



PLANNING COMMISSION

WEDNESDAY, MAY 14, 2025

WORK SESSION

3. Wilsonville Industrial Land Readiness (Basalt Creek) (Luxhoj)(60 Minutes)



PLANNING COMMISSION MEETING STAFF REPORT

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| Meeting Date: May 14, 2025 | | Subject: Wilsonville Industrial Land Readiness – Basalt Creek | |
| | | Staff Member: Cindy Luxhoj AICP, Associate Planner, and Dan Pauly AICP, Planning Manager | |
| | | Department: Community Development | |
| Action Required | | Advisory Board/Commission Recommendation | |
| <input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda | | <input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable Comments: N/A | |
| Staff Recommendation: Provide feedback on the proposed Craft Industrial (CI) Zone. | | | |
| Recommended Language for Motion: N/A | | | |
| Project / Issue Relates To: Basalt Creek Concept Plan area | | | |
| <input checked="" type="checkbox"/> Council Goals/Priorities: Attract high-quality industry and support economic opportunity for all in Wilsonville | <input checked="" type="checkbox"/> Adopted Master Plan(s): Basalt Creek Concept Plan | <input type="checkbox"/> Not Applicable | |

ISSUE BEFORE COMMISSION

Staff seeks input from the Planning Commission about the Craft Industrial (CI) Zone, a proposed new zoning district designed to address the unique characteristics of the Craft Industrial land use type in the Basalt Creek Concept Plan with the potential for application in other areas of the City.

EXECUTIVE SUMMARY:

The Basalt Creek Concept Plan Map assigns the Craft Industrial land use type to eight properties west of SW Boones Ferry Road at the northern edge of the Basalt Creek Planning area (Attachment 1). These properties are unique in several ways: lot size ranges from 0.5 to 8 acres (with an average of roughly 5 acres); long narrow east-west lot configuration; the presence of large residential homes on the eastern developable part of each lot; Basalt Creek canyon occupying the western half or more of each lot; and proximity to residential development occurring to the north in Tualatin.

For these reasons, although intended for industrial use consistent with the purpose for which the land was added to the urban growth boundary, the City recognized the limitations and constraints for traditional industrial users on these properties and the opportunity to provide more flexibility and complement existing uses as these properties develop. Viewed as an “employment transition area” in the Concept Plan (Attachment 2), the evolution to Craft Industrial use is not expected to occur quickly. Rather the land is expected to experience two phases of development. During the early phase, existing residential uses will likely remain with some business development occurring in garages, converted portions of homes, and accessory buildings. During a later phase, perhaps 10 to 20 years in the future, use-specific buildings are anticipated that incorporate a variety of craft industries, maker spaces, and other complimentary employment uses. While the market will determine the timeline during which the area will transition from the early to later phase, the zoning needs to be flexible enough to allow both.

The Craft Industrial land use type is intended to allow residential uses even though it is not envisioned as the primary use (Attachment 2). Wilsonville Code has certain definitions related to dwellings associated with business uses. For instance, home occupations and home businesses are customarily carried on in a dwelling unit or premises where they are incidental to the primary residential use and are expected to occur without any exterior indication, such as signage or merchandise display. A live-work dwelling unit (LWDU) is specifically designed to accommodate a commercial or light industrial use, but residential and commercial uses are not required to be fully divided physically. A business-integrated dwelling unit (BIDU) also has residential use, but it is limited spatially and requires full structural division between the residential and non-residential uses.

Early Phase – Adaptation of Existing Development

In the early phase of development, the Craft Industrial area will be dominated by adaptation of existing uses by adding home businesses and cottage industries in accessory structures such as art and production studios, shop spaces, maker spaces, and small event spaces. Food-related micro-businesses, custom sign fabrication, production of artisan or specialty goods, or digital printing are examples of potential uses. As craft industrial uses become more established, they could transition to LWDUs or BIDUs over time. During this early phase, lot consolidation into larger properties suitable for use-specific buildings is not expected. Examples of this early phase of development are shown in Attachment 3.

Later Phase - Redevelopment

During concept planning, the Hood River waterfront and southeast Portland were identified as good examples of the Craft Industrial typology in the later phase. Examples of potential redevelopment are provided in Attachment 3. Southeast Portland, between OMSI and Ladd's Addition, blends residential with a variety of craft industrial and maker spaces, many in converted buildings. In Hood River, the Waterfront Overlay Zone features two- and three-story buildings used by craft industries with live-work spaces, adjacent to a park, natural areas, and other industrial uses. Hood River in particular was considered a model to follow during concept planning because of its intent to ensure an attractive, pedestrian-friendly streetscape, improved local access, and protecting public access to trails and natural areas-while accommodating new industrial and commercial development consistent with the desired character of the area.

Craft Industrial (CI) Zone

It is possible that early-phase adaptation will persist for some time, particularly in the north part of the Craft Industrial area, because of the limited developable area and natural resource constraints, until lot consolidation enables later-phase redevelopment. It also is possible that adaptation and redevelopment will coexist indefinitely as land ownership and development patterns evolve over time.

While some uses in Wilsonville's Planned Development Industrial (PDI) Zone may be appropriate for the Craft Industrial land use type as the area transitions to more urban industrial uses in the future, PDI lacks the flexibility needed to realize the Concept Plan vision for this unique area of Basalt Creek. Therefore, staff recommends amending the City's Development Code to establish a new Craft Industrial (CI) Zone. Beyond the subject location in Basalt Creek, the new Craft Industrial (CI) Zone has the potential for application in other areas of the City with similar characteristics such as limited developable area, existing nature of development, and to transition between industrial and other land uses.

Based on extensive research of craft industrial, maker manufacturing, artisanal business district, and similar zoning in several jurisdictions in Oregon and Washington, as well as analysis of Wilsonville's PDI Zone, staff has prepared a draft purpose statement and potential list of allowed uses for the new CI Zone for Planning Commission's review and discussion (Attachment 4).

Discussion Questions

During the work session the Planning Commission's input is requested about how best to achieve the intended vision for the Craft Industrial area in response to the questions below:

- Does the draft Purpose Statement for the new Craft Industrial (CI) Zone accurately reflect the intent of the Craft Industrial land use type as envisioned in the Basalt Creek Concept Plan? If not, what changes does the Planning Commission recommend to more closely align the statement with the intent?
- What feedback does the Planning Commission have about the potential uses in the Craft Industrial (CI) Zone? Are there uses that should be removed, added, or modified to fully capture the intent of the Craft Industrial land use type as envisioned in the Concept Plan?

EXPECTED RESULTS:

Feedback from Planning Commission will guide drafting of Development Code text to implement the new Craft Industrial (CI) Zone.

TIMELINE:

Additional work sessions with the Planning Commission and City Council are anticipated throughout 2025. Public hearings on related Development Code amendments are expected in late 2025, with concurrent work on the infrastructure funding plan and Phase 2 analyses occurring throughout the year.

CURRENT YEAR BUDGET IMPACTS:

Funding for the first phase of the WILR project is allocated in the FY2024-25 Planning Division budget and, for the second phase, will be allocated in the FY2025-26 budget. The first phase was primarily funded by a \$100,000 grant from Business Oregon, which concluded at the end of 2024, with additional funding from a \$290,000 Metro grant, which also is funding the second, citywide, project phase.

COMMUNITY INVOLVEMENT PROCESS:

The Basalt Creek Concept Plan review process included comprehensive community involvement to gather input. For the first phase of the WILR project, ECONorthwest focused on gathering input from Business Oregon, Greater Portland Inc., property owners, and developers, to understand demand for industrial land in Wilsonville as well as property owners' current and future plans for their property. This informed the market, site suitability, and contractor establishment analyses and are being considered in determining appropriate zoning standards to apply and preparing needed Code amendments.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

The new CI Zone addresses the unique characteristics of this part of Basalt Creek while enabling it to transition toward more urban industrial uses in the future, in alignment with the Concept Plan vision. By allowing a wide range of uses, from home businesses and the live-work dwelling units to small tenant spaces for creative industries and smaller-scale industrial users, the CI Zone encourages job creation and industrial innovation while providing the flexibility for long-established residents to decide when and how the area transitions and evolves over time, thus resulting in positive outcomes for the Wilsonville community.

ALTERNATIVES:

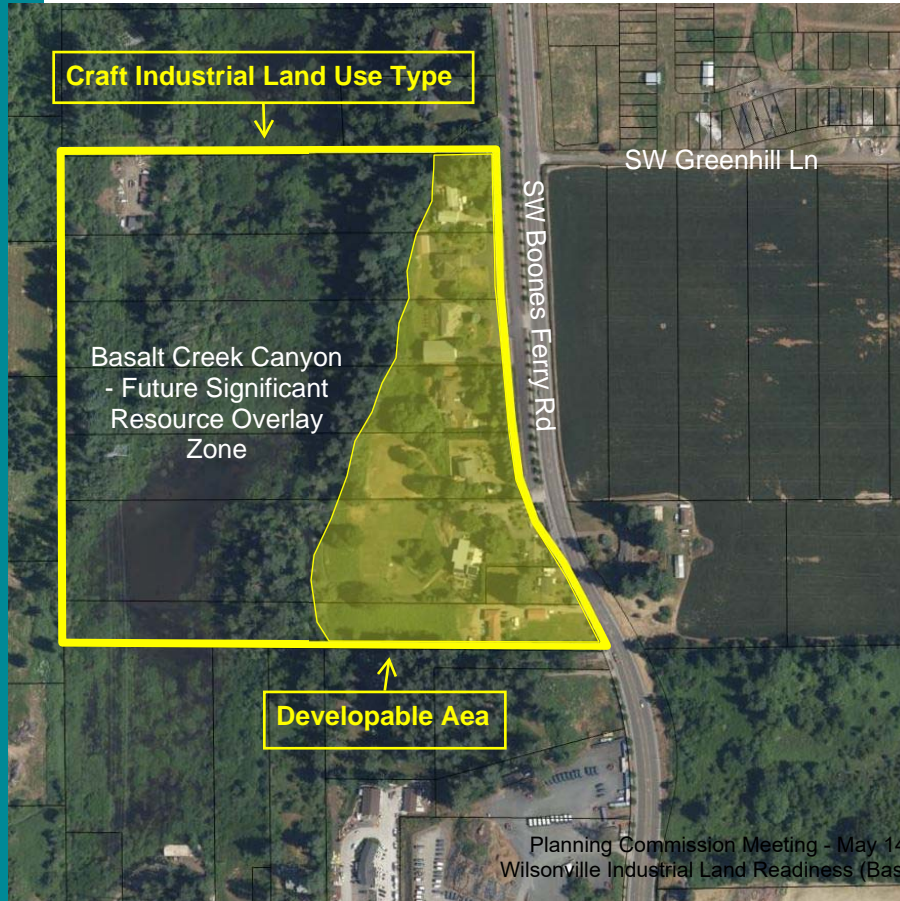
Alternatives to applying a new Craft Industrial (CI) Zone to the Craft Industrial area of Basalt Creek include applying the existing Planned Development Industrial (PDI) Zone, applying a modified PDI Zone, or taking no action addressing zoning for this area at this time.

ATTACHMENTS:

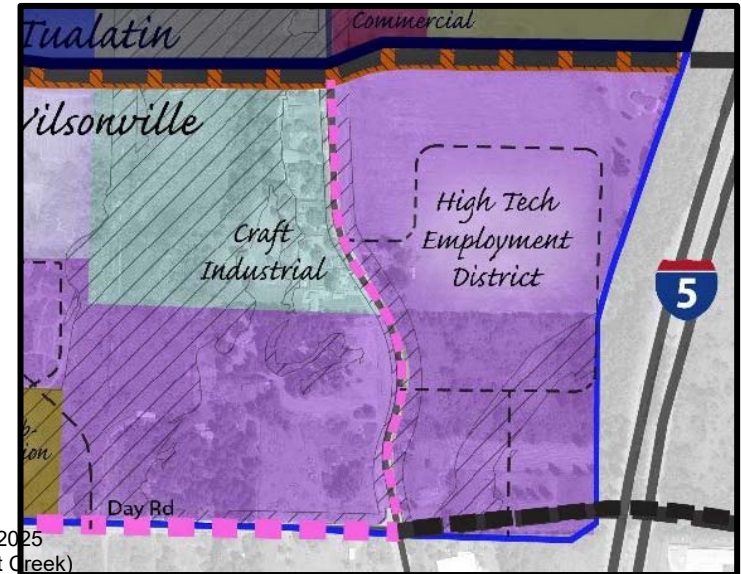
1. Maps Showing Craft Industrial Area of Basalt Creek
2. Craft Industrial Background Information and Related Wilsonville Code Definitions

3. Examples of Craft Industrial Development
4. Craft Industrial (CI) Zone Draft Purpose Statement and Potential Uses

Craft Industrial Area of Basalt Creek



Basalt Creek Concept Plan Map



Existing Residential Development in Eastern Developable Part of Craft Industrial Area



Craft Industrial Zone – Background Information

Objective/Vision for the Craft Industrial District from the Basalt Creek Concept Plan

Note: The Basalt Creek Concept Plan is available [online at this link](#). See pages 32 and 33 of the PDF for a description of development types and Craft Industrial. In addition, the following bullet points summarize highlights from minutes of Planning Commission and City Council work session discussions of the Craft Industrial land use concept during Basalt Creek planning; available [online at this link](#).

- Initially referred to as “Employment Transition Area”
 - Transitions to higher intensity employment uses to the south
 - Include business development over time while maintaining existing homes (e.g. live-work concept)
- Envisions a diverse mix of uses that blend well with adjacent neighborhoods
 - Small-scale tenant spaces tailored for creative industries such as: incubator spaces, craft food and beverage (e.g., breweries, wineries, tasting rooms, artisan and maker spaces (e.g., seamstresses, photography studios), and emerging tech and innovation hubs
 - Small-scale office, retail, and services
 - Flex space and live-work (expected to accommodate six live-work housing units, see related definitions later in this document)
 - Potential for supporting services and retail for broader Basalt Creek area
- Explore the creation of a dedicated innovation center or incubator space as part of Economic Development Strategy, with subsidized spaces for startups that could transition to market-rate spaces as they grow
- Long-term vision includes two- to three-story buildings featuring small tenant spaces for light industrial manufacturing, office, and limited retail uses
- Precedent examples of long-term vision:
 - Hood River waterfront:
 - Good example of redevelopment with industrial use
 - Features two- to three-story buildings with craft industrial live-work spaces adjacent to park, natural areas, and other industrial uses
 - Southeast Portland:
 - Illustrates a lower-density model, blending single-family residential with craft industrial spaces

Key Definitions in Wilsonville Code Section 4.001 Related to the Mix of Residential and Non-residential Uses

45. *Business-Integrated Dwelling Unit(s) (BIDU):* A dwelling unit integrated with a nonresidential use where (1) the dwelling unit is the secondary use to the non-residential use, (2) the dwelling unit consists of a ground floor footprint less than or equal to 40 percent of the ground floor non-residential use, (3) the dwelling unit is separated from the non-residential use by a demising wall, and (4) the dwelling unit has direct interior entry from the non-residential use. This is differentiated from a Live-Work

Dwelling Unit in that the dwelling unit must be fully divided from the non-residential use and that the space designed to be non-residential cannot be used for residential.

132. *Home Business*: A business operating from a dwelling unit that does not meet the definition of a "Home Occupation" listed below. Short-term rental of a dwelling unit or portion thereof where the operator does not live on the same lot is a home business. A home business requires a conditional use permit. [Note: This definition is likely to be modified to allow Home Businesses outright in the Craft Industrial (CI) Zone.]
133. *Home Occupation*: An occupation, profession, or craft, which is customarily incidental to or carried on in a dwelling unit or premises and not one in which the use of the premises as a dwelling unit is largely incidental to the business use. A home occupation is carried on by a member of the household residing within the dwelling unit. A home occupation shall require no structural alteration or changes to the exterior of the dwelling unit, and shall include no display of merchandise on the premises which can be seen from the exterior of the dwelling unit. Any instruction shall be limited to one pupil at a time. Noise, odor, smoke, gases, fallout, vibration, heat or glare resulting from the use shall not be of the intensity as to be detected outside of the containing structure. Traffic and parking are to be such as to give no outward appearance that a business is being conducted on the premise. Short-term rental of a dwelling unit or portion thereof where the operator of the short-term rental lives on the same lot is a home occupation.
154. *Live-Work Dwelling Unit (LWDU)*: A dwelling unit where (1) the ground-level front façade has a commercial-type store front determined by having at least sixty percent glazing and a permanent architectural cover over the entry (2) the interior along the building frontage is designed for workspace and no kitchen, bathroom, bedroom, closet, or storage is adjacent to the front façade and (3) all or a portion of the dwelling unit meets the commercial building code to support an accessory commercial or light industrial use. This is differentiated from a home occupation or home business in that the dwelling unit is specifically designed to accommodate a commercial or light industrial use, whereas a home occupation or home business takes place in a residential structure without such specific design. This is differentiated from a Business-Integrated Dwelling Unit in that in a Live-Work Dwelling Unit the residential and commercial uses are not required to be fully divided physically.



Early Phase Craft Industrial Examples

Wilsonville Old Town



Seattle, WA (North of Boeing Field)



Stafford Road





Later Phase Craft Industrial Examples

Southeast Portland





Later Phase Craft Industrial Examples

Hood River Waterfront



Craft Industrial Zone – Purpose and Potential Uses

Purpose Statement for Craft Industrial (CI) Zone - DRAFT

The purpose of the Craft Industrial (CI) zone is to support a diverse range of small-scale industrial and creative enterprises. This zone is intended to accommodate incubators, craft and artisan studios, innovation hubs, and maker spaces. It may also include limited residential and commercial uses that serve as a transition to and support more intense urban industrial uses nearby.

Potential Uses in Craft Industrial (CI) Zone - DRAFT

- Home Businesses that include any of the uses listed below.
- Business-Integrated Dwelling Units (BIDU) and Live-Work Dwelling Units (LWDU).
- Studios and Creative Workspaces, including but not limited to art and production studios, showrooms, maker spaces, and venues for small events.
- Artisan Food and Beverage Production, including small-scale operations such as distilleries, microbreweries, and wineries, with or without on-site tasting rooms or eateries, provided such uses are accessory to and supportive of on-site manufacturing and processing. This category also includes food-related micro-businesses such as catering services, bakeries, butcher shops, coffee roasters, and confectionary producers.
- Craft and Specialty Manufacturing, including the processing, packaging, and/or assembly of artisan or specialty goods such as textiles, fibers, woven and naturally dyed materials; leather goods; custom apparel; jewelry; lapidary work; metalwork; woodworking, furniture, cabinetry, sculpture, pottery, ceramics, glasswork, and other handcrafted items.
- Custom Fabrication and Printing Services, including sign fabrication, digital printing, graphics production, publishing, print shops, or binderies.
- Light Manufacturing and Assembly, including the production of small machinery, equipment, instruments (including musical instruments), micro-mobility vehicles (e.g. bicycles, e-bikes), small appliances, precision tools, or other electrical or mechanical items.
- Industrial Office and Laboratory Uses, including facilities focused on research, development, testing, or product training and support.
- Product Repair and Testing Services, limited to the repair, finishing, and testing of products manufactured or assembled within the zone.
- Professional Services, that cater to daily customers, such as financial, insurance, real estate, legal, medical or dental offices not to exceed 5,000 square feet of floor area in a single building, or 20,000 square feet of combined floor area within a multi-building development.
- Retail and Service Commercial Uses, limited to 5,000 square feet of indoor and outdoor sales, service or inventory storage area.
- Accessory Uses, including buildings and structures customarily incidental and subordinate to any permitted use.
- Other Similar Uses, as determined by the Planning Director to be consistent with the purpose of the CI Zone.