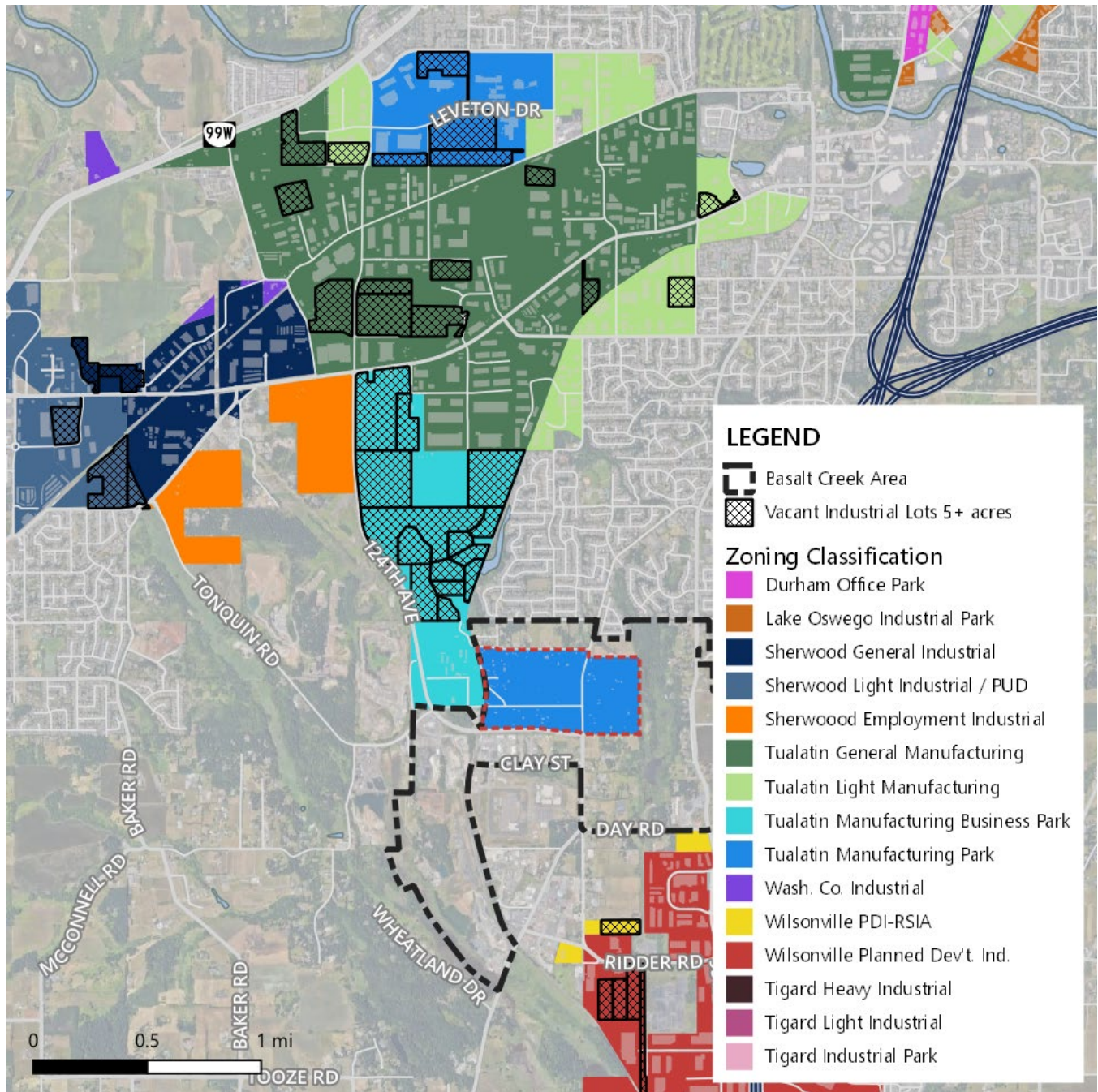
Tualatin is part of the Southwest Metro submarket—sometimes called the South I-5 Corridor by brokers and others in the development community—is considered one of the most diverse industrial submarkets in the state of Oregon. It has historically accounted for approximately one-quarter of the metro's industrial construction and absorption and is a particularly attractive submarket for speculative industrial development. Historically a light industrial manufacturing submarket, Tualatin has now become one of the major industrial nodes within the metro with a wide range of industrial developments and tenants.

Buildable Land

Tualatin boasts regionally significant industrial land in a highly constrained market. Stakeholders consistently highlight the increasing difficulties in finding sites in the Portland area, especially large, contiguous, developable sites. As high-quality industrial sites become increasingly scarce in the Portland region, industrially-zoned land costs and rental rates for existing industrial space have surged.

The following map demonstrates the importance of Tualatin's industrial land in the South I-5 Corridor. Of the almost 1,400 industrial-zoned parcels shown on this map, just 45 are vacant and larger than five acres (3%). Of those 45, 29 are in the City of Tualatin. This translates to 640 vacant acres (472 in Tualatin) of more than 3,900 (14%).

Buildable Industrial Lands, South I-5 Corridor



Source: LCG

The City of Tualatin may continue to capture a significant share of industrial-focused employment growth over the next 20 years. Potential development types include multitenant and build-to-suit industrial buildings with a focus on tech, manufacturing, and warehousing. Many of the proposed uses in the Tonquin Employment Area (profiled below) would be likely development types in the Basalt Creek area. These developments tend to house relatively job-dense tenants from a broad spectrum of the market.

Case Study: Tonquin Employment Area

Given its proximity to Basalt Creek, the timing of development, and site conditions, Sherwood's Tonquin Employment Area (TEA) is a good comparable for Tualatin's Basalt Creek Manufacturing Park Zone. The TEA was brought into the Urban Growth Boundary by Metro in 2004 and the City of Sherwood completed a concept plan for the area in 2010.

The City of Sherwood initially targeted offices and industries supporting high-tech manufacturing and traded sector jobs in the TEA. The area remained largely unincorporated and undeveloped for many years (like Basalt Creek), and properties within the Tonquin Employment Area will be annexed into the City of Sherwood upon request by the property owners. Upon annexation, the properties will be zoned Employment Industrial (EI).

Stakeholders interviewed for this project highlighted the challenges of developing in the TEA following the concept plan and UGB activity, citing a narrowly defined set of allowed uses in the zoning code, site constraints, and relatively restrictive development standards as reasons for the lack of initial development in the area.

Stakeholders also cited amendments to the EI zone that involved broadening the number of allowed uses as instrumental in facilitating the recent wave of new investment activity in the TEA. The City of Sherwood broadened the uses while also adding additional restrictions (including size limitations) that balanced their goals with the opportunities in the market.

Several industrial buildings totaling 535,000 square feet are now in various phases of planning and development at the T-S Corporate Park—the first project since the creation of the concept plan in 2010. Other projects are in the early stages of planning in the TEA, per the City, including plans for multi-tenant industrial buildings totaling 900,000 square feet on 60 acres and project interest on 30 acres that was recently annexed and an adjacent 20 acres. Between these prospects and additional interest in new development in the TEA, there is reason to believe that most of the 200 acres of usable land in the TEA will be accounted for sooner than was originally anticipated in the 2018 EOA.

Findings from interviews

LCG has so far conducted five interviews with brokers and developers with various levels of interest in the Basalt Creek area. A summary of the key takeaways from those conversations is listed below.

- Basalt Creek should reflect the economic diversity of the South I-5 Corridor market. The industrial market is dynamic and moves quickly, so flexibility in the zoning code is critical to mitigate risk and attract investment over the long term. For example, most of the new tenants in the T-S Corporate Park are manufacturing-based companies but the zoning code also allowed warehousing and distribution space that allowed developers to build more speculative developers that could cater to the broadest spectrum of the market as possible.
- Land supply is critically constrained. Land value has increased five times over since 2018 as a result and it is becoming increasingly difficult to develop in the Portland metro. Many industrial users now moving out of the Portland metro to Ridgefield, Salem, etc.
- The Manufacturing Park Zone is narrowly defined and needs to be more inclusive. The existing code is misaligned with the market and the current demand drivers for industrial development.
- Developers assume the risk of development and need to be able to build property that appeals to the widest variety of tenants. Use restrictions exclude vast chunks of the market and can add years to the timing of development by heightening the risk of development and discouraging investment.
- Developers could start the development process now if there was a concrete plan for infrastructure provisions and annexation.
- There is strong demand for multi-tenant industrial buildings that tend to be smaller (around 120,000 square feet and below) and accommodate Suppliers, wholesalers, services, contractors, etc.

- Model codes include Tualatin's MG zone and Portland's IG1 and IG2 codes. Sherwood's EI and Beaverton's BP zones are also notable. In Portland's IG zones there is no design review, the code is easy to understand and implement, and the uses are easily described that help a developer understand what can and cannot be done.
- Codes to avoid include Wilsonville's PDI zone, which is seen as an extreme example of use restrictions and design overlays. One stakeholder highlighted the example of DWFritz, which approached Wilsonville around 2019 for a potential 80,000 square foot development but instead chose the Tonquin area because of the restrictions. DWFritz now employs 120 people.

BASALT CREEK INDUSTRIAL CODE PROJECT

OPEN HOUSE: JULY 27, 2022

Public Comments Record

- **What coordination is being done with the county for roads and utilities in the area?**

The Basalt Creek Comprehensive Plan amended the City's existing TSP to identify the future road network to serve the area. The system of Arterial, Collector, and Local roadways has been evaluated against future projected trip generation of the various urban zones. The City is also considering a future update to our TSP. As part of the process, the City will work with Washington County and the Oregon Department of Transportation (ODOT).

The public water and sewer plan maps were also updated as part of the Comprehensive Plan amendment to show planned infrastructure for the Basalt Creek area. At present, public water and sewer lines are generally not available in this area and will need to be extended in order to support future urbanization.

The City adopted an Urban Renewal Area in 2021, which sets goals for developing transportation and utility infrastructure in the Basalt Creek Planning Area to facilitate development of employment lands. The financing mechanism used by the URA depends on increased tax revenues from new development to fund infrastructure projects, over a thirty-year period. Without development activity in the early years of the district, the URA may find itself challenged to fund infrastructure projects.

- **PGE transmission corridor and topography are additional challenges for development**
- **The Basalt Creek Plan shows a grid...future street grid. The metro area is in need of larger industrial sites. Are these future local streets actually going to be required?**

As stated above, the City's existing TSP has been amended to identify the future road network to serve the Basalt Creek Area. This plan guides the work of City staff in planning and building transportation in Tualatin. As new development occurs, City staff use this document to require improvements. That said, the City is considering an update to our TSP, and it is possible that this work may recommend updates to the adopted future street grid.

- **Is flooding/pooling water an issue?**

New development would be required to submit a Stormwater report that evaluates the potential downstream impacts of the proposed development. The City will also require that these impacts are mitigated with an appropriately sized water quality and stormwater detention facility.

- **Can we do a meeting like this where Engineering discusses their plan to address infrastructure? Some of the improvements are capital improvement projects.**

This project is based on code amendments.

- **What about noise? Walls won't be built. Will these newcomers have to build to reduce noise in their buildings?**

The Tualatin Development Code [Chapter 63](#) puts limits on noise level that results from industrial uses by recognizing noise limitations set by the city [Municipal Code 6-14](#) and the state- [Department of](#)

[Environmental Quality](#). It's possible that that the City may consider incorporating development standards for sound barrier construction, similar to [TDC 60.310\(3\)](#).

- **Will the Basalt Creek Parkway Extension noise be a problem?**

The Basalt Creek Parkway Extension project is being led by Washington County and was subject to a noise report. For more information, please visit the following website:

<https://www.co.washington.or.us/LUT/TransportationProjects/basalt-creek-parkway-extension.cfm>

- **Please considering reducing landscape percentages. They are high compared to other standards in the region.**

- **Interest in smaller footprint/flexible format**

- **What about craft industrial?**

Craft industry is typically defined as the production of handmade items, and is commonly described as manufacturing with tools but not automation. Some characteristics of craft industry may be found in the [Light Manufacturing](#) use category, and include the production of food and beverage items, the manufacture of furniture or cabinets, and the production of textiles. The City is considering adding Light Manufacturing as a permitted use with limitations. The City is also exploring the opportunity of permitting retail sale areas for goods produced on-site.

- **Is the process being driven by land owners or the City?**

This project is driven by the City based on priorities adopted in the recent Economic Opportunities Analysis (EOA) and the Southwest and Basalt Creek Development Area Plan...

- **Is the goal to combine parcels for large development or facilitate development on the smaller parcels?**

The goal is to provide greater flexibility for property owners to develop their parcels, if desired.

- **From a market perspective, would it be helpful to have an understanding of recent lease activity in Tualatin, and/or examples of built product that could help explain a possible vision of the proposed code changes? The PacTrust development at Koch Corporate Center and recent new construction projects along TS Rd. seems to be a good indication of building sizes and the range of end-users that would likely be interested in this area.**

- **Have you considered a form-based code for this area, such as Wilsonville has in the Coffee Creek Industrial Area, as a means to making the area more human scale and pedestrian/bicyclist friendly?**

We are in the preliminary stages of exploring what amendments might look like and have had discussions on how to encourage pedestrian/bicyclist friendly development. An entirely form-based chapter would contrast with our existing code chapters, but there could be benefits or opportunities there. As an example, we are exploring some form-based principles with our setbacks.

- **What about a combination of zones, with lower intensity manufacturing/warehousing/distribution next to residential areas and more intense use to the south and west near the Basalt Creek Parkway?**

- **Where in the analysis is trip generation considered? Manufacturing Park was the assumed use with 725 trips (7.80 trips per acre; Table 5 of the BC Concept Plan). If a different zone is applied to this area, how will that affect trip generation and will Tualatin still be within their assumed portion of trips?**

Staff will include a Transportation Planning Rule finding in the City Council packet that addresses the potential traffic impacts of the permitted uses being explored.