

# MEMORANDUM

*Tualatin Basalt Creek MP Zoning Code Update*



**Date:** May 11, 2022  
**To:** Steve Koper, City of Tualatin  
**From:** Chris Green, HHPR  
**Subject:** Basalt Creek Planning Area Manufacturing Park Zoning Code Update  
Project Summary, Initial Findings, Next Steps  
**Attachments:** A. Economic Analysis Preliminary Findings  
B. Project Schedule Summary

A project team consisting of Harper Houf Peterson Righellis (HHPR), Leland Consulting Group, and DKS Associates is working with the City of Tualatin on a planning process to update the Manufacturing Park (MP) zoning within the Basalt Creek Planning Area to support land use and economic development plans adopted for industrial development within the district. An updated MP zone is intended to balance employment growth and market opportunities, facilitating the level of development and revenue growth needed to support infrastructure projects in the Southwest and Basalt Creek Development Area.

This project will build from previous planning efforts, recognizing the time and effort that went into creating them, and the community feedback that they represent. Components of the planning process will include:

- An economic analysis prepared by Leland Consulting Group summarizing industrial growth and trends, the characteristics of the Southwest Metro industrial submarket, and an overview of opportunities for short and long-term industrial growth in the BCPA.  
*Note: Initial findings of the economic analysis are summarized in this memo and described in further detail in **Attachment A: “Economic Analysis Preliminary Findings.”***
- Engagement with property owners and other directly affected stakeholders, industry experts, and the community at large.
- An audit of the existing MP zone highlighting strengths, weaknesses, and opportunities, particularly in comparison to zones used for similar purposes in nearby jurisdictions.
- A Transportation Planning Rule Analysis, performed by DKS Associates, to consider the impacts to the transportation system of proposed new uses in the MP zone.
- Draft amendments to the MP zone to reflecting the results of technical analysis, feedback received, and overall project goals.

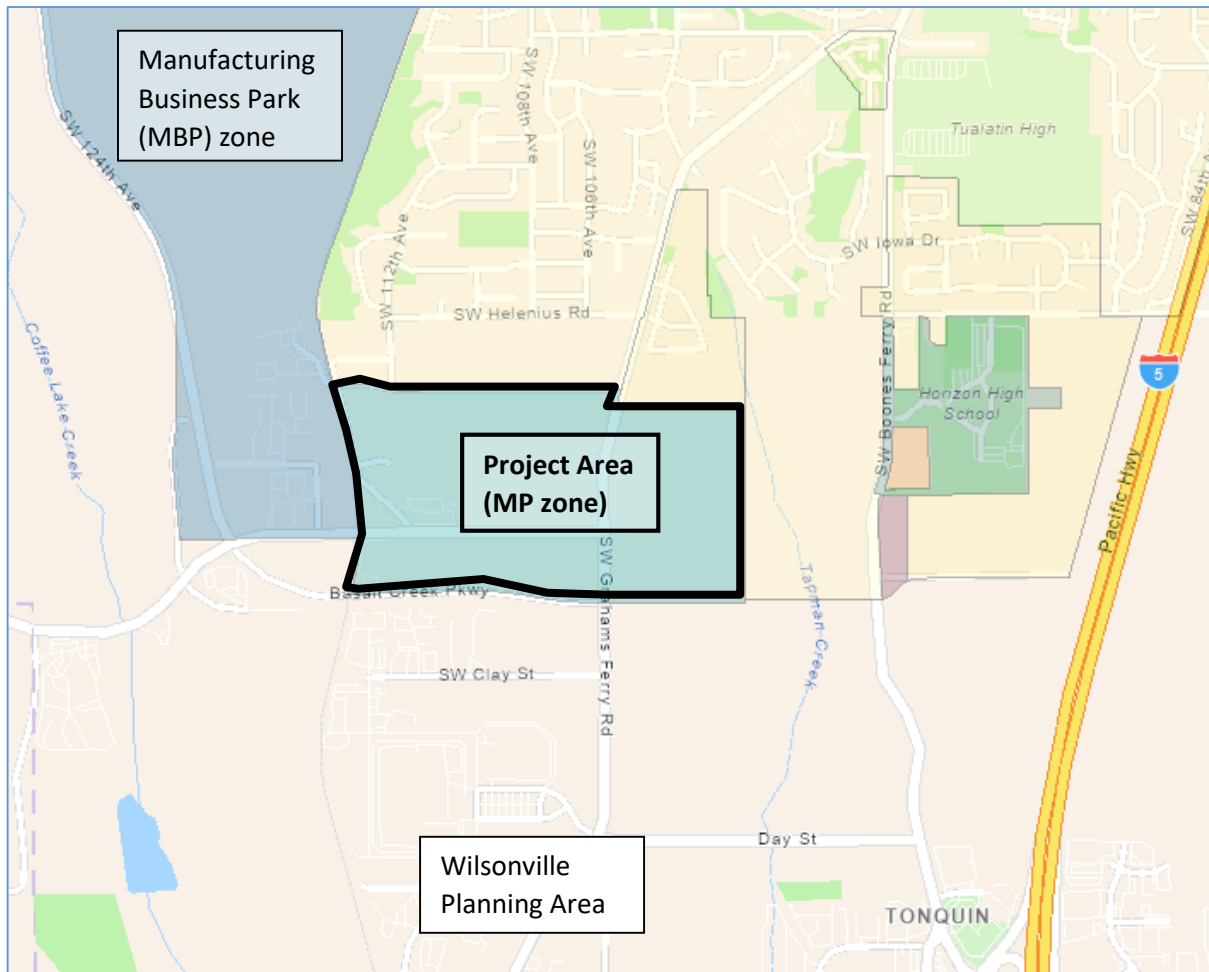
This memorandum outlines the project team’s proposed approach to the project and initial findings following the initial stages of economic and zoning code analyses, and coordination with City staff.



## Background

### *About the Basalt Creek Planning Area*

Basalt Creek Planning Area (BCPA) is part of a 330-acre area brought into the Portland Metropolitan Urban Growth Boundary in 2004 between the cities of Tualatin and Wilsonville. In August 2018, Tualatin City Council adopted the Basalt Creek Concept Plan after several years of joint planning with the City of Wilsonville to adopt policies for the future of the combined area. In 2019, the City of Tualatin adopted a package of Comprehensive Plan amendments consistent with the Concept Plan for the 194.23-acre portion of the BCPA that is within the City of Tualatin UGB. Of this area, approximately 92.95 acres are zoned MP, more than any other designation.



### *Priorities from Previous Plans*

Previous plans and policies have set ambitious goals for employment density and overall industrial development within the Basalt Creek area. Highlights of priorities described in previous plans for the Basalt Creek area include:



- **High employment density:** The *Concept Plan* projects approximately 20.3 employees per acre in the MP zone, a ratio nearly comparable to office space. The *Metro Urban Growth Management Functional Plan* designates the BCPA as a Regionally Significant Industrial Area, limiting the types and scale of non-industrial uses in order to protect industrial employment near the region’s most significant transportation facilities for the movement of freight.
- **Funding for Infrastructure Improvements:** Previous plans identify a lack of water, sewer, and especially transportation infrastructure as key barriers to development within the Southwest Tualatin subarea, and the Basalt Creek district in particular. As described in further detail in the discussion of the Southwest and Basalt Creek Development Area below, the tax increment financing mechanism of the urban renewal area depends on increased assessed value from industrial development to fund these improvements.
- **Minimizing conflict between uses:** In describing the Basalt Creek area, Section 7.010 of the City of Tualatin Comprehensive Plan notes, “One of the most efficient methods of minimizing industrial impacts on commercial and residential uses is to restrict the types and locations of uses that are allowed in the City’s industrial districts.” Despite the prevalence of the MP zone in the BCPA, nearly the same area of the district (90.91 acres) is designated for commercial and residential uses, and an updated MP zone will need to ensure compatibility between uses at the edge of the industrial district.

**Southwest and Basalt Creek Development Area (URA)**

In 2021, the City of Tualatin adopted a 717-acre Urban Renewal Area that includes the Basalt Creek Planning Area. The Development Area Plan adopted with the URA sets goals for developing transportation and utility infrastructure within the URA to facilitate development of employment lands. The tax increment financing mechanism used by the URA depends on increased tax revenues from new development to fund infrastructure projects, over a thirty-year period. The feasibility study adopted as part of establishing the URA estimates TIF revenue could range from \$28.5 million to \$55.5 million during this period, depending on the future growth of assessed value. Without development activity in the early years of the district, the URA may find itself challenged to fund the projects, in turn further hindering development and employment growth in the area and setting a vicious cycle into motion.

**About the Manufacturing Park (MP) zone**

As described in Chapter 62 of the Tualatin Development Code, the purpose of the MP zone is to “provide an environment exclusively for and conducive to the development and protection of modern, large-scale specialized manufacturing and related uses and research facilities.” The MP zone includes restrictions on noise, smoke, and other potential impacts of industrial uses, with landscaping and design requirements to ensure “park or campus like grounds.” Consistent with Metro Urban Growth Functional Management Plan requirements for Regionally Significant Industrial Areas, the MP zone limits commercial uses and maintains large lot configurations. Despite its purpose as a light industrial manufacturing district, the zone only allows four specific types of light manufacturing uses, focused on printing, apparel manufacturing, research and development labs, and specialized instrument manufacturing.



## Project Approach

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### *Planning Process*

An overview of the proposed project schedule is included as **Attachment B**.

Community outreach for the project has been planned with the understanding that most or all engagement opportunities will take place either remotely, or in a hybrid format with in-person and remote options. The project team is using focused interviews to gather feedback from stakeholders in the MP zone, real estate professionals, and government agencies. To ensure that a variety of interests and perspectives from the community are incorporated, the project team will share multimedia project information and solicit community feedback via an online hub, as well as hosting an online or hybrid format open house in June 2022.

Based on the information gathered from background research and community engagement, the project team will prepare options for the direction of the code update, and draft proposed language for revisions to the MP zone. Work sessions at Planning Commission at City Council will help guide the final draft language developed by the project team.

### *Potential Directions for Code Changes*

As part of the initial stages of the project, HHPR planners have reviewed existing documents related to the Basalt Creek Planning Area, including the land use and economic development plans mentioned previously, zoning codes of comparable districts in other cities in the Portland region, and projects to update manufacturing zones in similar circumstances. This initial review suggests the following approaches may be worth considering in revising the MP zone standards:

- Allowing uses that incorporate distribution or commercial elements into more traditional manufacturing or industrial/employment development to allow more flexibility for co-locating these activities within a small firm or industry cluster
- Additional allowed manufacturing or light industrial uses, with existing performance measures (limiting noise, glare, smoke, etc.) to protect against impacts to adjacent properties
- Site design flexibility to make more efficient use of existing land
- Focusing design standards on buffering on properties closer to commercial and residential uses
- Limiting individual building footprint sizes to preclude very large distribution/storage uses

