CITY COUNCIL MEETING
STAFF REPORT

Meeting Date: March 16, 2026	**Subject:** Town Center Urban Renewal Feasibility **Staff Member:** Matt Lorenzen, Economic Development Manager **Department:** Community Development
Action Required	**Advisory Board/Commission Recommendation**
☐ Motion ☐ Public Hearing Date: ☐ Ordinance 1st Reading Date: ☐ Ordinance 2nd Reading Date: ☐ Resolution ☒ Information or Direction ☐ Information Only ☐ Council Direction ☐ Consent Agenda	☐ Approval ☐ Denial ☐ None Forwarded ☒ Not Applicable **Comments:** N/A
Staff Recommendation: N/A	
Recommended Language for Motion: N/A	
Project / Issue Relates To:	

☒Council Goals/Priorities: Goal 4: Communications and Engagement	☒Adopted Master Plan(s): Town Center Plan	☐Not Applicable

ISSUE BEFORE COUNCIL:
Does Council wish to direct staff to continue refining an urban renewal feasibility scenario for the Town Center planning area in preparation for a potential November 2026 ballot measure? If so, which scenario or alternative set of assumptions should guide that work?

EXECUTIVE SUMMARY:

Background

In 2023 and 2024, Staff convened the Urban Renewal Task Force (URTF) and consultants, Tiberius Solutions and Elaine Howard Consulting LLC, to develop a thorough Feasibility Study for the potential establishment of a new urban renewal area in the Town Center planning area (Town Center), which encompasses the properties within and adjacent to Town Center Loop.

Staff made presentations and sought direction regarding the ongoing Study, as well as the creation of a ballot title regarding Town Center Urban Renewal at the following City Council meetings: (hyperlinks)

June 19, 2023
July 17, 2023
September 18, 2023
October 2, 2023
December 4, 2023
December 18, 2023
January 18, 2024

The Council referred the question to voters on January 18, 2024 (Resolution No. 3099). Measure 3-605 appeared on the May 21, 2024 Primary Election ballot. The full text of the ballot title can be accessed here.

Measure 3-605, an advisory measure, failed by 54 votes. 49.6% Yes / 50.4% No

County	Total Cast	Yes	No	Undervotes
Clackamas	6,154	3,040	3,114	344
Washington	68	44	24	6
Total	**6,222**	**3,084**	**3,138**	**350**

An **undervote** occurs when a voter chooses not to vote on a particular contest or measure, even though they cast a ballot in the election.

After the election results were certified, the City Council determined to take no further action regarding Town Center urban renewal and left the question for the next City Council.

In January 2025, Mayor O'Neil and Councilors Cunningham and Shevlin were seated. At the biannual goal setting retreat, the City Council set a goal to "develop and conduct education and outreach campaign on Town Center Plan, Urban Renewal, and other infrastructure funding sources" in order to inform policy-making on those same issues.

The City has conducted outreach in recent months through surveys and focus groups. The Council has also heard from residents through public comment at Council meetings. On March 2, 2026 Council approved a public communications plan and directed staff to implement the plan in order to educate residents about the Town Center Plan and Urban Renewal (aka Tax Increment Financing). The communications strategy is guided by feedback staff, consultants, and Council have heard from the public. That work will be kicking off soon.

Staff seeks Council direction on whether to begin preparing for a potential Town Center Urban Renewal ballot measure in the November 2026 election. This work would include revising the 2023 Town Center Urban Renewal Feasibility Study.

Current Work Rationale

Public outreach conducted in Fall 2025 has revealed general themes and areas of concern. Experience during the May 2024 election campaign was also informative. In particular, some residents have expressed concern about residential unit counts, building heights, and density of future development in Town Center.

The Council is seeking to address community members' concerns about the maximum allowable height of buildings that could be developed within Town Center. At the March 2, 2026 meeting of the Wilsonville City Council, the Council authorized a process to review and consider revisions to Wilsonville Town Center zoning code that pertain to a provision allowing waivers to maximum building height in some circumstances.

Staff also understands there is concern about a figure that appeared in the 2023 Town Center Urban Renewal Feasibility Study—4,179—a defensible number of residences that could be constructed over the next 30 years. That figure differs from another in the 2019 Town Center Plan, which forecasted some 1,680 units. The City has clarified the distinction, noting that the 2019 Plan reflects a prediction of what market forces alone may deliver, while the 2023 Feasibility Study is more reflective of development capacity when public investments in the area stimulate private development and economic growth. This approach is typical for financial and infrastructure planning. Even so, concern about the 4,179 figure remains, and staff is revisiting the Feasibility Study assumptions to test more conservative development scenarios. This work is especially timely considering the ongoing work to limit building height through the amendment of the code provisions regarding building height waivers, and with additional input Staff has received from interested developers over the past 2-3 years. If Council directs staff to begin preparing a potential new ballot measure on Town Center Urban Renewal, staff will also need direction regarding revisions to the Feasibility Study ahead of any ballot measure preparation.

Feasibility Study Revisions

An urban renewal feasibility study is not a prediction of the future or a commitment to a specific development outcome. Instead, it is an analytical exercise designed to determine whether a proposed urban renewal area could realistically support an urban renewal program, which generally includes infrastructure projects and other activities that spur business and development activity.

A feasibility study is based on a defensible, hypothetical development scenario for the area based on existing conditions, zoning, redevelopment potential, and market trends. This scenario is not intended to dictate what will occur on specific properties. Rather, it serves as a set of planning assumptions used to test whether redevelopment over time could generate sufficient tax increment revenue.

Because the analysis relies on assumptions about market conditions, development timing, and value growth, **the results are illustrative rather than predictive**. Actual development may occur differently (it almost certainly will!), and property owners ultimately decide how and when their properties develop or redevelop.

In essence, a feasibility study asks a simple question: Could an urban renewal area generate enough revenue under a *reasonable* development scenario to support an urban renewal program?

Please consider the following when reviewing the revised feasibility scenarios shown on page 5:

- The assumptions used in 2023, which were based on recently approved development in the Town Center Zone and staff's conversations with developers, are still defensible, if bullish. The revised scenarios on page 5 reflect the Council's wish to explore more conservative assumptions and scenarios.
    - The revised scenarios presented here reflect the same assumptions used in 2023 regarding which properties may redevelop over the next 30 years, and which Town Center Zone subdistricts those properties exist within, but the amount of redevelopment (acreage) has been adjusted downward, as noted in the scenarios.
- Developers with whom staff have spoken since 2023 have provided valuable information, which has informed additional adjustments. Namely:
    - Private developers will likely voluntarily build *more* parking than what staff assumed in 2023, even without parking minimums in Town Center. This results in lower Floor-Area-Ratio (FAR) assumptions.
    - Residential unit sizes will likely be larger than what staff assumed in 2023.
- Council may adopt code revisions that prohibit or limit developers from utilizing waivers to add additional building height/stories in certain subdistricts. In 2023, staff assumed some use of waivers. The revised scenarios assume lower building heights, which also results in lower FARs.
- For mixed-use development, the ratio of residential-to-commercial square footage has been reduced from 90% residential to 85% to reflect the assumption that building height waivers will not be available. (Shorter buildings mean a larger percentage of buildings will be commercial, even if the commercial square footage is unchanged. It is the upper floors that are residential, which is where square footage reductions will occur.)

The two scenarios presented below reflect a set of *reasonable* assumptions. Certainly, there are numerous other reasonable assumptions and scenarios that could be explored. Again, the objective of a feasibility study is not to predict the future, but rather to illustrate feasibility.

The two scenarios presented below are very brief summaries of the most critical financial *outputs*. More detailed tables showing the inputs are included in the attachments to this report.

Council should consider which set of assumptions best reflects its policy goals and the level of redevelopment it believes is realistic for Town Center. Which set of inputs (see attachments) do you support based on community input and the desired level of investment, and subsequently, redevelopment?

Scenario 1 // 10% Redevelopment Acreage Reduction

	Revised	2023	Difference	Percent
Net TIF	$ 194,000,000	$ 214,700,000	$ (20,700,000)	-10%
Net TIF w/o Revenue Sharing	$ 194,000,000	$ 254,700,000	$ (60,700,000)	-24%
Maximum Indebtedness (MI)	$ 173,000,000	$ 180,900,000	$ (7,900,000)	-4%
MI (2026$)	$ 89,800,000	**$ 107,600,000**	$ (17,800,000)	-17%

Total Redevelopment Acreage: 55.65 AC or 38.5% of the developable property in Town Center.
No. of Residential Units: 2,381

Scenario 2 // 25% Redevelopment Acreage Reduction

	Revised	2023	Difference	Percent
Net TIF	$ 169,500,000	$ 214,700,000	$ (45,200,000)	-21%
Net TIF w/o Revenue Sharing	$ 169,500,000	$ 254,700,000	$ (85,200,000)	-33%
Maximum Indebtedness (MI)	$ 151,000,000	$ 180,900,000	$ (29,900,000)	-17%
MI (2026$)	$ 78,500,000	**$ 107,600,000**	$ (29,100,000)	-27%

Total Redevelopment Acreage: 46.38 AC or 32.1% of the developable property in Town Center.
No. of Residential Units: 1,983

Revenue vs. Expenses

Everything presented above is about the revenue side of the equation. Urban renewal expenses are those projects and programs the Urban Renewal Agency finances in whole or part with tax increment revenues. The projects and programs must be identified in the urban renewal plan if and when such a plan is adopted and an urban renewal area is established.

The projects identified in the 2019 Town Center Plan, and affirmed in the 2023 Town Center Feasibility Study, are as follows, **stated in 2023 dollars**:

Infrastructure Projects	Total Cost	Anticipated UR Share
I-5 Bike/Pedestrian Bridge & Gateway Plaza	$24,000,000	$12,000,000
"Main Street"		
"Main Street" North	$7,200,000	$4,400,000
"Main Street" Central	$4,400,000	$2,740,000
"Main Street" South	$8,700,000	$2,350,000
Courtside Drive		
Courtside Drive, East	$6,000,000	$3,000,000
Courtside Drive, West	$7,100,000	$3,550,000
Wilsonville Road Intersection Improvements	$3,600,000	$2,600,000
Town Center Loop W Modifications	$3,300,000	$2,300,000
Local Street Network	$36,000,000	$9,000,000
Bicycle and Pedestrian Infrastructure	$7,900,000	$4,000,000
Underground Utility Relocation	$42,000,000	$20,950,000
Parking "Solution(s)" - City Built or Developer Incentives	$12,000,000	$6,000,000
TOTAL	**$162,200,000**	**$72,890,000**

Economic Development Programs & Projects	Anticipated UR Share
Real Estate activities	$19,000,000
Site Preparation	$2,080,000
Development & Tenanting Incentives - grants/loans	$2,080,000
TOTAL	**$23,160,000**

Administration	Anticipated UR Share
Administration	$ 5,050,000
TOTAL	**$ 5,050,000**

TOTAL	**$ 101,100,000**

In the 2023 Feasibility Study, the urban renewal share of infrastructure projects totaled $72.9M. Because real estate activities and small business incentives and support programs are a critical part of downtown redevelopment, the remaining debt capacity was dedicated to those items, for a total of $101.1M (2023 dollars), including plan administration costs. Inflated to 2026 dollars, that figure is $107.6M, which is the figure that appears in the scenario tables on page 5.

If Council directs staff to refine one of the revised scenarios on page 5, the resulting maximum indebtedness would not be sufficient to fund all projects identified in the 2023 feasibility study.

Under Scenario 1, the maximum indebtedness is $89.8 million, and under Scenario 2 it is $78.5 million (both expressed in 2026 dollars).

Rather than removing projects to address the funding gap, **staff recommends retaining the full list of eligible projects with the understanding that not all may ultimately be completed.** In this approach, the project list functions as a menu of potential investments, with projects implemented over the life of the urban renewal area based on opportunity, private development partnerships, and available funding. Staff will also continue pursuing grant opportunities to help offset project costs where possible.

It is common for urban renewal plans to include more potential projects than can be funded through maximum indebtedness alone, to allow maximum flexibility to staff and policymakers in a dynamic economic environment.

EXPECTED RESULTS:
Council will provide clear direction to staff on how to proceed with the urban renewal feasibility analysis. Although November may seem distant, many coordinated steps must occur in advance of that date. Timely direction from Council will allow staff and consultants sufficient time to prepare materials and conduct outreach so the community has clear, accurate information about what may be presented to voters in November.

TIMELINE:
To stay on track, the Council can utilize the Work Sessions on April 6 and April 20 to further refine and discuss urban renewal feasibility. To properly prepare a potential ballot measure, Council approval of a feasibility scenario including the proposed boundary, development assumptions, projected revenue, and eligible projects should occur on or before April 20, 2026.

CURRENT YEAR BUDGET IMPACTS:
Funding for the consulting work required for this feasibility study revision work is charged to the CD Admin fund, which has sufficient budgeted funds this budget year for special projects such as this.

COMMUNITY INVOLVEMENT PROCESS:
The creation of the 2019 Town Center Plan involved extensive, multi-year public outreach, and the 2023 Urban Renewal Feasibility Study was developed with input from the Urban Renewal Task Force, which is comprised of diverse stakeholders including residents, businesses, property owners, and developers. The impetus for this Feasibility Study update/revision, is the public outreach recently completed by CFM Advocates, under the guidance of the City Manager's office.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:
Town Center currently exhibits several indicators of economic distress, including large vacancies, underutilized properties, stagnant property values, and a widespread community perception that the area is struggling. With a dedicated funding source, the City can begin investing in Town Center to spur private development and reverse the pattern of disinvestment that now plagues the area. Town Center will become the **Heart of Wilsonville**, which has been expressed consistently as a community desire through the biannual citywide survey, and through other channels, for well over a decade.

ALTERNATIVES:
The Council may direct staff to continue developing and refining one of the scenarios presented in this report, or they may direct staff to develop an alternative scenario. Council may also decide to go another direction entirely, which does not involve urban renewal/tax increment financing in Town Center.

CITY MANAGER COMMENT:
N/A

ATTACHMENTS:
1. 2023 Town Center Urban Renewal Feasibility Study (link)
2. Development Assumption Summary Tables
3. Summary of Financial Capacity & Forecasted Debt Availability