



Evaluation of Urban Renewal in Tualatin

April 2012

ECONorthwest
ECONOMICS • FINANCE • PLANNING

Table of Contents

| | |
|--------------------------------|----|
| 1. Introduction | 1 |
| 2. Accomplishments | 8 |
| 3. Remaining Resources | 12 |
| 4. Conclusions | 14 |
| Attachment A: List of Projects | 15 |

1. Introduction

The City of Tualatin (City) and the Tualatin Development Commission have a long and successful history of fostering economic growth and community redevelopment. Since 1980, the City of Tualatin has grown from a rural suburb with a population of 7,483 to a thriving urban city that supports over 20,000 jobs and 26,160 residents. A significant portion of this growth has occurred in the City's urban renewal districts. The City has used Tax Increment Financing (TIF) to fund critical public infrastructure projects that have paved the way for millions of dollars of private investment and have spurred continued job growth in the City. Urban renewal and tax increment financing have been valuable tools for implementing the City's value statement:

"We value a high quality of life for our community and will promote actions, which increase community spirit and pride, and a sense of ownership, involvement and belonging in the community. We recognize the strengths, which come from our heritage and background, our social and economic conditions, and our natural resources. We will manage growth in a manner that will build on these strengths, while fostering a sense of place and a unique identity for the City."

After more than three decades of financing community redevelopment projects, the City is closing down its two urban renewal districts: the Central Urban Renewal District (CURD) and Leveton Tax Increment District (LTID). These two districts were formed for very different purposes, and each was successful in its own way. The CURD was intended to alleviate blight in downtown Tualatin, providing a sense of place, and a more vibrant urban setting. Implementation of Tualatin Commons is one of CURD's greatest accomplishments. LTID was created to open up new lands for employment and industry, and over the last 26 years, it has accommodated 35 new employers, bringing 2,200 jobs to the City of Tualatin.

While each district was formed for different purposes, they shared a common result – increased property value. The assessed value of the CURD increased by \$180 million between 1975 and 2010. Likewise, the assessed value of the LTID increased by \$255.5 million between 1985 and 2010. As a result, the close down of the urban renewal districts returned thousands of dollars to other important services such as schools and fire.

This report tells the story of the Central and Leveton urban renewal districts, highlighting their successes, acknowledging their ongoing needs, and providing the City with options for investing the areas' remaining resources. This report is organized into four sections:

- Introduction
- Accomplishments
- Remaining Resources
- Conclusions

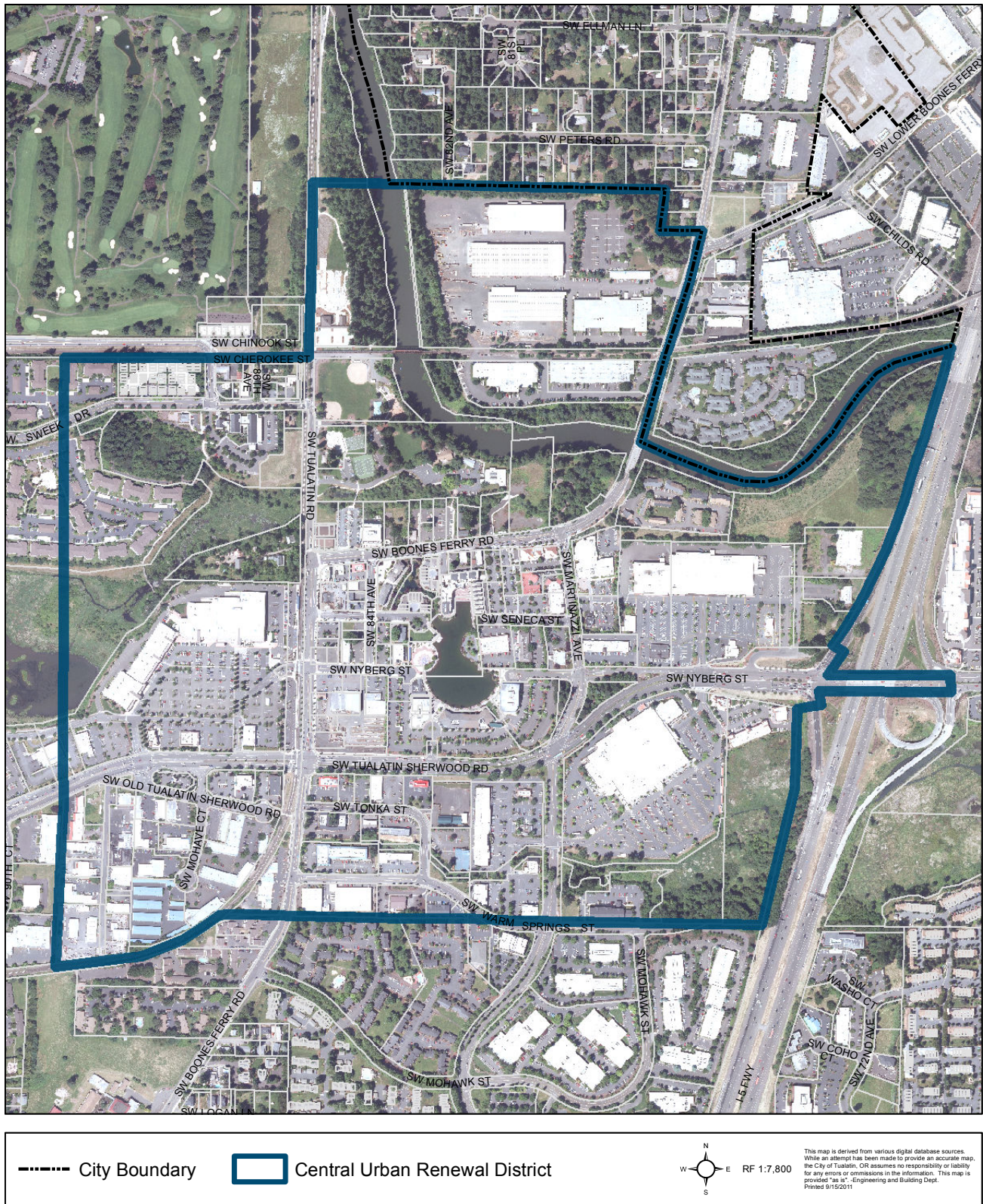
In the remainder of this section, we describe key characteristics of the CURD and LTID, including their purposes, visions, and goals. In subsequent sections of this report, we describe specific projects that were critical in the successful redevelopment of these areas, and the potential for continued redevelopment in these areas.

1.1 Central Urban Renewal District

The Central Urban Renewal District was established in 1975. The CURD originally included 310 acres and was amended over time to include a total of 327 acres west of I-5 and centered on SW Nyberg St. and SW Boones Ferry Rd. At the time, the total assessed value of the district was \$14,067,089. Most of the CURD was zoned for commercial use (CC and CO), with smaller portions of the District also zoned for high-density residential and manufacturing (light and general). **Figure 1** shows a map of the CURD.



Figure 1. Central Urban Renewal District



Source: City of Tualatin, 2011.

Founded in 1975, the purpose of the CURD was to alleviate conditions of blight and create a sense of place for downtown Tualatin. Specific conditions of blight mentioned in the Plan include:

- Deleterious land uses
- Lack of flood protection
- Lack of adequate drainage facilities
- Lack of public rights of way
- Traffic congestion and potential transportation conflicts and hazards
- Inaccessible and inadequate public facilities and services

The overall goal of the CURD Plan was to strengthen the social and economic development of central Tualatin by stabilizing and improving property values, eliminating existing blight, and preventing future blight; and to encourage and facilitate land uses, private and public, that result in activity during all business hours, evenings, nights, and weekends; and to encourage indoor and outdoor uses. The vision of the CURD was to:

- Include a mixed-use living, working and playing environment.
- Be oriented to and integrate the Tualatin River and other natural features to activate uses.
- Have a distinctive feel with strong, interesting and unique design standards, elements and features.
- Include civic, social, commercial and cultural functions as a full-service community within walking distance.
- Encourage safe bike and pedestrian activity and integrate transit opportunities.
- Be a destination for local business activities and not a pass through location for freight traffic.
- Integrate seamlessly with the rest of Tualatin in all directions.

When the District was founded in 1975, one of the biggest challenges to accomplishing these goals was the presence of the Hervin Company, a pet food manufacturer, which was a non-conforming use in a commercial district. Odors emanating from the Hervin Company proved to be a significant obstacle to attracting other commercial, residential, or retail development to the District. Although the Hervin Company was a particularly visible obstacle to redevelopment, it was just one of many parcels in the District, and blight was prevalent throughout the area.

1.2 Leveton Tax Increment District

Specific conditions of blight identified in the District include:

- Inadequate facilities
- Deleterious use of land
- Laying out of property in disregard to terrain
- Lack of proper utilization of areas

The Leveton Tax Increment District (LTID) was established in 1985, encompassing 377 acres, and was later expanded to include a total of 380.3 acres. At the time, the total assessed value of the district was \$3,660,924. Establishment of the District was integral to the City's economic development efforts to diversify and internationalize the local economy. The general boundary of the District includes Highway 99W and Tualatin Rd. to the north, 108th Ave. to the east, Herman Rd. to the south, and roughly 129th Ave. to the west.¹ Virtually the entire District is zoned for manufacturing, including light (ML), general (MG) and manufacturing park (MP). A small portion of the site at the intersection of Highway 99W and Tualatin Rd. is zoned for general commercial (CG). Figure 2 shows a map of the LTID.

The LTID was established to provide infrastructure and services to support industrial development, and to eliminate mining operations, which were detrimental to other industrial uses.

The overall goal of the LTID was to facilitate the full industrial development of the District by removing blighting influences and by providing public improvements.



Novellus is one of the many successful businesses located in Tualatin thanks, in part, to the Leveton Tax Increment District.

¹ The official boundary also extends South in a narrow strip along 124th Ave.

The purpose of the LTID was to implement goals and objectives of the Tualatin Community Plan, which relate to development of this portion of the Western Industrial District. Specific goals for the LTID include:

- To stimulate industrial development in the District.
- To achieve industrial growth within the framework of high environmental standards.
- To improve traffic access to Interstate 5 and Pacific Highway 99W and within the project area.
- To provide sewer, water, and storm drainage utility lines adjacent to and within the District, which will enable the area to be developed fully and rapidly.

2. Accomplishments

This section describes the past projects undertaken by the Tualatin Development Commission (TDC) in the Central and Leveton urban renewal districts, including key public investments that were made.

2.1. Central Urban Renewal District

To accomplish the goals identified in the CURD Plan in a manner consistent with the vision for the CURD, the Plan identified over 60 specific projects to be funded in part with Tax Increment Financing (TIF) over the life of the District. Dozens of these projects were completed in the CURD over the past four decades. A complete list of these projects is included in Attachment A. Below we describe some of the projects that had a significant impact on the redevelopment of the CURD.

- ***Tualatin Commons Project:*** This large-scale mixed-used redevelopment is a key feature or the core of downtown. The area includes 80 residential units, 160,000 square feet of commercial space (office, restaurants, and a hotel), 500 parking spaces, as well as public and civic spaces. The combined real market value of the development is over \$30 million. The Tualatin Commons helped forge a unique community identity. The services offered in the Commons provide a draw for community activities. The project cost \$10.8 million for land acquisition and site preparation, though proceeds from sale of the land to private developers reduced the total net public cost to \$7.9 million.



The Tualatin Commons Project received numerous awards, including the Governor's Livability Award (1998), and an American Planning Association Award for Professional Achievement in Planning (1999).



Through these important investments, the assessed value of the district increased from \$14 million to \$194 million.

- ***Eliminated Downtown Floodway Designation:*** Through the removal of reefs from within the Tualatin River the downtown floodway designation was removed and facilitated development. This project enabled developers to design buildings in downtown without the hassle of special measures required for building in a floodplain.
- ***Tualatin-Sherwood Road bypass:*** This transportation improvement was a critical component for downtown development. The CURD could not have done the Tualatin Commons/Lake project without the bypass project, which facilitates traffic and straightened out access to I-5.
- ***Nyberg Street/I-5 Interchange:*** Facilitated traffic flow into the City and reduced traffic congestion. The project consisted of a southbound off-ramp widening, northbound on-ramp construction, a second phase of southbound off-ramp widening, and widening the deck of the bridge for eastbound traffic. These transportation infrastructure investments made the City easily accessible for residents, visitors and commerce.
- ***Core Area street project and parking facilities:*** The Core Area Parking District was established in 1979. TIF revenues, in conjunction with impact fees, were used to purchase land to create five surface parking lots. These lots opened up downtown, and facilitated economic development. The facilities continue to provide convenience for patrons, as well as enhanced safety for pedestrians (e.g., sidewalks, lighting, bike lanes, cross walks).
- ***Library:*** The Tualatin Library, on average, serves over 900 patrons a day, an anchor for the District and a draw to downtown. The library aptly serves the needs of the community as a cultural and educational asset. Additionally, the library supports local retailers, by drawing nearly 1,000 people a day into the heart of downtown Tualatin, providing exposure for local businesses.
- ***Land acquisition for Police Services Building:*** Purchased the land for the site of the Police Services Building, consistent with CURD Plan goals to provide civic facilities in the URD.
- ***Façade improvement program:*** Several property owners in the District took advantage of this program, resulting in enhanced aesthetics of downtown buildings and storefronts.

The combination of these projects supported major redevelopment of Central Tualatin. The Area is truly a vibrant, mixed-use hub that provides a clear sense of place for downtown Tualatin. Tualatin Commons, at the heart of the Area, offers restaurants, office space, townhomes and apartments, and a hotel. These commercial and residential uses all benefit from the amenity of a man-made lake,

and great accessibility provided by the numerous transportation improvement projects that have been funded in part with TIF. Through these important investments, the assessed value of the district increased from \$14 million to \$194 million.

2.2 Leveton Tax Increment District

The LTID Plan identified 20 specific projects to be funded in part with TIF to accomplish the goals of the LTID Plan. Over the life of the LTID, 14 of these projects were completed, paving the way for significant redevelopment of the Area. A complete list of these projects is included in Attachment A. Below we describe some of the projects that had a significant impact on the redevelopment of the LTID.

- **Land assembly:** TIF from LTID was used by the Tualatin Development Commission to purchase land in the area to be resold for private redevelopment.
- **Numerous transportation improvements:** Businesses in the area would have been perimeter businesses. Interior businesses only exist, because of the investments in transportation infrastructure in the area that facilitate industrial traffic and improve accessibility. Specific transportation projects include:
 - ▶ Reconstruction of SW 124th Ave./Pacific Highway/SW Tualatin Rd. intersection
 - ▶ Construction of 118th Ave
 - ▶ Design and construct SW 124th Ave. to connect Tualatin-Sherwood Rd. with Hwy 99W



Through these important investments, the assessed value of the district increased from \$3.5 million to \$259 million.

- ▶ SW Leveton Drive east/west to connect 124th Ave. and 108th Ave
- ▶ Herman Road
- ***Installation of utilities in all streets in LTID:*** Development in the district could not occur without proper utilities. TIF revenue was used to provide sewer, water, and storm drainage adjacent to and within the project area to enable the area to be developed fully and rapidly.

The culmination of these projects is a thriving industrial park providing jobs for residents of Tualatin and the Portland metropolitan region. The transportation improvements funded in part by urban renewal literally paved the way for industrial development in the interior of the District. The Leveton Tax Increment District is now home to 35 individual businesses, providing over 2,200 industrial jobs, predominantly in the sectors of manufacturing, distributing, and general contracting. Through these important investments, the assessed value of the district increased from \$3.5 million to \$259 million.



Investment in public infrastructure in LTID has paved the way for dozens of businesses and thousands of employees. More vacant land remains in LTID to accommodate future growth.

3. Remaining Resources

In the previous section, we described accomplishments of the Central and Leveton urban renewal districts. While urban renewal has been a powerful and successful tool for the redevelopment of Tualatin, there is still capacity for continued redevelopment, and many projects identified in the urban renewal plans remain incomplete. In addition, there may be other opportunities to spend the remaining resources. In this section, we describe the resources needed to fund current projects and outline the remaining resources for the two urban renewal districts.

3.1. Remaining Financial Capacity

Both districts stopped collecting TIF revenues FY 2010-11. Other than modest interest earnings, the only resources available for these districts is the remaining fund balance in their project funds. **Table 1** shows the estimated remaining resources at the end of the current fiscal year.

Table 1. Remaining Resources, CURD and LTID, FY 2011-12.

| Fund | Estimated Remaining Resources End FY 2011/12 | |
|-------------|---|-----------|
| CURD | \$ | 781,238 |
| LTID | \$ | 4,772,727 |
| Total | \$ | 5,553,965 |

3.2. Budgeted Expenditures

The two districts have a combined \$5.5M of resources. **Table 2** shows the proposed budgeted expenditures from each district project fund in FY 2012-13.

Table 2. CURD and LTID. Proposed FY 2012-13 Budget.

| Description | Amount | |
|----------------------|--------|-----------|
| <i>CURD</i> | | |
| Materials & Services | \$ | - |
| Transfers | \$ | 31,960 |
| Capital Outlay | \$ | 300,000 |
| Total | \$ | 331,960 |
| <i>LTID</i> | | |
| Materials & Services | \$ | 30,000 |
| Transfers | \$ | 156,000 |
| Capital Outlay | \$ | 1,470,000 |
| Total | \$ | 1,656,000 |

The proposed budget in Table 2, include a couple of important projects to continue to improve the redevelopment potential of the CURD and LTID. In the CURD, funds have been budgeted to finish the construction of the gateway and landscape portions of the Tualatin-Sherwood Road beautification project. In the LTID, the capital outlay funds have been budgeted for the extension of Leveton Drive. The materials and services funds have been allocated for wetland migration.

Given the proposed budge, **Table 3** shows the projected remaining resources at the end of fiscal year 2012-13.

Table 3. Projected Remaining Resources After FY 2012-13.

| Fund | Amount | |
|-----------------------------|--------|-------------|
| <i>CURD</i> | | |
| 2011-12 Remaining Resources | \$ | 781,238 |
| 2012-13 Proposed Budget | \$ | (331,960) |
| Total | \$ | 449,278 |
| <i>LTID</i> | | |
| 2011-12 Remaining Resources | \$ | 4,772,727 |
| 2012-13 Proposed Budget | \$ | (1,656,000) |
| Total | \$ | 3,116,727 |

Starting with the estimated remaining resources identified at the end of FY 2011-12 (Table 1), and subtracting the budgeted expenditures for FY 2012-13 (Table 2), we are able to calculate the remaining resources (Table 3). As Table 3 shows, CURD will have an estimated remaining balance of \$449,278. The LTID will have an estimated remaining balance of \$3.1 million. These unallocated funds can be used for a multitude of projects within each district.

4. Conclusions

Urban Renewal has been a powerful tool for redevelopment in the City of Tualatin. Below are key conclusions from this report:

- The Leveton Tax Increment District and the Central Urban Renewal District were established for two very different reasons, and each was very successful in accomplishing its goals. The CURD established a vibrant City center, creating a true sense of place in downtown Tualatin. The LTID was a tremendous engine for economic development, paving the way for more than 2,200 permanent industrial jobs in Tualatin.
- Tax Increment Financing through urban renewal was a critical funding source for dozens of infrastructure projects that helped ensure the success of these urban renewal districts. Tualatin Commons, the Tualatin Library, the Police Services Building, and numerous road construction, reconstruction, and widening projects are a few of the major projects that helped transform Tualatin thanks in large part to TIF.
- Redevelopment efforts in the CURD and LTID continue. Although both districts have great success stories, there is still more work to be done. Both districts are no longer collecting TIF revenues, but the remaining fund balances will be used to support public infrastructure projects, including numerous transportation projects in the coming years.
- Although the City of Tualatin has no active urban renewal districts at this time (i.e., districts collecting TIF revenues), urban renewal remains a viable option for the City to use to address blighted areas, and pursue economic development in the future. The City should remember the challenges and successes of the LTID and CURD as it contemplates the potential use of urban renewal in the future.

Attachment A: List of Projects

Central Urban Renewal District

| Public Improvements | |
|----------------------------------|--|
| Flood Control | |
| X | Removal of reefs within the Tualatin River |
| | Participating in the local share of a state and/or federally funded project. |
| | Fill utilized in the Tualatin Commons Redevelopment Project to minimize flood risk to the project. |
| Roads and Streets | |
| <i>Road Improvements</i> | |
| X | Tualatin-Sherwood Road Bypass |
| X | Warm Springs/Tonka couplet, full funding of the design and construction |
| X | Nyberg Street/I-5 interchange. |
| X | Widening of SW Nyberg Street east of SW Tualatin-Sherwood Road |
| X | Improvements to SW Boones Ferry Road from SW Martinazzi Avenue to SW Tualatin-Sherwood Road |
| X | Partial improvements to SW Nyberg Street from SW Martinazzi Avenue to Lake of the Commons. |
| X | Partial improvements to SW Seneca Street from SW Martinazzi Avenue to Lake of the Commons |
| X | Improvements to SW Seneca Street, between SW 84th Avenue and SW Boones Ferry Road. |
| X | Improvements to SW 84th Avenue from SW Boones Ferry Road to Nyberg Street |
| X | Loop Road/Eastside Downtown (north half) |
| X | Widen SW Martinazzi Avenue |
| | SW Boones Ferry Road between SW Lower Boones Ferry Road and SW Martinazzi Avenue. |
| | Pac Trust Roadway west of the Lower Boones Ferry/Upper Boones Ferry intersection. |
| X | NW Nyberg Street between SW Martinazzi Avenue and SW Boones Ferry Road. |
| <i>Intersection Improvements</i> | |
| X | SW Boones Ferry Road/Martinazzi Avenue traffic signal. |
| X | Traffic signal on SW Martinazzi Avenue with Fred Meyer and Martinazzi Square. |
| X | SW Boones Ferry Road/Tualatin Road traffic signal. |
| X | Access to Tualatin Commons Redevelopment Project from SW Tualatin-Sherwood Road |
| | Traffic signal coordination and interconnection throughout the District |
| X | SW Boones Ferry Road Pedesrian Refuges |
| X | Landscaping Tualatin-Sherwood/Boones Ferry Intersection |
| X | Tualatin-Sherwood Road Landscape and Pedestrian enhancedmentproject with gateway feature (in progress) |
| Utilities | |
| X | Tualatin Commons Redevelopment Project |
| X | Central Design District Enhancement Project |
| | East Sub-area (Eastside Downtown) Project |
| | North Sub-area |

| Parking facilities | |
|--|--|
| X | Tualatin Commons Redevelopment Project (Tualatin Commons Site improvements, including sewer relocations) |
| X | White Parking Lot expansion |
| X | Yellow Parking Lot construction |
| half | Red Parking Lot partial completion |
| X | Blue Parking Lot construction |
| X | Green Parking Lot expansion |
| | East Sub-area (Eastside Downtown) |
| Pedestrian facilities | |
| X | Tualatin Commons Redevelopment Project |
| | Central Design District Enhancement Project |
| | East Sub-area (Eastside Downtown) |
| | North Sub-area |
| | South Sub-area |
| Civic Facilities | |
| | Community building |
| | Tualatin Commons Landmark |
| X | Tualatin Library |
| Transit Facilities | |
| X | Commuter rail station |
| X | Train horn noise mitigation |
| Land Acquisition and Clearance | |
| X | Tualatin Commons Property Acquisition |
| X | Tualatin Development Commission Property Acquisition |
| | Property Acquisition to Eliminate Blight or Construct Street or Other Public Infrastructure |
| X | Improvements |
| X | Property Acquisition for Police Facility |
| | Central Design District Enhancement Project Property Acquisition |
| | Parking Garages |
| Land Disposition, Development and Redevelopment | |
| X | Redevelopment by private redevelopers for the mix of uses |
| X | Redevelopment of certain parcels within the Urban Renewal Area |
| | Redevelopment of certain parcels within the Area by the City of Tualatin and Tualatin |
| X | Development Commission for a community center |
| X | Construction of public facilities that may include water feature(s), pedestrian facilities, and parking facilities. |
| X | Road, street and utility improvements. |
| Rehabilitation and Conservation | |
| X | A matching grant façade improvement program for buildings within the Central Design District. |
| | The Commission may appropriately assist in rehabilitation and conservation efforts outside of the Central Design District. |
| Marketing and Promotion | |
| X | Marketing and promotion activities to assist in attracting private development investment. |
| Incentive Fund | |
| | Assist in the cost of impact fees attributed to private development. |

*Note: X indicates completed projects.

Leveton Tax Increment Plan

| Public Improvements | |
|--|--|
| Road Improvements | |
| X | SW Leveton Drive will be constructed as an east/west local access road which connects SW 124th Avenue and SW 108th Avenue. |
| X | Widen SW Tualatin Road to 74-78 foot right-of-way, 50 foot paved width, including two travel lanes, continuous left turn lane, and bike lanes. |
| X | Widen SW 108th Avenue to 64-foot right-of-way, with two lanes and continuous left turn lane. |
| X | SW 118th Avenue will be design and constructed as a north-south connector joining SW Leveton Drive to SW Herman Road. |
| X | Design and construct SW 124th Avenue, to connect SW Tualatin-Sherwood Road to Pacific Highway 99W. |
| X | Reconstruction of intersection of SW 124th Avenue/Pacific Highway/SW Tualatin Road |
| X | Widen SW Herman to 74-78 foot right-of-way, 50 foot paved width, including two travel lanes, continuous left turn lane, and bike lanes. |
| X | Design and construct traffic signals at a number of locations |
| | Leveton Drive Extension Project with construction of SW 128th and SW 130th to 99W (in progress) |
| Water improvements | |
| X | Installation of lines within the rights-of-way of SW Leveton Drive, SW Tualatin Road, 108th Avenue, 118th Avenue and 124th Avenue |
| X | Installation of a High Capacity line extending from Herman Road. |
| Sanitary Sewer Improvements | |
| | Installation of a sewer line extending from 130th Ave east along the southern boundary to Hedges Creek then along Hedges Creek |
| X | Installation of lines within the rights-of-way of SW Leveton Drive, 108th Avenue, 118th Avenue, 124th Avenue. |
| Storm Drainage Improvements | |
| X | Construction of a storm drain line along the east boundary of the Leveton parcel to SW Herman Road. |
| X | Construction of storm drains within road rights-of-way for Leveton Drive, Tualatin Road, 108th Avenue, 118th Avenue, 124th Avenue. |
| X | Construction of storm water detention and treatment facilities, including a detention area at the SE corner of the Leveton parcel, and the Leveton Wetland Mitigation Project. |
| | Construction of improvements to Hedges Creek, in accordance with the City of Tualatin's Drainage Master Plan, and the Wetlands Protection District Drainage Plan. |
| | Construction of storm drainage improvements to serve the quarry sector. |
| Land Acquisition, Reclamation and Redevelopment | |
| | Acquisition of the properties in the quarry sector, and for their reclamation and disposition for redevelopment. |
| | Acquisition of rights-of-way including easements, for the road and utility projects described in the Plan. |

*Note: X indicates completed projects.