



CITY OF TUALATIN Staff Report

TO: Tualatin Planning Commission
THROUGH: Steve Koper, AICP Planning Manager
FROM: Karen Perl Fox, Senior Long-Range Planner
DATE: November 21, 2019

SUBJECT:

Tualatin 2040 Project: Policy Priorities

RECOMMENDATION: Staff requests that the Tualatin Planning Commission forward a recommendation to the City Council to acknowledge the Tualatin 2040 work and Policy Priorities at their November 25, 2019 meeting and to adopt a resolution accepting the Housing Needs Analysis, Housing Strategy, Economic Opportunities Analysis, Economic Development Strategy documents and the Final Policy Priorities document at their December 9, 2019 meeting.

EXECUTIVE SUMMARY:

In the past 30 years, Tualatin and the region experienced dramatic change. However, the documents that identify the community's goals and policies, which in turn guide land development in Tualatin, the Comprehensive Plan and Development Code, have not been comprehensively updated since their adoption in 1983.

In early 2019, the Tualatin 2040 was kicked-off with the goal of identifying how to update Tualatin's land use policies for the next 20 years, and identify where policy and regulations do not currently meet the community's vision. The Tualatin 2040 project was informed by the community vision that came out of Tualatin Tomorrow in 2014, and a policy audit that was completed by Angelo Planning Group as part of the city's Development Code modernization project in 2018.

Community engagement and input was central to the Tualatin 2040 project and included:

- A joint Tualatin advisory group meeting
- 15 individual and several group stakeholder interviews
- Presence at community events and the "Under One Roof" open house event
- A 16 member community advisory committee
- A web presence (www.tualatin2040.com) with a 200+ person interested parties list
- An online survey with 232 responses
- Spanish translation of key documents and a translator at events

Having heard from the community and the Council that housing and the economy were among the primary policy priorities, as part of the Tualatin 2040 project, ECONorthwest was hired to complete a Housing Needs Analysis and companion Economic Opportunities Analysis and associated Housing Strategies and Economic Development Strategies. In order to ensure that other policy priorities were not overlooked, feedback from stakeholders and other community members was gained in the areas of Community and Livability, including: Housing and Livability; Transportation and Parking; Civic Identity and Downtown and Community Design; Employment, Industrial, Commercial & Institutional Development; Parks, Open Space and the Environment; and Community Engagement, Equity, Diversity and Inclusion.

Along with the aforementioned Housing and Economic documents, the work of Tualatin 2040 project is summarized in a Policy Priorities document (Attachment B). These documents will guide development of a work plan for policy updates to the Comprehensive Plan and Development Code starting in 2020, and has been organized into three topic areas based on what we heard: Community and Livability, Housing and the Economy.

Where We're Going

Planning Commission Meeting (November 21, 2019):

- Consideration of a recommendation to the City Council on the Draft Policy Priorities.

City Council Meeting (November 25, 2019):

- Opportunity for Council and the public to give feedback on Draft Policy Priorities.
- Consideration of Planning Commission Recommendation
- Opportunity to acknowledge Tualatin 2040 work and Policy Priorities.

City Council Meeting (December 9, 2019): Consideration of adoption of Final Policy Priorities.

- Consideration of a resolution to accept the following documents, concluding the Tualatin 2040 work:
 - Housing Needs Analysis
 - Housing Strategy
 - Economic Opportunities Analysis
 - Economic Development Strategy
 - Final Policy Priorities

COMMUNITY ENGAGEMENT, HOUSING NEEDS ANALYSIS, ECONOMIC OPPORTUNITIES ANALYSIS, AND POLICY PRIORITIES IN BRIEF:

I. Project Background

In 2018, the City of Tualatin completed a modernization project to update the Development Code and made it easier to read and use. However, this update did not address outdated policies, many of which are from the original code adopted in the 1970s. The Tualatin 2040 project was launched in January 2019 in response to the need to update Tualatin Development Code policies, and in Council and community interest in updating the City's housing and economic policies.

II. Summary of Community Engagement

The following is a summary of the Tualatin 2040 community engagement actions:

- **Established a website** (tualatin2040.com) to improve project accessibility, communication, and translation
- **Conducted a communications plan** for bi-weekly updates
- **Translated important meeting documents** and bi-weekly communication materials in Spanish
- **Spanish translator at community events**
- **Roadshow of presentations** to Planning Commission, Architectural Review Board, Parks Advisory Committee, Arts Advisory Committee, and Youth Advisory Council, Community Involvement Organizations, Diversity Task Force, Library Advisory Committee, and Back 2 School Night!
- **Held a series of stakeholder interviews facilitated by Angelo Planning Group** including 15 individual interviews and one large group interview (Aging Task Force). The participants represented a diverse group of stakeholders including residents, homeowners, renters, business owners, developers, parents with young children, seniors, and persons with disabilities.
- **232 people responded** (73 in-person at community events and 159 online) to the summer survey (\$100 given away)
- **200+ people signed up for a Tualatin 2040 interested parties list**
- **40+ people attended “Under One Roof”** event to discuss severely rent burdened needs with panel of experts
- **15 individual and 1 large group Stakeholder Interviews**
- **7 meetings with a Community Advisory Committee** (16 members)
- **4 meetings with a Technical Advisory Committee** (internal/external city staff and private sector professionals)
- **3 volunteers helped deliver event posters to 30+ community locations**

What We Heard from the Community

Excerpts from the ‘Policy Priorities’ document

| | |
|---|--|
| <p>Community and Livability is a broad policy topic area that is further divided into six subtopic areas. The priorities are based on feedback from stakeholder interviews conducted by project consultant Angelo Planning Group and City staff as well as input from the broader community.</p> | <p>Community and Livability</p> <ul style="list-style-type: none"> A. Housing and Livability B. Transportation and Parking C. Civic Identity and Downtown and Community Design D. Employment, Industrial, Commercial & Institutional Development E. Parks, Open Space and the Environment F. Community Engagement, Equity, Diversity and Inclusion |
| <p>The Housing and Economy policy strategies and priorities are based on feedback from the Community Advisory Committee (CAC) and draw upon from the Housing Strategy and Economic Development Strategy documents developed by project consultant ECONorthwest with CAC input.</p> | <p>Housing Policy Strategies</p> <ul style="list-style-type: none"> 1. Ensure an adequate supply of land that is available and serviceable 2. Encourage development of a wider variety of housing types 3. Support development and preservation of housing that is affordable for all households 4. Identify funding tools to support residential development 5. Identify redevelopment opportunities 6. Ensure there are connections between planning for housing and other community planning <hr/> <p>Economic Policy Strategies</p> <ul style="list-style-type: none"> 1. Ensure an adequate supply of land that is available and serviceable 2. Identify redevelopment opportunities 3. Support business retention, growth, and attraction 4. Ensure there are connections between planning for economic development and other community planning |

Excerpts from the ‘Policy Priorities’ continued

TOPIC 1: COMMUNITY AND LIVABILITY

What We Heard from the Community about Community and Livability

Topic 1 includes feedback that was gained from the broader community and includes feedback from Stakeholders, which was comprised of both meetings with interested groups and individual interviews. Stakeholder were given the opportunity to comment on a wide variety of topics, but were asked specifically: “What land use topics and issues do you think should be City priorities?” and “Do you think the City’s current policies still speak to Tualatin’s priorities or should something change?” *See Attachment B and its Appendix B.*

TOPIC 2: HOUSING

What We Heard from the Community about Housing

Housing affordability and the need for the City to take an active role in this area was a common theme, as well as the need for a wider **diversity of housing types** in Tualatin. Table 1 [see *See Attachment B and its Appendix C*] summarizes the Community Advisory Committee's specific recommended policy actions relative to Housing and their priority, which is based on the Housing Strategy found in **Appendix C**. These topics and actions were echoed by the Stakeholders that were interviewed and other community members. *See Attachment B and its Appendix C.*

TOPIC 3: ECONOMY

What We Heard from the Community about the Economy

The **importance of the industrial and manufacturing areas** in Tualatin was a common theme but community members also expressed concerns about **traffic**. Interest in increasing local employment opportunities that would enable people to both live and work in Tualatin was also heard. Table 2 [See *Attachment B and its Appendix D*] summarizes the Community Advisory Committee's specific recommended policy actions relative to the Economy and their priority, which is based on the Economic Strategy found in **Appendix D**. These topics actions were echoed by the Stakeholders that were interviewed and other community members. *See Attachment B and its Appendix D.*

III. What We've Accomplished to Date

To date, final drafts of the Housing Needs Analysis, Housing Strategy, Economic Opportunities Analysis, Economic Development Strategy and the Policy Priorities have been completed and are available on the project website, www.tualatin2040.com. These project components are summarized under this heading: *Housing Needs Analysis and Housing Strategies, Economic Opportunities Analysis and Economic Development Strategy*. The *Policy Priorities* component is summarized under the heading further below "What We've Heard from the Community".

In April 2019, Angelo Planning Group, as part of its work on policy identification and overall policy prioritization for the project, helped to get community feedback by working with City staff to hold a series of individual and group stakeholder interviews. Additional community outreach efforts included staff-hosted tables at events and activities on the Commons in July and an online open house with survey. In September a second open house, "Under One Roof", was held at the Marquis Café, which included presentations by the Tualatin 2040 project consultants on housing, economic development, and other policy areas affecting community and livability. In addition, a panel of experts from housing-related nonprofits and government discussed and answered questions related to those severely housing cost burdened in Tualatin housing and how to help address issues facing the 56% of renters in Tualatin that pay more than 30% of their income on housing.

Recognizing the importance of housing and economic issues to the Council and community, in January 2019, ECONorthwest, was hired to conduct a Housing Needs Analysis, Housing Strategy, Economic Opportunity Analysis, and Economic Development Strategy for Tualatin. Drafts of these documents are included with this report in Attachments B-E. To get community feedback and input on these documents, a 16-member Community Advisory Committee (CAC), representing a broad spectrum of backgrounds and points of view, was

formed in March 2019. A companion Technical Advisory Committee (TAC) was formed in April 2019, made up of representatives from City Departments, as well as partner agencies, organizations, and other experts. The CAC met seven times from March to September of 2019. The TAC met four times from April to September of 2019.

As part of the Tualatin 2040 project, a robust community engagement program was carried out which offered a wide range of opportunities for stakeholder input in the project. The City's project management team met with stakeholders to hear their interests, concerns and ideas regarding land use planning in Tualatin. Participating stakeholders shared their thoughts on a broad range of topics. The community engagement process took inclusive steps to reach a representative cross-section of Tualatin's diverse community. A summary of the community engagement actions is listed below in this report.

See also Attachment B: Policies Priorities, and its Appendices A and B.

IV. **Summary of Tualatin's Housing Needs Analysis**

The Housing Needs Analysis determines whether the City of Tualatin will have enough land to accommodate 20-years of population and housing growth. It provides Tualatin with a factual basis to update the City's Comprehensive Plan and Development Code, and to support future planning efforts related to housing and options for addressing unmet housing needs in Tualatin. This analysis will help decision makers understand whether Tualatin has enough land to accommodate growth over the next 20 years.

Tualatin's Housing Needs Analysis covers the period from 2020 to 2040 and is required to be developed consistent with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996). Below are key takeaways from the Housing Needs Analysis. *See Attachment C for the full Tualatin HNA Report.*

Housing Affordability: 56% of renter households and 22% of homeowners pay more than 30% income in housing costs.

Total Residential Buildable Land Inventory: 244 acres. Over 90% of which is zoned Low/Medium Low Density Residential. The buildable land inventory is based on land inside the City limits and Basalt Creek. The break down by zone follows:

- 155 acres Low Density
- 70 acres Medium-Low Density
- 1-acre Medium High Density
- 17 acres of High Density
- 0 acres of High Density/High Rise

Metro's Forecast for Tualatin's Housing Units by 2040: 1,014 dwelling units. Potential for a total of 1,207 units at full buildout, which is not limited to end date of 2040 (ECONorthwest).

Land Availability:

- Surplus of 37 acres of land zoned Low/Medium Low Density, and
- Deficit of 11 acres of land zoned Medium High and High/High Rise

Citywide Housing Type Mix:

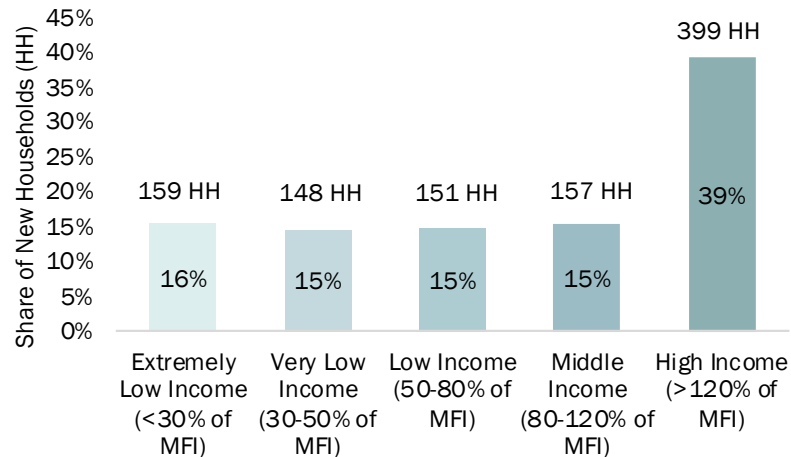
| | | |
|---------------------------|----------------|-----------|
| Single Family Detached -- | Currently: 53% | Goal: 40% |
| Single Family Attached -- | Currently: 6% | Goal: 15% |
| Multifamily -- | Currently: 41% | Goal: 45% |

Housing Need in Tualatin by Income Level

The HNA develops an estimate of needed housing by income type. Exhibit 92 shown below is an excerpt from the HNA. It shows a breakdown of household by Median Family Income. About 46% of households in Tualatin are consider low income while 15% are considered middle income and 39% considered high income.

HNA Exhibit 92. Future (New) Households, by Median Family Income (MFI) for Washington County (\$69,600), Tualatin Planning Area, 2018

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



Key Conclusions of the Housing Needs Analysis

Growth in housing will be driven by growth in households. Households in Tualatin's city limits is forecast to grow from 10,791 households to 11,362 households, an increase of 571 households between 2020 and 2040. In that same time, households in Basalt Creek are forecast to grow from 203 households to 646 households, an increase of 443 households.

To accommodate households in Tualatin city limits and Basalt Creek, Tualatin is planning for 1,014 new dwelling units. To accommodate the 1,014 dwelling units over the 20-year planning period, Tualatin will average 51 new dwelling units annually.

Tualatin will plan for more single-family attached dwelling units in the future to meet the City's housing needs. Historically, about 53% of Tualatin's housing was single-family detached. New housing in Tualatin is forecast to be 40% single-family detached, 15% single-family attached, and 45% multifamily.

V. Summary of Tualatin's Housing Strategy

Excerpts from Tualatin's Housing Strategy

The broad goal of the Tualatin housing strategy is to help the City manage the land within the Tualatin planning area to meet current and future housing needs while maintaining the character and quality of life in Tualatin and protecting public interests such as housing affordability, health, safety, and municipal revenues.

Tualatin's housing strategy is organized around six broad strategic priorities: (1) ensure an adequate supply of land that is available and serviceable; (2) encourage development of a wider variety of housing types; (3) identify strategies to support affordable housing; (4) evaluate funding tools to support residential development; (5) identify redevelopment opportunities; and (6) ensure there are connections between planning for housing and other planning (such as transportation planning, water and wastewater planning, or economic development planning).

The Tualatin CAC convened seven times between March 2019 and September 2019. The CAC discussed housing at the meetings in March, May, August, and September. The Tualatin TAC met four times between April 2019 and September 2019 and discussed housing at all four meetings (while some meetings included discussions of other topics, as well). The CAC and TAC provided input, through discussions at meetings and opportunities for input on written documents, into the development of the Housing Strategy.

Key Findings

The recommendations from the Community Advisory Committee and Technical Advisory Committee in this strategy considered key findings from the HNA, such as the following examples:

- The City has a long-term deficit of residential land.
- The housing market is not building enough housing that is affordable to households with annual incomes less than \$35,000 based on U.S. Census American Community Survey data.
- The housing market in Tualatin also has a deficit of housing affordable to households earning more than \$150,000.¹
- The composition of Tualatin's population is becoming older and more diverse.
- Tualatin will plan for more single-family attached and multifamily dwelling units in the future to meet the City's housing needs.

The Housing Strategies the CAC recommended to address the key findings are:

Housing Strategies

1. Ensure an adequate supply of land that is available and serviceable
2. Encourage development of a wider variety of housing types

¹ This analysis is based on Exhibit 83 in the Tualatin Housing Needs Analysis.

3. Support development and preservation of housing that is affordable for all households
4. Identify funding tools to support residential development
5. Identify redevelopment opportunities
6. Ensure there are connections between planning for housing and other community planning (such as infrastructure and economic development planning)

The Housing Strategy presents a comprehensive approach to a variety of opportunities to meet the housing needs of Tualatin's residents at all income levels. Many of the actions described in the Tualatin Housing Strategy will require legislative amendments to the City's comprehensive plan and/or development code. After the housing needs analysis is completed, the Planning Commission and City Council will prioritize the actions suggested in this memorandum, along with other actions suggested for Tualatin 2040. Based on the Council's direction, development of a work plan and implementation of Tualatin 2040 work will begin in 2020. *See Attachment D: Housing Strategy and C: Housing Needs Analysis.*

VI. **Summary of Tualatin's Economic Opportunities Analysis**

This report presents an Economic Opportunities Analysis consistent with the requirements of statewide planning Goal 9 and the associated administrative rule (OAR 660-009). Goal 9 describes the EOA as "an analysis of the community's economic patterns, potentialities, strengths, and deficiencies as they relate to state and national trends" and states that "a principal determinant in planning for major industrial and commercial developments should be the competitive advantage of the region within which the developments would be located." *See Attachment E for the full Tualatin EOA Report.*

Buildable Land Inventory: 385 buildable acres. Over 95% designated Industrial.

- Industrial - 374 buildable acres
- Commercial - 11 buildable acres

2040 Forecast: 53,332 employees

- Increase of 12,850 employees from today
- Estimated 1.39% annual growth rate

Allocation of New Employees

- Industrial – 45%, Retail – 8%, Office – 45%, Government – 2%

Land Availability: based on 385 acres, Metro's growth forecast, and mix of employees:

- A deficit 74 acres of land zoned Industrial, and
- A deficit of 175 acres of land zoned Retail/Office

Employment data:

- Only 2% of businesses located in Tualatin have more than 100 employees
- Over 93% Tualatin's workforce lives outside of Tualatin.

Allocate Employment Land

- Firms in Tualatin were grouped into four broad categories of land use: industrial, retail commercial, office and commercial services, and government. For each land use type an assumption was made that the share of total employment would stay the same.

EOA Exhibit 1. Forecast of employment growth by land use type, Tualatin Planning Area, 2020–2040

Source: ECONorthwest. Note: The shaded percentages denote an assumption about the future share of employment (as a percent of total) by land use type. It assumes that the share of employment by land use type will remain the same.

| Land Use Type | 2020 | | 2040 | | Change 2020 to 2040 |
|------------------------------|---------------|-------------|---------------|-------------|------------------------|
| | Employment | % of Total | Employment | % of Total | |
| Industrial | 18,218 | 45% | 24,004 | 45% | 5,786 |
| Retail Commercial | 3,050 | 8% | 4,018 | 8% | 968 |
| Office & Commercial Services | 18,382 | 45% | 24,219 | 45% | 5,837 |
| Government | 829 | 2% | 1,092 | 2% | 263 |
| Total | 40,478 | 100% | 53,332 | 100% | 12,854 |

Conclusions of the Economic Opportunity Analysis:

Tualatin is forecast to grow by about 12,850 new employees over the 2020 to 2040 period, with about 5,800 new industrial employees, about 6,800 new employees in retail, office, and commercial services, with the remaining employees in government.

Tualatin has a deficit of land to accommodate new employment growth. Tualatin has a deficit of about 74 acres of land in industrial plan designations and 175 acres of employment in commercial plan designations to accommodate employment. Tualatin will need to consider policies to increase the efficiency of employment land use within the City, such as policies to encourage denser employment development and redevelopment that results in higher density development.

Tualatin's comparative advantages for economic development are its location along the I-5 corridor and proximity to urban and cultural amenities/services in the Portland Region making Tualatin an attractive place for businesses to locate. Tualatin is also advantaged by its access to the regional labor market and the region's growing labor force comprising diverse skill sets.

Tualatin will need to address transportation capacity issues to accommodate growth.

VII. Summary of Tualatin's Economic Development Strategies

Excerpts from Tualatin's Economic Development Strategy

The broad goal of the Tualatin economic development strategy is to help the City manage the land within the Tualatin planning area to support and manage economic growth while maintaining the character and quality of life in Tualatin and protecting public interests such as health, safety, and municipal revenues. See Attachment F for full report *Tualatin Economic Development Strategy*.

Key Findings

The Community Advisory Committee and Technical Advisory Committee considered key findings from the EOA, such as the following examples.

- The City has a long-term deficit of commercial and industrial land for growth over the 2019 to 2040 period.

- There is a need to develop a comprehensive strategy that provides a variety of policies to support business retention, growth, and attraction in Tualatin.

Economic Development Strategies

The Economic Development Strategies suggested to address the key findings are:

1. Ensure an adequate supply of land that is available and serviceable
2. Identify redevelopment opportunities
3. Support business retention, growth and attraction
4. Ensure there are connections between planning for economic development and other community planning (such as housing and infrastructure planning)

Many of the actions described in the Tualatin Economic Development Strategy will require legislative amendments to the City's comprehensive plan and/or development code. After the economic opportunities analysis is completed, the Planning Commission and City Council will prioritize the actions suggested in this memorandum, along with other actions suggested for Tualatin 2040. Implementation of high priority actions will begin in 2020, based on City Council direction.

NEXT STEPS:

Planning Commission Meeting (November 21, 2019):

- Consideration of a recommendation to the City Council on the Draft Policy Priorities.

City Council Meeting (November 25, 2019):

- Opportunity for Council and the public to give feedback on Draft Policy Priorities.
- Consideration of Planning Commission Recommendation
- Opportunity to acknowledge Tualatin 2040 work and Policy Priorities.

City Council Meeting (December 9, 2019):

- Consideration of a resolution to accept the following:
 - Housing Needs Analysis (from final draft October 2019)
 - Housing Strategy, (from final draft October 29, 2019)
 - Economic Opportunities Analysis, (from final draft October 2019)
 - Economic Development Strategy, (from final draft October 18, 2019), and
 - Final Policy Priorities, (from final draft November 2019)

OUTCOMES OF DECISION:

The Planning Commission's favorable recommendation on the Tualatin 2040 work and subsequent resolution accepting the Housing and Economic documents listed above and the Policy Priorities, will guide development of a work plan for policy updates to the Comprehensive Plan and Development Code starting in 2020.

ATTACHMENTS:

- Attachment B: Tualatin 2040: Policy Priorities with Appendices A-D, Draft November 2019
- Attachment C: Tualatin Housing Needs Analysis Report, Draft October 2019
- Attachment D: Tualatin Housing Strategy, Draft October 29, 2019
- Attachment E: Tualatin Economic Opportunities Analysis Report, Draft October 2019
- Attachment F: Tualatin Economic Development Strategy, Draft October 18, 2019
- Attachment G: Tualatin 2040: Public Comment Log (April 1– November 13, 2019)
- Attachment H: Presentation to Council for November 25, 2019 - Tualatin 2040:
Policy Priorities