



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Mayor and Members of Council
THROUGH: Sherilyn Lombos, City Manager
FROM: Jonathan Taylor, Economic Development Manager
DATE: November 14, 2022

SUBJECT:

Public hearing on consideration of proposed Ordinance 1471-22 of the Tualatin City Council making certain determinations and findings relating to and approving the Core Opportunity and Reinvestment Area Plan and directing that notice of approval be published.

RECOMMENDATION:

Staff recommends that the City Council hold a public hearing to consider proposed Ordinance 1471-22.

EXECUTIVE SUMMARY:

Background:

Since 2018, the City of Tualatin has worked on several long-range projects to securely position our community for long-term economic prosperity beginning with the Tualatin|2040 project. That project detailed the constraints with the lack of land supply for residential and employment land development. To address these constraints, Council expressed interest in learning about urban renewal. Four education series were held and as a result Council directed staff to conduct two feasibility studies in the areas of the Southwest Industrial/Basalt Creek and the Town Core Areas. On September 28, 2020, the Tualatin City Council was presented the Proposed Study Area 2 Feasibility Study. The study indicated the total potential tax increment finance (TIF) revenue over a 30-year period is estimated to be between \$248.2 million and 362.7 million, depending on the future growth in assessed value in the area. Three growth scenarios were analyzed as described later in this report. This would support a total maximum indebtedness (i.e., the total principal amount of projects to be funded) between \$210 million and \$308.3 million. When accounting for inflation and adjusting the maximum indebtedness to be reported in constant 2020 dollars, we forecast the true financial capacity of the Urban Renewal Area to be between \$118.1 million and \$171.4 million.

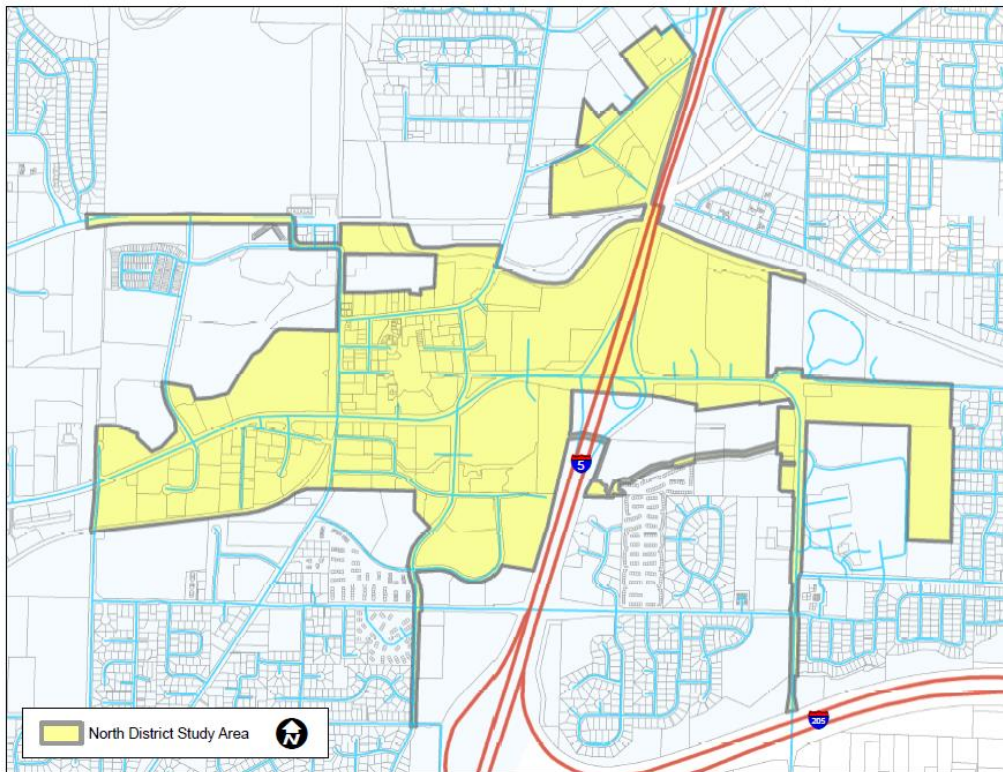
Beginning on March 29, 2021, staff held three preliminary sessions with Council to discuss the proposed study area's boundaries, existing conditions/challenges, and confirm priorities and goals previously identified in past phases to prepare for the April 26 workshop.

Identified Priorities/Goals:

- Establish or create a common identity
- Enhance connectivity
- Ensure a collaborative approach
- Protect and promote the natural environment
- Foster mixed-use development
- Expand housing options

The proposed boundary is shown in Figure 1.

Figure 1. Proposed Urban Renewal Boundary:



Working Group Recap:

On March 28, 2022 City Council passed Resolution 5607-22 establishing a ten member working group to: provide feedback on existing conditions of the area, proposed vision, and objectives; provide feedback on the proposed boundary, area projects, and project direction; and identify and recommend any additional projects for the proposed area. Working Group members were: Chief Cassandra Ulven (Tualatin Valley Fire and Rescue), Susan Noack (Tualatin Chamber of Commerce), Cathy Holland (Commercial CIO), Councilor Christen Sacco, Mayor Frank Bubenik, Dr. Aaron Welk, Doug Ulmer, Beth Sethi, Jamison Shields, Denise Cline (TPark).

The Work Group met on April 21, 2022 (Session 1), May 18, 2022 (Session 2), June 16, 2022 (Session 3), and August 9, 2022 (Session 4). Session 1 provided an introduction of the Working Group Members, staff and consultant; the purpose and task of the Working Group, Plan vision discussion, and Plan Priorities and Values. Session 2 focused on urban renewal basics and a strengths, weaknesses, opportunities, and threats (SWOT) exercise for the proposed boundary. Session 3 continued the SWOT exercise from Session 2 and the Working Group discussed Plan Area proposed projects. Session 4 presented the final vision, altered boundary based on prior discussions, and recommended goals, strategies and projects.

Public Outreach Efforts:

- February 9, 2022 – Tualatin Chamber of Commerce
- March 12, 2022 – Tualatin Parks Advisory Committee Presentation
- May 19, 2022 – Planning Commission Work Session
- May 2, 2022 – Portland General Electric Meeting
- June 21, 2022 – Commercial Citizen Involvement Organization Meeting
- July 20, 2022 – Level Development (Private Developer Meeting)
- July 21, 2022 – Macadam Forbes (Private Developer Meeting)

Plan Vision:

The Plan document vision takes existing work from prior strategic planning efforts and past conversations and recommendations and consolidates them into one purpose. This vision will be utilized for the adopted plan document that will direct funding and policy priorities for future efforts in the proposed area. The following is the proposed vision:

The Core Opportunity and Reinvestment Area Plan is a guiding document in our community's sustainable effort to strengthen the social, cultural, environmental, and economic vitality of central Tualatin by funding projects that improve property values, eliminate existing and future blight, and create an active civic core.

GOAL 1: BLIGHT REMEDIATION

Encourage and facilitate the redevelopment of historically underutilized and vacant parcels and buildings through direct or public-private partnerships.

Implementation Summary: Incentivize public and private development that reduces the acreage of historically underutilized and vacant parcels and buildings.

Strategy 1: Encourage redevelopment of dilapidated parcels within Plan Area.

- Action 1.1: Evaluate opportunities to increase development of commercial and residential mixed-use development.*
- Action 1.2: Provide or fund additional infrastructure needed for increased commercial and residential development.*
- Action 1.3: Acquire property to ensure overall community and economic development needs are met and maintained.*

Strategy 2: Ensure development of vacant parcels within Plan Area flood plain.

- Action 2.1: Evaluate opportunities to increase opportunities for development.*
- Action 2.2: Allocate funding for infrastructure development for site development.*
- Action 2.3: Complete necessary site preparation and mitigation measures need for site development.*

Strategy 3: Reduce vacant commercial and industrial buildings in Plan Area.

- Action 3.1: Conduct market analysis and downtown planning for recruitment and development opportunities.*
- Action 3.2: Prioritize projects that maximize area prosperity and development that reduces existing vacancy rates.*
- Action 3.3: Ensure city owned parcels meet highest and best-use for Plan goals.*

Strategy 4: Leverage tax increment financing with additional funding tools to support economic development.

- Action 4.1: Evaluate opportunities to maximize total project funding with local, regional, state and federal partners.*
- Action 4.2: Provide incentives, rebates, and assistance where gap funding exists for private and public-private development projects.*

Strategy 5: Encourage employment growth and density development in existing areas.

- Action 5.1: Support redevelopment of underutilized commercial and industrial areas.*

GOAL 2: ENHANCED CONNECTIVITY

Provide residents and workers access to a connected and efficient multi-modal system within, and to/from Plan Area.

Implementation Summary: Construct or upgrade systems that promote efficient and effective transportation within and to the Plan Area.

Strategy 1: Development of main street corridors within Plan area.

Action 1.1: Completion of Area Transportation Plan.

Action 1.2: Develop a main street corridor within the Town Commons for enhanced access to existing businesses.

Strategy 2: Increase major arterial capacity within Plan Area

Action 2.1: Widen existing major arterial roads as identified in the Tualatin Transportation System Plan.

Action 2.2: Provide or fund additional infrastructure needed for increased commercial, industrial, and residential development.

Strategy 3: Improve existing intersections

Action 3.1: Ensure existing intersections along Tualatin-Sherwood Road promote safe pedestrian usage and ease of traffic flow to mitigate congestion growth.

Action 3.2: Develop and implement additional access points to zoned light industrial areas along Tualatin Sherwood Road.

Strategy 4: Expand area trail systems

Action 4.1: Connect existing trails for a complete recreational and multimodal system

Action 4.2: Complete unfinished trails

GOAL 3: MIXED-USE DEVELOPMENT

Encourage and facilitate attainable multi-family housing that's complementary to commercial development with expanded employment opportunities and life-style amenities.

Implementation Summary: Incentivize public and private development that creates an area where individuals live, work, shop, and play near major transportation infrastructure and quality-of-life amenities.

Strategy 1: Ensure an adequate supply of land is available and developable.

Action 1.1: Evaluate opportunities to increase development within Plan Area.

Action 1.2: Acquire land to ensure availability for future development.

Action 1.3: Fund infrastructure to support higher density commercial, industrial and residential development.

Action 1.4: Review and revise land use requirements and planning district designations, where necessary, to focus housing efforts on areas most suitable.

Strategy 2: Support development and preservation of housing.

Action 2.1: Support development of housing affordable to people who have incomes between 60-120% of median family income in Washington County.

Action 2.2: Develop and implement additional access points to zoned light industrial areas along Tualatin Sherwood Road.

Strategy 3: Adjust planning efforts based on economic and market landscapes.

Action 3.1: Fund planning efforts regarding zoning and development.

GOAL 4: ECONOMIC DEVELOPMENT

Cultivate opportunities for entrepreneurial growth within Plan Area.

Description: Provide small businesses with dedicated financing.

Strategy 1: Develop assistance opportunities to businesses in Plan Area.

Action 1.1: Provide capital improvement grants to businesses within Plan Area.

GOAL 5: COMMUNITY IDENTITY

Cultivate a shared community identity that represents the area's long standing culture and traditions while fostering community connections and healthy relationship with the environment and each other.

Strategy 1: Establish more recreational opportunities to the natural environment.

Action 1.1: Funding planning and construction efforts for recreational access to the Tualatin River.

Strategy 2: Develop a community identity.

Action 2.1: Fund efforts to establish community design standards for all development projects.

GOAL 6: INDUSTRIAL DEVELOPMENT

Promote dense industrial development in the southwestern area of the Urban Renewal Area.

Implementation Summary: Incentivize development that promotes denser employment opportunities while ensuring community identity and community health is maintained and enhanced.

GOAL 7: PUBLIC UTILITIES

To provide public utilities in the Plan Area as needed to facilitate growth and aesthetic quality.

Implementation Summary: Provide a fully funded utility infrastructure system that assist with eliminating existing blight and encourages future growth.

GOAL 8: FLOOD MITIGATION

Promote the public health, safety and general welfare while minimizing existing and future impact to public and private development due to flood conditions.

Implementation Summary: Provide resources to reduce flood condition impacts.

GOAL 9: ENVIRONMENTAL STEWARDSHIP

To protect Tualatin's original asset, its natural environment, the Commission will work to minimize future impacts to adjacent land where future projects may occur.

Identified Projects

The identified projects presented in the draft plan for the Core Opportunity and Reinvestment Area were sourced from existing strategic/development plans adopted by the City of Tualatin. The projects are divided into six areas of focus: Blight Remediation, Transportation, Land Acquisition/Disposition, Community Identity, Developer Incentives and Rebates, Economic Development and Administration.

Virtual Open House

A virtual, self-guided open house for interested individuals is currently available for the month of October 2022. This open house will provide stations to learn about the urban renewal efforts in the proposed area and to provide opportunities for public input and comments. The virtual open house is located on the City of Tualatin's Economic Development webpage.

Conformance to the Tualatin Development Code and the Tualatin Comprehensive Plan

On September 12, 2022, the Tualatin Development Commission adopted Resolution 633-22 to commence the formal review process and forwarded the proposed urban renewal plan to the Tualatin Planning Commission to determine conformance with the Tualatin Development Code and the Tualatin Comprehensive Plan. On October 20, 2022, the Tualatin Planning Commission approved by motion that the proposed Core Opportunity and Reinvestment Area Plan is in conformance with the Comprehensive Plan.

Tualatin Valley Fire and Rescue

The Board Members of Tualatin Valley Fire and Rescue were briefed on the proposed Plan at their September 27, 2022 meeting including providing information on the maximum indebtedness of the Plan.

Clackamas County Board of Commissioners

The Clackamas County Board of Commissioners were briefed on the proposed Plan at their October 19, 2022 meeting including providing information on the maximum indebtedness of the Plan.

Tigard-Tualatin School District

The Board Members of the Tigard-Tualatin School District were briefed on the proposed Plan at their October 17, 2022 meeting including providing information on the maximum indebtedness of the Plan.

Washington County Board of Commissioners

The Washington County Board of Commissioners were briefed on the proposed Plan at their October 25, 2022 meeting including providing information on the maximum indebtedness of the Plan.

Consult and Confer Recommendation Changes to Plan Document

The following proposed changes must be decided by the City Council to be included:

City of Tualatin

As inflationary aspects continue to rise, effects of future development and increased valuation may be depressed with multi-year periods. As a result, the proposed area plan maximum indebtedness may not be realized by the 30-year plan mark. As a result, the City of Tualatin has proposed the following changes that will allow for the possible extension of Plan term-length to meet the proposed maximum indebtedness.

Proposed language to Section 10: (page. 19)

- *Section X.D*

In year 20 and 25 of the Plan the Agency shall undertake a financial analysis of the Plan, including updated projections for tax increment finance revenues and evaluating the ability of the revenues to achieve or exceed the Plan's maximum indebtedness by the anticipated expiration date in FYE 2053.

The Agency shall consult and confer with affected taxing districts regarding the results of this financial and project update. The Agency may consider revenue sharing or shortening the time frame of the Plan if revenues are exceeding projections.

The Agency will also consider lengthening the duration of the Plan if the revenues are beneath those projected to reach the maximum indebtedness in a thirty year time frame. Any duration extension will not be considered until after 20 years after the effective date of the Plan and will only be considered

if the original maximum indebtedness is not projected to be reached within the thirty year time frame.

Washington County Board of Commissioners (Letter - Attachment B)

On November 8, 2022, the Board of Commissioners of Washington County submitted a letter detailing suggested implementation policies to be considered when implementing this Plan. They have requested the following suggestions to be considered:

- *Proposed language to Goal 2: Enhanced Connectivity (page. 9)*
Proposed language: Strategy 5: Regional Coordination
Action 5:1: Coordinate with the Washington County's Land-use and Transportation Department to leverage URA resources and enhance efficiency with connectivity projects.
- *Proposed language to Goal 2: Enhanced Connectivity (page. 9)*
Proposed language: Strategy 6: Plan for potential regional projects insides and outside the plan area.
Action 6.1: Determine if expanding the Core Opportunity and Reinvestment Area boundary, or creation of a new urban renewal district, is the best option for major regional transportation0 projects like Southwest Corridor.
- *Proposed language to Goal 3: Mixed-Use Development Strategy 2.1 (page.10)*
Current language: Action 2.1: Support development of housing affordable to people who have incomes between 60-120% of median family income in Washington County.
Proposed language: Action 2.1: Support development of housing affordable to people who have incomes between 30% - 120% of median family income in Washington County.
- *Proposed language to Urban Renewal Projects, D. Community Identity (page. 14)*
Section D.1 Current Language: To design and construction a public gathering space and access point along the Tualatin River. In addition, mitigate impacts while enhance environmental habitats near project area.
Proposed language: Section D.1: To design and construction a public gathering space and access point along the Tualatin River. In addition, work with regional partners (like Clean Water Services) to mitigate impacts while enhancing environmental habituates near project area.

PUBLIC NOTICE

As required by ORS 457, the City of Tualatin has noticed this proposed Core Opportunity and Investment Area Plan by mailing notices to all utility customers of the City of Tualatin. In addition, the City of Tualatin noticed the public hearing in the Tigard-Tualatin Times.

OUTCOMES OF DECISION:

Upon the completion of the public hearing, the proposed ordinance and draft plan will advance to consideration for adoption on November 28, 2022.

ALTERNATIVES TO RECOMMENDATION:

None.

FINANCIAL IMPLICATIONS:

The City of Tualatin is projected to forego \$31,512,580 in permanent rate taxes, over the 30 year life of the district, as a result of the Plan. However, the Tualatin Development Commission will gain \$164,595,865 in revenue to allocate to important projects in the Plan Area.

ATTACHMENTS:

- Proposed Ordinance

Exhibit A: Plan

Exhibit B: Report

Exhibit C: Memo from Planning Commission

Exhibit D: Taxing District Recommendations

- Power Point