PLANNING COMMISSION

WEDNESDAY, DECEMBER 11, 2024

WORK SESSION

3. Wilsonville Industrial Land Readiness (Basalt Creek) (Luxhoj)(45 Minutes)

PLANNING COMMISSION MEETING
STAFF REPORT

<table>
<tr><td>Meeting Date: December 11, 2024</td><td colspan="2">Subject: Wilsonville Industrial Land Readiness – Basalt Creek

Staff Member: Cindy Luxhoj AICP, Associate Planner, and Dan Pauly AICP, Planning Manager

Department: Community Development</td></tr>
<tr><td>Action Required</td><td colspan="2">Advisory Board/Commission Recommendation</td></tr>
<tr><td>☐ Motion
☐ Public Hearing Date:
☐ Ordinance 1st Reading Date:
☐ Ordinance 2nd Reading Date:
☐ Resolution
☒ Information or Direction
☐ Information Only
☐ Council Direction
☐ Consent Agenda</td><td colspan="2">☐ Approval
☐ Denial
☐ None Forwarded
☒ Not Applicable

Comments: N/A</td></tr>
<tr><td colspan="3">Staff Recommendation: Staff recommends Planning Commission provide requested input about the Wilsonville Industrial Land Readiness project.</td></tr>
<tr><td colspan="3">Recommended Language for Motion: N/A</td></tr>
<tr><td colspan="3">Project / Issue Relates To: Basalt Creek Concept Plan area</td></tr>
<tr><td>☒Council Goals/Priorities:
Attract high-quality industry and support economic opportunity for all in Wilsonville</td><td>☒Adopted Master Plan(s):
Basalt Creek Concept Plan</td><td>☐Not Applicable</td></tr>
</table>

ISSUE BEFORE COMMISSION

Staff is seeking input from the Planning Commission on two draft work products for the Basalt Creek industrial area – the Buildable Lands Inventory and Site Suitability Analysis Memo and the Redevelopment Feasibility of Contractor Establishments Memo – as the City works on making the area development ready.

EXECUTIVE SUMMARY:
At the Planning Commission's October 9, 2024, work session, staff presented the draft Economic Inventory and Land Use Analysis for the first phase of the Wilsonville Industrial Land Readiness (WILR) project. The first phase is focused on the Basalt Creek and West Railroad planning areas (henceforth referred to collectively as "Basalt Creek") that are the subject of the Basalt Creek Concept Plan, jointly prepared with the City of Tualatin, and adopted by the City of Wilsonville in 2018. This first phase of the WILR project lays the foundation for moving the Concept Plan area to a development ready status, thus enabling the City to accept development applications for industrial projects and realizing the area's economic development potential.

The project team has completed two additional draft work products: the Buildable Lands Inventory and Site Suitability Analysis Memo (Attachment 1), and the Redevelopment Feasibility of Contractor Establishments Memo (Attachment 2). At the work session, the project team will briefly discuss the preliminary findings of these two documents and seek feedback and guidance from Planning Commission.

Buildable Lands Inventory and Site Suitability Analysis

With regard to the draft Buildable Lands Inventory, Basalt Creek encompasses 453 aces in 85 tax lots of which 175 acres are currently in active use and considered developed, 127 acres are constrained by physical and environmental factors, and 150 acres are considered buildable and available for development. The supply is distributed across parcels of varying sizes, ranging from five to larger than 25 acres, providing a mix of options suitable for different industry needs. Thus, there is a promising opportunity to support a diverse range of industrial and employment uses that align with Wilsonville's economic development goals. However, much of the overall land supply is being used as contractor establishments, as illustrated in Figure 3 of the Buildable Lands Inventory and Site Suitability Analysis Memo (page 6 of Attachment 1), which poses challenges for redevelopment to other industrial uses (as further described below).

The draft Site Suitability Analysis looks at the market competitiveness of three specific sites in Basalt Creek. The analysis focuses on the physical site characteristics, such as size, location, and constraints, rather than on the likelihood of redevelopment. It specifically examines the characteristics of the opportunity sites to assess their ability to support target industries should landowners choose to develop or redevelop their property. Preliminary findings of the draft Site Suitability Analysis include the following:

- **SW Greenhill:** This opportunity site includes 57 acres in 10 tax lots with two landowners, one owning 42 acres and the other 14 acres. With its minimal constraints, lack of development, and availability of existing infrastructure, this site is suited for cleantech, high-tech supply chains, advanced manufacturing industries, food processing, small warehousing and distribution, and industrial business parks or R&D campuses requiring medium-sized parcels.
- **Craft Industrial:** This opportunity site includes 32 acres in 7 tax lots, each individually owned and of generally even size. Due to significant constraints, the site is currently more

suitable for micro-industrial uses, such as live-work spaces, as originally identified in the Concept Plan. However, with site aggregation, the eastern portion could accommodate small-scale business or administrative services and production uses, similar to industrial condo developments like Commerce Circle Business Park or Riverwood Business Center. The presence of existing residences, including some high-value homes, is likely to delay redevelopment timelines compared to other opportunity sites.

- **West Railroad:** This opportunity site includes 165 acres in 15 tax lots with 8 landowners, one owning 65 acres, four with about 20 acres each, and three owning smaller parcels. The site offers development potential for general manufacturing, food processing, warehousing and distribution, and business services. However, significant infrastructure upgrades are required, and existing constraints may limit the scale of some types of development.

Redevelopment Feasibility of Contractor Establishments

Contactor establishments are properties characterized by small offices (often former residences), storage buildings, and laydown yards, that provide limited employment and lower property values compared with typical urbanized industrial land. Figure 3 in Attachment 1 (page 6) shows the current extent of contractor establishments in Basalt Creek. The draft analysis of contractor establishments highlights several ways this type of development impacts redevelopment efforts in the planning area. It raises critical questions about what conditions (e.g., market, ownership, site, zoning) are needed to promote and incentivize urban industrial development as envisioned in the Concept Plan. Preliminary findings include:

- **Current contractor establishments generate significant revenue with minimal effort or risk, reducing financial incentives for redevelopment.** Rents for existing contractor establishments, particularly those with buildings, are comparable to market rates for industrial and flex uses in the I-5 South Submarket. Therefore, for redevelopment to become financially feasible, market rents would need to rise by 60% to 100%, depending on site utilization and construction costs.
- **Owner-occupied properties are less likely to redevelop if the owner wants to maintain their business operations.** Redevelopment is difficult for owner-occupants, as they must consider relocation costs and potential increases in operational expenses. Limited regional industrial land supply could push these businesses to relocate further from their markets. Without substantial increases in land values or rents, redevelopment of these properties remains unlikely.
- **Achieving the City's development vision for Basalt Creek will require strategic interventions.** Potential approaches could include purchasing and aggregating properties to create development-ready parcels, subsidizing infrastructure costs, adjusting system development charges (SDCs), offering other development incentives, or other strategies yet to be identified.

Conclusion

The analyses and related findings are preliminary and will be refined through further analysis and additional discussion with the Planning Commission and City Council. Once the analyses are complete, they will all be synthesized into a comprehensive final report outlining key findings and recommendations.

The City Council was briefed and provided input at their December 2, 2024, meeting on similar materials to those presented to Planning Commission at this work session.

Following staff's presentation, input is requested from the Planning Commission in response to the questions below:

- What comments or direction does Planning Commission have in response to the Buildable Lands Inventory and Site Suitability Analysis Memo? Does this align with the vision for Basalt Creek? If surprising, what questions would help guide future decisions?
- What input does Planning Commission have on the Redevelopment Feasibility of Contractor Establishments Memo? Does the Commission want planning efforts to focus on accommodating and managing contractor establishments as industrial businesses or encouraging their relocation and redevelopment of the land?

EXPECTED RESULTS:
Feedback from Planning Commission on these draft documents will guide their completion, as well as guide other implementation items for the Basalt Creek and West Railroad planning areas, including drafting a package of proposed Code amendments, developing economic development strategies, and preparing an infrastructure funding plan.

TIMELINE:
Additional work sessions with the Planning Commission and City Council are anticipated in January through April 2025. Public hearings on related Development Code amendments are expected in mid-2025 with work on the infrastructure funding plan occurring throughout next 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 is primarily funded by a $100,000 grant from Business Oregon, with additional funding available, if needed, from a $290,000 Metro grant, which also will fund the second 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 will be considered in determining appropriate zoning standards to apply and preparing needed Code amendments.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:
Adoption of appropriate zoning standards, creating an infrastructure funding plan, and identifying and pursuing economic development strategies will remove barriers to development and enable implementation of the Basalt Creek Concept Plan. When developed, Basalt Creek will create jobs, thus contributing to the income and property tax base, support economic mobility for residents through family-wage employment in a highly livable, full-service City, and enable this industrial area to reach its full economic potential, resulting in positive impacts on the greater Wilsonville community.

ALTERNATIVES:
As zoning standards, economic strategies, and an infrastructure funding plan are developed, a number of alternatives will be explored and developed with the Planning Commission and City Council.

ATTACHMENTS:
1. Draft Buildable Lands Inventory and Site Suitability Analysis Memo (November 20, 2024)
2. Draft Redevelopment Feasibility of Contractor Establishments Memo (November 20, 2024)

DATE:	November 20, 2024
TO:	City of Wilsonville
FROM:	ECOnorthwest: Nicole Underwood, Bob Parker, and Barrett Lewis
SUBJECT:	WILR Phase 1: BLI and Site Suitability Analysis - DRAFT

The cities of Tualatin and Wilsonville adopted the Basalt Creek Concept Plan (BCCP) in 2018 after a lengthy joint planning process. Now, in 2024-25, the City of Wilsonville is working to advance the Basalt Creek Planning Area (BCPA) beyond the concept plan to a development-ready status by designating zoning and refining infrastructure plans. However, since adoption of the BCCP, economic conditions at national, state, regional, and local levels have shifted significantly, and must now be considered.

To address these evolving conditions, the City hired ECOnorthwest to conduct a market assessment and industrial lands study focused on Wilsonville's portion of the BCPA. The study began with an Economic Inventory, which reviewed current market trends and industries suitable for the area.

This memorandum addresses Task 3 in the Scope of Work: updating the **Buildable Lands Inventory (BLI)** for the BCPA and conducting a **Site Suitability Analysis** for key opportunity sites. The updated BLI reflects recent land developments, adjusted constraints, and revised capacity estimates.

The Site Suitability Analysis examines three selected "opportunity sites" within the BCPA, assessing their potential to support the target industries identified in the Economic Inventory. This analysis considers site attributes including size, location, access, topography, constraints, and surrounding land uses. It also considers infrastructure (transportation, water, sewer, stormwater) based on available data, with the understanding that infrastructure planning may evolve as work progresses.

Land Supply

This industrial Buildable Lands Inventory (BLI) updates the 2014 BLI from the original concept plan, providing a revised assessment of the buildable land *supply* available within Wilsonville's portion of the BCPA for employment-related growth and development. The amount of land needed to accommodate anticipated growth, often referred to as *demand* for land, depends on the type of employment-related development and other factors.

This BLI update serves two purposes: 1) to provide a revised assessment for developable acres in the BCPA, and 2) to identify lands that have existing economic uses but low improvement values and/or low-density employment. These uses are inconsistent with the development vision expressed in the BCCP and are sites that may have redevelopment potential.

The BCPA encompasses a total of 453 acres across 85 tax lots. Of this:

- **175 acres** are currently in active use and are considered developed.
- **127 acres** are constrained by physical or environmental factors.
- **150 acres** are considered buildable and available for development.

This section outlines the methodology used to develop the BLI and presents the results for Wilsonville's portion of the BCPA. ECOnorthwest analyzed GIS data from the City of Wilsonville, Metro, and Washington County, with City staff reviewing the findings for accuracy and completeness.

Methodology

The buildable lands inventory followed a structured process to assess land status:

1. **Generate UGB "land base":** ECOnorthwest established a baseline of tax lots within Wilsonville's portion of the BCPA designated for industrial and employment uses.
2. **Classify lands by development status:** The project team categorized parcels as vacant, partially vacant, or developed.
3. **Identify constraints:** ECOnorthwest applied physical and regulatory constraints, such as wetlands and natural resource protections, to identify unbuildable portions.
4. **Verify inventory results:** City staff reviewed classifications and aerial imagery to confirm accuracy.
5. **Tabulate and map results:** The team compiled findings into tables and maps to provide a clear overview of buildable lands.

The following section summarizes the results of the industrial BLI for the BCPA, presented in tabular and map formats.

Land Base

The land base for the Buildable Lands Inventory (BLI) includes all tax lots within Wilsonville's portion of the BCPA. Table 1 provides a breakdown of the land base by Wilsonville Comprehensive Plan designation within the BCPA.

Table 1. Employment Land Base by Wilsonville Comprehensive Plan Designation, BCPA, 2024

Plan Designation	Number of Tax Lots	Percent	Total Tax Lot Acreage	Percent (Total Acreage)
Industrial	63	74%	237	52%
Undesignated	22	26%	215	48%
Total	**85**	**100%**	**453**	**100%**

Source: ECOnorthwest analysis, City of Wilsonville, Clackamas County, Washington County, Metro

Development Status Classification

Table 2 displays the total acres of tax lots, categorized based on whether land is buildable. ECOnorthwest applied a rule-based classification of vacant, partially vacant, or developed to determine the initial development status and verified the results through reviews by City staff. These reviews incorporated local knowledge and analyses of aerial maps.

Table 2. Employment Acres by Classification and Wilsonville Comprehensive Plan Designation, BCPA, 2024

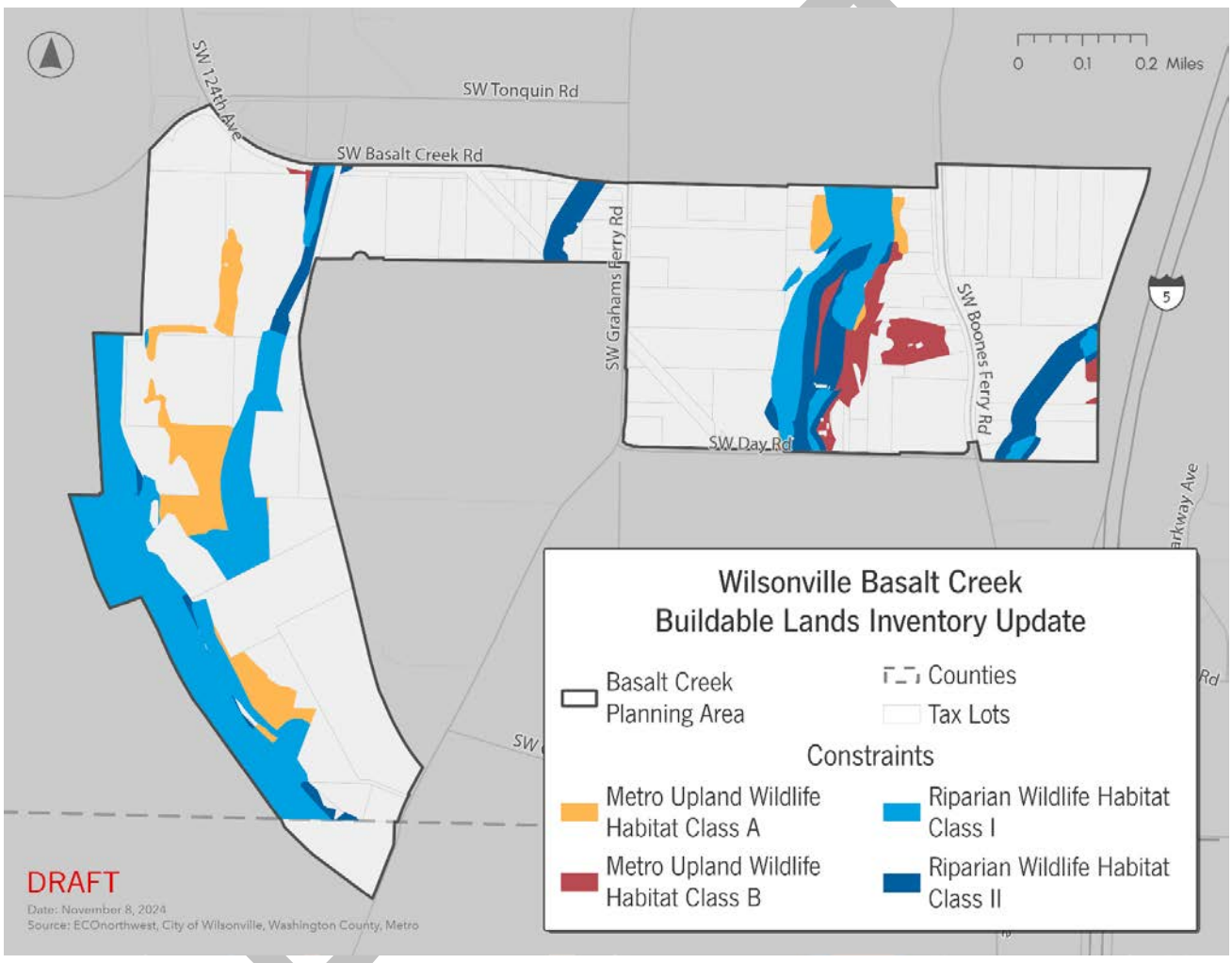
Plan Designation	Total Acres	Developed Acres	Constrained Acres	Buildable Acres
Industrial	237	63	48	127
Undesignated	215	113	79	24
Total	**453**	**175**	**127**	**150**

Source: ECOnorthwest analysis, City of Wilsonville, Washington County, Metro

Development Constraints

In coordination with City staff, ECOnorthwest identified physical constraints based on Washington County's Significant Natural Resources (SNR), as amended by Washington County Ordinances No. 901 and No. 902.[1] The SNR includes Metro Upland Wildlife Habitat Classes A and B, as well as Riparian Wildlife Habitat Classes I and II. These constraints are shown in Figure 1.

Figure 1. Development Constraints, BCPA, 2024



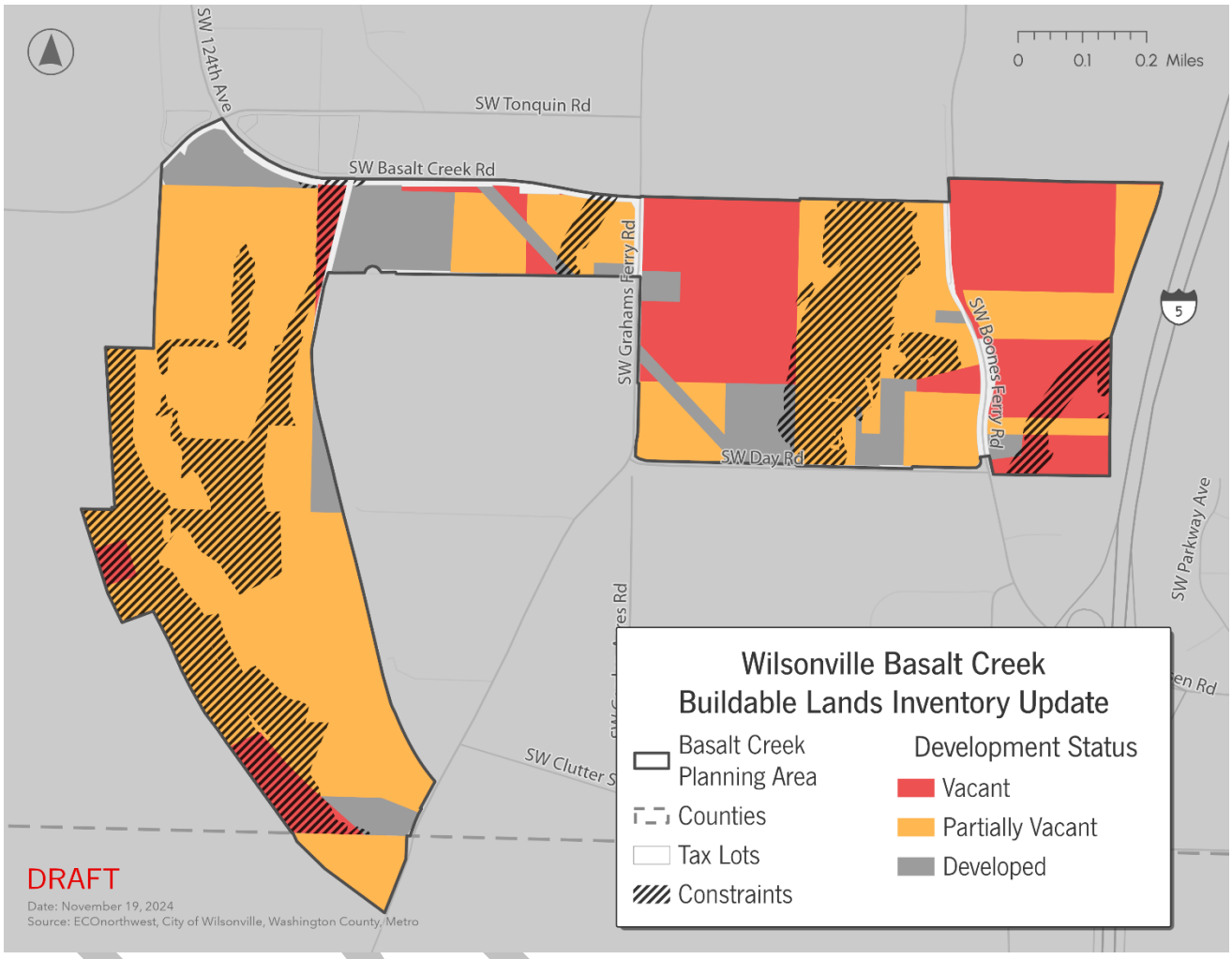
Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Note: ECOnorthwest is awaiting the required data to update the constraints of the Clackamas County parcel. This update will be included in a future draft.

[1] https://www.washingtoncountyor.gov/lut/planning/documents/ordinance-no-901a/download?inline

Figure 2 shows development status with constraints applied, resulting in buildable acres. Land classified as vacant or partially vacant but affected by these constraints is deemed unavailable for development and has been excluded from the inventory of buildable land.

Figure 2. Development Status with Constraints, BCPA, 2024

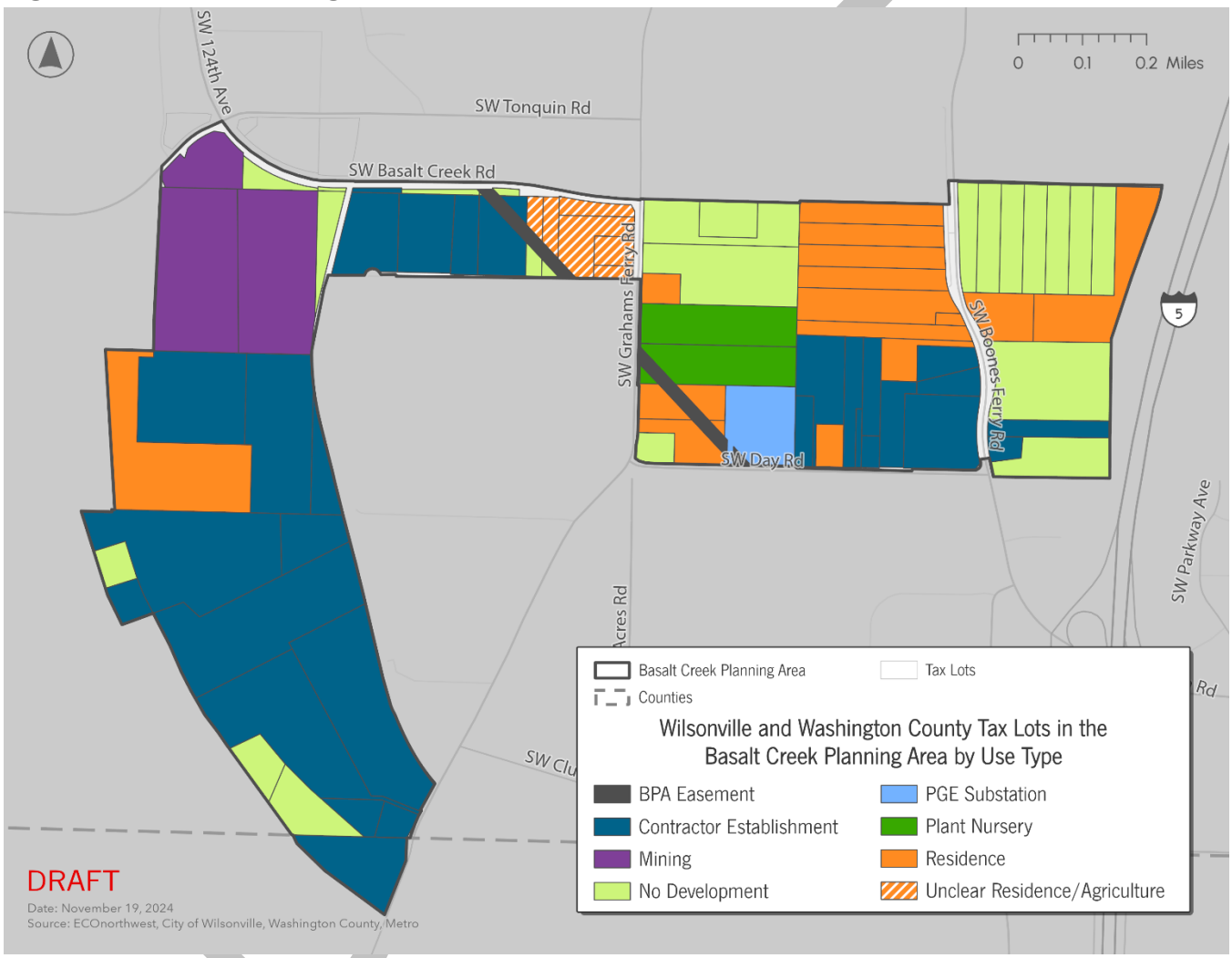


Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Note: ECOnorthwest is awaiting the required data to update the constraints of the Clackamas County parcel. This update will be included in a future draft.

Figure 3 identifies land use categories for each site. ECOnorthwest collaborated with City staff to identify these categories through a detailed review process that combined local knowledge with aerial map analysis. Unlike basic classifications of vacant or partially vacant land, this map provides deeper insights into current land uses, offering valuable context for evaluating redevelopment potential and guiding the feasibility analysis (the results of which will be shared in a separate memorandum).

Figure 3. Land Use Categories with Constraints, BCPA, 2024



Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Vacant Buildable Land

The next step in the buildable lands inventory involved removing portions of vacant tax lots deemed unsuitable for development. Unsuitable areas fall into two categories:

1. Developed portions of partially vacant tax lots.
2. Areas affected by physical constraints (i.e. areas within Metro Upland Wildlife Habitat Classes A and B and Riparian Wildlife Habitat Classes I and II)

Table 7 presents the buildable acres—tax lot areas remaining after deducting these constraints—for both vacant and partially vacant land, categorized by Wilsonville's Comprehensive Plan designation. The BCPA has 150 total buildable acres available for development.

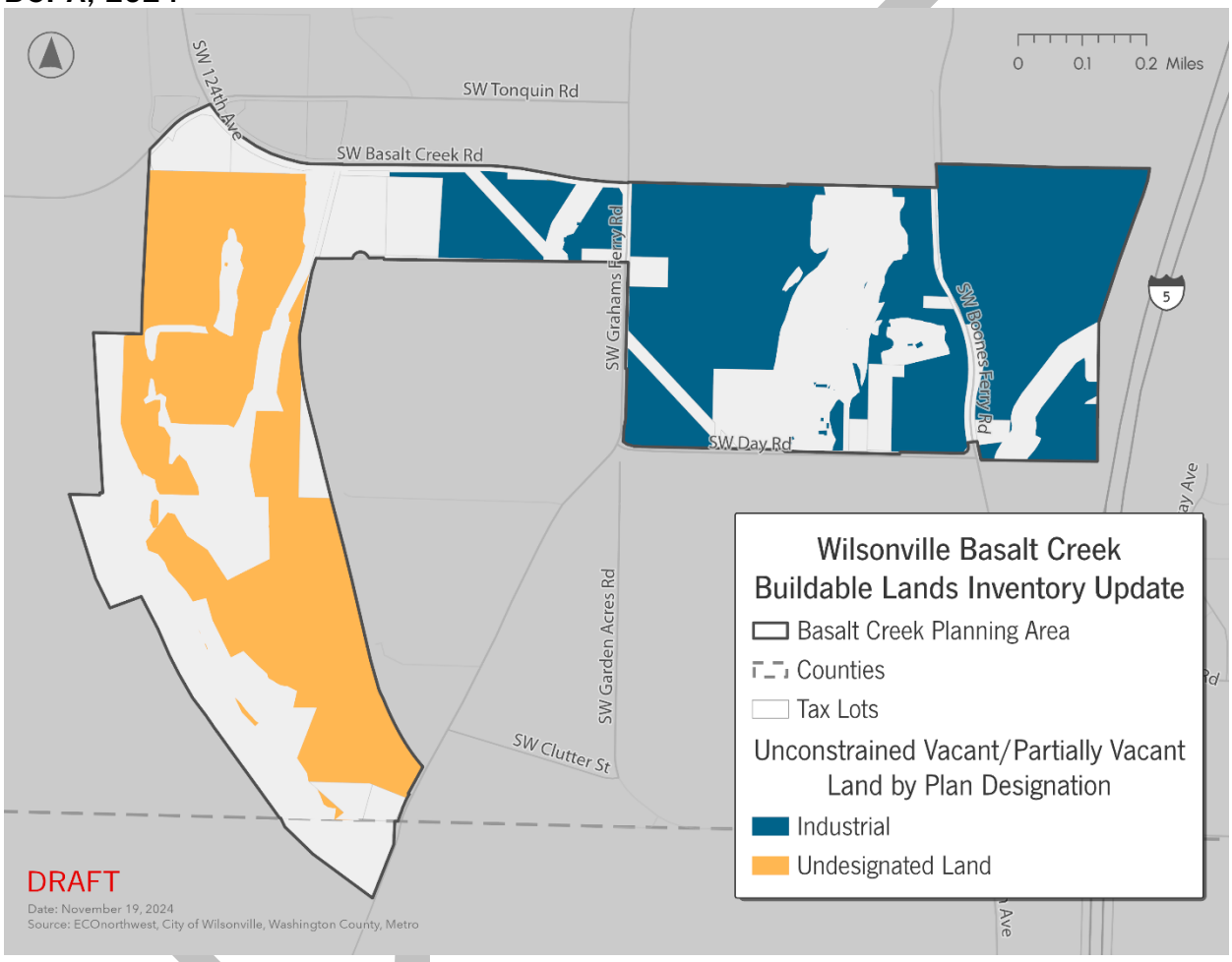
Table 3. Buildable Acres in Vacant and Partially Vacant Tax Lots by Wilsonville Plan Designations, BCPA, 2024

Plan Designation	Total Buildable Acres	Buildable Acres on Vacant Lots	Buildable Acres on Partially Vacant Lots
Industrial	127	87	40
Undesignated	24	0.4	23
Total	**150**	**87**	**63**

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Figure 4 shows the buildable vacant and partially vacant land within the BCPA, categorized by Wilsonville Comprehensive Plan designation. It is important to note that tax lots shown as partially vacant in the map do not distinguish the part of the tax lot that is unavailable for development (or has redevelopment potential). However, the buildable lands inventory database accounts for these distinctions: the developed portions (unavailable for future development) are excluded, while the vacant portions are detailed in Table 4.

Figure 4. Buildable Employment Land by Wilsonville Comprehensive Plan Designation, BCPA, 2024



Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Table 4 presents the size of buildable lots categorized by Wilsonville Comprehensive Plan designation across the BCPA. The planning area includes:

- Eight lots smaller than 0.5 acres, totaling 2 acres.
- Twenty-two lots between 0.5 and 2 acres, totaling 22 acres.
- Eighteen lots between 2 and 5 acres, totaling 57 acres.
- Six lots between 5 and 10 acres, totaling 46 acres.
- Two lots between 10 and 25 acres, totaling 23 acres.

Table 4. Buildable Acres and Tax Lots by Buildable Site Size by Wilsonville Comprehensive Plan Designation, BCPA, 2024

Plan Designation	Buildable Sites Size					
	0 - 0.5 Acres	0.5 - 1 Acres	1 - 2 Acres	2 - 5 Acres	5 - 10 Acres	10 - 25 Acres
Industrial	1	7	10	51	35	23
Undesignated	1	1	4	6	12	-
Acreage Total	**2**	**8**	**14**	**57**	**46**	**23**
Industrial	5	10	7	16	4	2
Undesignated	3	2	3	2	2	-
Tax Lot Total	**8**	**12**	**10**	**18**	**6**	**2**

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Site Suitability Analysis

The BCPA is well positioned to capture industrial growth in the South Metro region. It benefits from its strategic location with access to I-5, a robust employment base, and connections to other expanding industrial hubs in Sherwood and Tualatin. Over the summer, ECOnorthwest conducted an Economic Inventory to assess market conditions and identify industries most likely to establish a presence in Basalt Creek focusing on industrial and office uses in alignment with the BCCP vision.[2] The analysis highlighted strong national and regional demand for industrial space and identified key sectors with potential interest in the area, including the semiconductor supply chain, cleantech, advanced manufacturing, distribution and logistics, and data centers.

Although the BCCP originally envisioned a blend of industrial and office development, current market trends suggest a shift towards a greater emphasis on industrial and tech-oriented uses. Office developments, while still anticipated, are expected to occupy a smaller footprint than initially planned.

WHICH SECTORS MAY BE ATTRACTED TO BASALT CREEK?

Below are the potential sectors that may be particularly attracted to Basalt Creek as identified in the Economic Inventory report.

- **Semiconductor Sector Supply Chain:** Companies providing materials, equipment, and services to chip manufacturers.
- **Cleantech, including Battery Technology:** Businesses involved in renewable energy technology, energy efficiency solutions and sustainable manufacturing processes.
- **Advanced Manufacturing:** Companies using technology such as robotics, 3D printing, and computerized systems to manufacture specialized products or components.
- **Distribution and Logistics:** Storage, transportation and delivery of goods.
- **Data Centers:** Facilities used to house computer systems and associated components.

To determine site specific competitiveness for these industries, ECOnorthwest evaluated three opportunity sites using the Mackenzie Infrastructure Finance Authority (IFA) Industrial Development Competitiveness Matrix as a foundation. Recognizing that industry requirements have evolved since the matrix's creation in 2015, the analysis incorporated updated reports and stakeholder feedback to align with current market demands. This Site Suitability Analysis assesses site characteristics such as size, location, and constraints to evaluate their ability to host target industries. While the analysis considered buildable land availability, its primary focus was on site potential, assuming redevelopment occurs.

[2] When evaluating the office market, medical office showed stronger growth than traditional office. However, ECOnorthwest did not further evaluate its potential as it was not a use envisioned in the BCCP.

Feasibility and redevelopment likelihood of contractor establishments is addressed in a separate task.

Opportunity Sites for Analysis

ECOnorthwest evaluated the following sites for their development potential (Figure 5):

- **SW Greenhill Site:** Selected for its consolidated land ownership and strong potential for near-term development, given the absence of active use.
- **Craft Industrial Area:** As a transitional area, the City seeks to assess this site's characteristics in detail to determine the most appropriate land uses. This will inform zoning designations.
- **West Railroad Site:** West Railroad lacked a defined concept in the original BCCP. To explore its potential, ECOnorthwest analyzed a portion of West Railroad, focusing on its development suitability. This will inform whether a zoning designation similar to the rest of the Basalt Creek area would be appropriate. The area also faces physical and service constraints, and the analysis evaluates whether these challenges might limit future development opportunities.

Figure 5. Opportunity Sites

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Note: ECOnorthwest is awaiting the required data to update the constraints of the Clackamas County parcel. This update will be included in a future draft.

Table 5 summarizes the size of unconstrained lots for the opportunity sites. Note that "unconstrained acres" here includes developed areas. In general, larger sites are more appealing to industrial users, who often seek parcels of 5 or more acres. Smaller sites, however, may require site aggregation to meet these needs. Notably, sites in SW Greenhill and West Railroad, which exceed 5 acres, could be especially attractive to developers. While all opportunity sites may require some degree of site aggregation, the Craft Industrial area faces the greatest challenge due to its relatively small lot sizes and fragmented land ownership.

Table 5. Unconstrained Acres and Tax Lots by Site Size for Opportunity Sites, BCPA, 2024

Site Suitability Area	Unconstrained Sites Size					
	0 - 0.5 Acres	0.5 - 1 Acres	1 - 2 Acres	2 - 5 Acres	5 - 10 Acres	10 - 25 Acres
Craft Industrial	-	1	5	8	-	-
SW Greenhill	-	-	-	31	-	21
West Railroad	0.3	-	2	10	19	60
Acreage Total	**0.3**	**1**	**7**	**49**	**19**	**81**
Craft Industrial	-	1	3	3	-	-
SW Greenhill	-	-	-	8	-	2
West Railroad	3	-	1	4	3	4
Tax Lot Total	**3**	**1**	**4**	**15**	**3**	**6**

Source: ECOnorthwest Analysis, City of Wilsonville, Washington County, Metro

Site Competitiveness Factors

The IFA Industrial Development Competitiveness Matrix includes the following factors for evaluating the competitiveness of different industries:

- Site Size
- Competitive Slope (physical slope of a parcel, which can impact its suitability for development)
- Access to Transportation and Trip Generation (Highway, Rail, and Airport Proximity)
- Access to Utility Infrastructure (Water, Sewer, Electricity, Telecommunications)
- Special Considerations

The industries evaluated in the IFA Industrial Development Competitiveness Matrix include the following, which align with the BCCP and the Economic Inventory findings, and are the focus of this analysis (the full matrix can be found in Appendix A):

- **Production Manufacturing:**
  - High-Tech/Cleantech Manufacturing
- **Value-Added Manufacturing and Assembly:**
  - Food Processing
  - Advanced Manufacturing and Assembly
- **Light/Flex Industrial:**

- General Manufacturing
- Industrial Business Parks and R&D Campuses
- Business Services

- **Warehousing and Distribution**
  - Regional Warehouse/Distribution
  - Local Warehouse/Distribution
- **Specialized Uses:**
  - Data Centers

Industry-Specific Considerations

Recent growth in the semiconductor and cleantech sectors has prompted additional research to understand the evolving needs of these industries. To support this, the Oregon Legislature established the Oregon Semiconductor Task Force to identify industry needs and opportunities. Similarly, Business Oregon supported the creation of the Oregon Cleantech Competitiveness Assessment Report to evaluate the needs and prospects for cleantech industries. Key findings related to site-specific requirements from these initiatives are outlined below.

SEMICONDUCTOR SECTOR

The semiconductor industry offers Oregon a prime opportunity to expand advanced manufacturing, grow its traded sector, and create high-quality jobs. The $52 billion CHIPS Act, passed in July 2022, accelerates efforts to boost domestic semiconductor production by allocating $40 billion for manufacturing and $10 billion for research over five years.

The Metro Region hosts a robust semiconductor cluster centered in Hillsboro. There has also been some semiconductor activity south of Hillsboro, including LAM Research in Sherwood and Tualatin, bolstering the supply chain presence in the South Metro. This established network positions the region to attract additional semiconductor-related investments.

The Semiconductor Task Force's Industrial Lands Subcommittee identified key site characteristics most important for the semiconductor industry:

- **Workforce Availability and Talent Proximity.** Access to skilled workers—engineers, technicians, and operators—is essential. Semiconductor clusters thrive where workers can easily transition between companies, creating a dynamic employment ecosystem. Workforce access is critical for both fabrication plants and supply chain operations.
- **Parcel Size and Usage.** Parcel size varies by operational needs. Fabrication plants require *50–100 acres* to accommodate cleanrooms and infrastructure, with large-

scale R&D and production facilities needing ***500+ acres***. Supply chain operations, such as equipment and material suppliers, generally need smaller parcels of ***15–35 acres***.

- **Infrastructure Readiness.** Reliable access to ***transportation, water, electricity, and wastewater systems*** is crucial. Semiconductor companies prioritize sites with infrastructure ready to support development within ***6 months to 3 years***.
- **Clustering with R&D Partners and Suppliers.** Collaboration with suppliers and R&D partners is vital. Fabrication plants benefit from proximity to suppliers for quick equipment maintenance and research. Supply chain operations also thrive in clusters, connecting with customers and transport hubs.
- **Environmental and Regulatory Considerations:** Predictable permitting processes are essential to avoid delays. While environmental regulations remain important, fast-tracked approvals are necessary to match the industry's pace.

SITE COMPETITIVENESS FOR THE CLEANTECH SECTOR

Oregon is well-positioned to capitalize on the growth of cleantech industries, driven by federal initiatives like the Inflation Reduction Act and an increasing focus on sustainability. Cleantech encompasses a range of technologies, including renewable energy, energy-efficient materials, water technologies, and recycling systems. While the IFA Industrial Development Competitiveness Matrix provides general site characteristics for cleantech, the Oregon Cleantech Competitiveness Assessment Report—developed for Business Oregon—offers more detailed site selection criteria specific to established and emerging cleantech industries within the state. Key site characteristics for these subsectors are summarized below (a complete matrix is available in Appendix B). Scalability is essential for many users, as industries often begin on smaller sites but require the flexibility to expand as they grow.

- **Battery Storage:** These systems store renewable energy for later use, enhancing grid stability and reliability. Technologies range from lithium-ion to flow batteries, used in applications from small urban micro-grids (0-5 acres) to large grid-scale facilities (25+ acres). Electrical system proximity and access for power generation facilities may vary, depending on the scale and intended use. Micro-grid systems may only need connection to the local electrical grid, while large-scale grid storage may require connection to regional transmission lines or substations. Zoning flexibility for energy uses is critical, while water needs and transportation access are generally less significant.
- **Mass Timber:** Engineered wood products like cross-laminated timber (CLT) and glued laminated timber (GLT) serve as sustainable alternatives to steel and concrete. Production facilities need medium to large sites (5-25+ acres), reliable transportation (particularly to arterial roads and railways) for raw materials, and substantial power supply.

- **Ag-Tech:** This sector integrates advanced technologies like AI, Internet of Things (IoT), agrivoltaics, and drones to optimize agriculture. Ag-tech operations, in this sense are generally assumed to focus on software and small-scale equipment products, generally collaborating with large existing farms for R&D. These businesses typically require small sites (0-5 acres) with low transportation, water, and power demands.
- **Circular Economy:** This sector focuses on recycling and resource reuse, supporting waste-reduction and material recovery technologies. Businesses range from R&D to recycling and upcycling facilities. Typically, these operations require small to medium-sized sites (0-25 acres), though the specific site needs depend on the types of raw materials and finished products, as well as the scalability of the industry. Good transportation access—especially to arterial roads and potentially railways—is important, along with moderate water and power requirements and flexible zoning options.
- **Solar and Wind Energy Production:** This sector encompasses both energy production and manufacturing. Manufacturing facilities share site requirements with advanced manufacturing industries, while energy production facilities vary significantly in scale. These range from small rooftop installations to large-scale farms, which require proximity to transmission lines and substations. The electrical system needs depend on the scale and purpose of the facility—micro-grid systems may only require a connection to the local grid, while large-scale grid storage typically necessitates access to regional transmission lines or substations. Transportation access requirements also vary, but wind turbine manufacturing often requires rail access due to the size of components.
- **Water Technologies:** This sector focuses on addressing water scarcity and quality through innovations such as AI-driven leak detection, wastewater recycling, and desalination. It often involves both R&D and production facilities. These businesses typically require small to medium-sized sites (0-25 acres) with access to high-pressure water systems and significant power capacity, while having relatively low transportation needs.
- **Building Energy Technologies:** This sector focuses on innovations that improve energy efficiency, including smart HVAC systems and energy-efficient lighting to reduce building energy use. R&D and software development facilities in this space typically require small sites (0-5 acres) with moderate to high electrical needs, while having low transportation and water requirements.
- **Electric Vehicle (EV) Infrastructure Technologies:** Supporting the adoption of EVs through charging networks and technology development, this sector generally requires medium to large sites (5-25+ acres) with high electrical power demands and good access to transportation networks.

Opportunity Site Characteristics

The market analysis revealed that Basalt Creek is well-suited for various industrial uses, including light industrial, flex space, warehousing, distribution, advanced manufacturing, and support for cleantech and semiconductor sectors. These industries have specific site requirements. To assess how the three opportunity sites could accommodate different sectors, ECOnorthwest analyzed each site's characteristics and evaluated them against the competitiveness matrix and additional criteria specific to cleantech and semiconductor industries. Table 7 outlines the physical characteristics of the three sites under analysis.

Table 6. Physical Characteristics of Opportunity Sites

SITE CHARACTERISTIC	SW GREENHILL	CRAFT INDUSTRIAL	WEST RAILROAD
Site Size and Ownership	♦ 57 acres ♦ 10 tax lots ♦ 2 owners (1 owns 42 acres, 1 owns 14 acres)	♦ 32 acres ♦ 7 tax lots ♦ 7 owners (fairly even site size distribution)	♦ 165 acres ♦ 15 tax lots ♦ 8 owners (1 owns 65 acres, 4 own ~20 acres each, 3 own smaller parcels)
Slope	Slopes of 10% or greater cover about 6 acres, or 11% of the total site area.	♦ Slopes of 10% or greater cover about 15 acres, or 46% of the total site area. These slopes are generally in the middle of the site, bordering Basalt Creek.	♦ Slopes of 10% or greater cover about 34 acres, or 20% of the total site area. However, some of these slopes are from activities on the sites and not physical attributes
Surrounding Uses	♦ North: Planned for medium-low density residential and neighborhood commercial (Tualatin portion of BCPA) ♦ East: BCPA border and I-5 ♦ South: Undeveloped land, contractor establishment (planned High-Tech Employment District) ♦ West: Craft Industrial Opportunity Site	♦ North: Planned for (and under development) low-density residential (Tualatin portion of BCPA) ♦ East: SW Greenhill Opportunity Site (planned High-Tech Employment District) ♦ South: Contractor establishments, single residential property (planned High-Tech Employment District) ♦ West: Contractor establishments, plant nurseries, and undeveloped land (planned Light Industrial District)	♦ North: Adjacent to mining site ♦ East: Coffee Creek Correctional Facility and Coffee Creek Industrial area ♦ West: Coffee Creek provides a natural buffer ♦ South: Undeveloped land in Clackamas County
Constraints	♦ 52 unconstrained acres (91% of total area) ♦ Minimal constraints running along the eastern boundary	♦ 14 unconstrained acres (42% of total area); 9 of these acres are east of the constraints that dominate the central area; the remaining 5 acres occupy the northwest corner ♦ Constraints dominate the central north-south area	♦ 90 unconstrained acres (55% of total area) ♦ Constraints run along the entire western boundary and central northern half

Table 8 outlines the existing and planned utilities on the opportunity sites. Details on water, sewer, and roads were provided by City staff based on the most current local access maps from DKS. Final infrastructure alignment and capacity are still in the planning stages. d

Table 7. Infrastructure and Utility Characteristics of Opportunity Sites

SITE CHARACTERISTIC	SW GREENHILL	CRAFT INDUSTRIAL	WEST RAILROAD
Water: Potable water delivery to BCPA requires Basalt Creek Parkway Extension, Zone C booster station, and may require SW Grahams Ferry Rd Extension. These systems will connect SW Tooze Rd to SW Day Rd – 10,200 LF 18" diameter pipe and 4,670 LF 12" diameter pipe. *Modeling needs to confirm these requirements.*	**Current:** No existing water lines in area. **Planned:** Requires water main along SW Boones Ferry Rd alignment (2,490 LF). Water lines assumed to generally follow local road layout (5,460 LF). Will connect proposed water lines to existing lines on SW Pioneer Ct and SW Day Rd. *Sizes to be confirmed during modeling.*	**Current:** No existing water lines in area. **Planned:** Assumed to utilize proposed water main along SW Boones Ferry Rd. *Sizes to be confirmed during modeling.*	**Current:** No existing water lines in area. **Planned:** Water lines assumed to follow road layout from SW Grahams Ferry to SW Tonquin Rd (6,900 LF). *Sizes to be confirmed during modeling.*
Roads	**Current:** Existing SW Boones Ferry Rd, SW Greenhill Rd **Planned:** New arterial to I-5 from SW Greenhill Rd (300 LF). New arterial from SW Day Rd to I-5 (1,060 LF). New local roads looping SW Greenhill Rd to SW Boones Ferry Rd (3,350 LF) and connecting to SW Pioneer Ct (2,110 LF).	**Current:** Existing SW Boones Ferry Rd. **Planned:** New local road looping SW Day Rd to SW Boones Ferry Rd (1,900 LF). Assumed to utilize SW Boones Ferry Rd.	**Current:** Existing SW Grahams Ferry Rd to south and SW Tonquin Rd to north. **Planned:** New local road connecting SW Grahams Ferry Rd to SW Tonquin Rd (6,900 LF) with a possible connection to SW Morgan Rd (2,570 LF).
Sewer: Wastewater collection for BCPA requires completion of Coffee Creek Interceptor Phase 2 – 2,000 LF of gravity system upsizing to 21" diameter pipe from SW Boeckman Rd along railroad to SW Ridder Rd. This also requires Coffee Creek Interceptor Railroad Crossing – 160 LF of 21" diameter pipe.	**Current:** No existing sewer lines in area. **Planned:** Gravity collection lines flow generally south and west along proposed road layout (5,460 LF). Requires new collection line along SW Day Rd (1,600 LF), and new line to travel south between SW Day Rd to connect to SW Garden Acres Rd just north of SW Ridder Rd (3,700 LF). *10-12" diameter collection lines are anticipated.*	**Current:** No existing sewer lines in area. **Planned:** Assumed to utilize proposed line along SW Boones Ferry Rd.	**Current**: No existing sewer lines in area. **Planned:** Gravity line flows from SW Clay St west, crosses railroad, and meets proposed local street alignment in West Railroad to SW Grahams Ferry Rd (6,900 LF). Lift station is required with pressure main along SW Grahams Ferry to SW Clutter St (380 LF) before returning to gravity along SW Clutter St to SW Garden Acres Rd (1,430 LF) *A 10" diameter pipe is anticipated for gravity lines.*
Natural Gas	The IFA matrix does not identify natural gas as a requirement for industries most likely to locate in the BCCP. Natural gas did not come up as a barrier for industrial development in interviews.		
Electricity	Discussions with PGE indicate that the area can accommodate industrial users with moderate power needs. However large power users such as a data center may require infrastructure upgrades. These types of upgrades can take 3+ years.		
Telecommunication	Since the BCPA is located within the Metro, telecommunication service is expected to be adequate to meet the needs of likely users. Telecommunication capacity did not come up as a barrier for industrial development in interviews.		

Location in the overall region and access to highways, rail, other like businesses, and labor force also play a role in site selection for industries. Given the proximity of these sites within a very small area we detail these overall characteristics for the BCPA rather than for each site (Table 9).

Table 8. Basalt Creek Transportation and Proximity Characteristics

SITE CHARACTERISTIC	BASALT CREEK EVALUATION
Available Trips	♦ The BCCP allocated 951 trips to Wilsonville's portion of Basalt Creek. The TRP identifies the necessary improvements to accommodate those trips. Additional development and trips would require an update to the TRP and additional capacity improvements to the planned system.
Transportation Access to Interstate or Principal Arterial	♦ The entirety of Basalt Creek is within 5 miles of access to I-5 as well as I-205 and is less than 10 miles from Highway 217.
Proximity to Regional Infrastructure Rail/Port/Airport	♦ Basalt Creek is ~27 miles from Portland International Airport and ~26 miles from the Port of Portland. ♦ A rail line runs through Basalt Creek, but without any spurs, the area lacks direct rail access for industries. Note: The project team is still confirming the type of rail line and potential for spurs.
Proximity to Labor Force	♦ Access to the broader Portland Metro and Mid-Valley labor forces.
Proximity to Goods	♦ Close proximity to wine region and agricultural land ♦ Close proximity to distributors, other manufacturers, and tech hubs, including semiconductor businesses

Evaluation of Compatible Uses

The suitability of potential users for each site is outlined below, based on site characteristics and industry-specific needs. *Note: While water and wastewater capacity, as well as final road alignments, are still in the planning stages, they could influence the types of industries and scale of development that locate on these sites. Generally, water and wastewater capacity is expected to be sufficient, though high-water-use industries are highlighted as needing additional consideration in the matrix. Final road alignments could also affect parcel configurations as well as building size and scale depending on their placement. These factors are acknowledged but are not currently identified as definitive constraints or benefits.*

- **The SW Greenhill** site spans 57 acres, with 91 percent (52 acres) of the land unconstrained. Minimal slopes (affecting 11 percent of the site), a high proportion of undeveloped land, and proximity to existing infrastructure make it one of the most development-ready locations in Basalt Creek. The site could be suitable for high-tech supply chain, cleantech industries, advanced manufacturing, food processing, small warehousing and distribution, and industrial business parks or R&D campuses. Its proximity to transportation networks and regional workforce access further enhances its competitiveness.
- **The Craft Industrial** site comprises seven tax lots under separate ownership, most of which are smaller than 5 acres. Substantial constraints limit the developable area to 14 acres. Its proximity to residential areas and existing housing developments makes it less attractive for high-intensity industrial activities. In its current configuration, the site is better suited for micro-industrial uses, such as live-work spaces as originally identified in the BCCP.

  With site aggregation, the southeastern portion could support a small-scale industrial and/or office user requiring up to 5 acres. These uses could resemble industrial condo developments like the Commerce Circle Business Park or Riverwood Business Center, which integrate office and small-scale production spaces. While the northeastern portion may also appeal to small industrial users, its irregular shape and the presence of high-value residences make redevelopment less likely there compared to the southeastern portion.

  The site's existing residences, some of which are high-value homes, are likely to extend redevelopment timelines relative to other opportunity sites. However, the feasibility of redeveloping these residential properties was not assessed as a part of this study.
- **The West Railroad** site spans 165 acres, with 55 percent (90 acres) of the land unconstrained. Its large parcel sizes and proximity to regional transportation networks make it a strong candidate for general manufacturing, food processing, and small to mid-sized warehousing or distribution uses. Moderate constraints are concentrated along the western and northern boundaries. Additionally, the lack of

confirmed direct rail access and the need for infrastructure upgrades may present challenges for industries reliant on heavy logistics or rail connections. Additionally, the site's proximity to a rail line and a mining operation could make the site less attractive to advanced manufacturing or other industries sensitive to vibration. On the other hand, the site's proximity to Coffee Creek's existing industrial development may make it attractive to business services supporting nearby industries. Note: The project team is continuing to assess rail access and the potential impact of the railroad and nearby mining operations on the site's attractiveness for certain industries. At this stage, these factors are identified as potential considerations. Additionally, the City is still evaluating necessary road improvements to West Railroad to better accommodate truck traffic. Further analysis of how infrastructure constraints or enhancements might influence industry suitability will be included in the next draft if additional information becomes available.

In Table 10, the compatibility of each site with various industrial uses is color-coded as follows:

- Red: Not competitive for the industry
- Yellow: Moderate potential
- Green: High compatibility and strong suitability

Table 9. Evaluation of Compatible Uses Based on Site Characteristics

INDUSTRIES		SW GREENHILL	CRAFT INDUSTRIAL	WEST RAILROAD
Production Manufacturing	High Tech / Cleantech Manufacturing	Mid-sized, flat site; high power or utility demands could exclude some users depending on system capacity	May be able to accommodate a small user (under 5 acres) most likely on the southeastern portion; some users may prefer larger sites with expansion potential	Vibration may be a concern from nearby rail and mining (This may or may not be a barrier – project team is still confirming); high power or utility demands could exclude some users depending on system capacity
Value-Added Manufacturing and Assembly	Food Processing	Water and sewer needs are high; high demands could exclude some users depending on system capacity	May be able to accommodate a small user (under 5 acres) most likely on the southeastern portion	Water and sewer needs are high; high demands could exclude some users depending on system capacity
	Advanced Manufacturing & Assembly	Mid-sized, flat site; lower water and sewer demand than high-tech industries	Site small and constrained; increased setbacks (if required) could be a problem; often requires onsite utility service areas	Vibration may be a concern from nearby rail and mining (This may or may not be a barrier – project team is still confirming)

INDUSTRIES		SW GREENHILL	CRAFT INDUSTRIAL	WEST RAILROAD
Light / Flex Industrial	General Manufacturing	Residential proximity may reduce appeal	Site small and constrained; residential proximity may reduce appeal	Desirable site size available; distance from sensitive uses (residential, park)
	Industrial Business Park and R&D Campus	Mid-sized, flat site; slightly small for some users	Site small and constrained	Constraints may limit large park potential
	Business / Admin Services	Mid-sized, flat site; high trip generation	May be able to accommodate a small user (under 5 acres) most likely on the southeastern portion; tolerates higher slopes; compatible near residential; high trip generation	Proximity to Coffee Creek Industrial area which hosts similar services is attractive; tolerates higher slopes; high trip generation
Warehouse & Distribution	Regional	Close to I-5; existing road infrastructure; site may be a little small for some users	Site too small and constrained; limited space for trucks	Constraints could limit large distribution centers; The City is evaluating needed improvement to better accommodate truck traffic
	Local	Close to I-5; existing road infrastructure; suitable for smaller users	Site too small and constrained; limited space for trucks	Close to I-5; suitable for smaller users; The City is evaluating needed improvement to better accommodate truck traffic
Specialized	Data Center	May be suitable but power needs could exceed available capacity requiring upgrades	Site too small and constrained	May be suitable but power needs could exceed available capacity requiring upgrades

Site Competitiveness for Semiconductor Industry

Basalt Creek lacks the large parcels required for fabrication plants but is positioned to accommodate supply chain businesses that support semiconductor manufacturing.

- **SW Greenhill:** High Potential – Could be competitive for the semiconductor supply chain businesses. This site is closest to development ready, which is highly competitive as semiconductor companies prioritize sites with infrastructure ready to support development within *6 months to 3 years.*
- **Craft Industrial:** Not Competitive – Given the small parcels on the Craft Industrial site, this site is not competitive for the semiconductor supply chain businesses.

- **West Railroad:** Moderate Potential – The longer timeline required to provide adequate infrastructure, combined with existing constraints, makes this site less attractive for the semiconductor industry.

Site Competitiveness for Cleantech

- **Craft Industrial:** Moderate Potential – Given the small parcels and extent of constraints, this site is not competitive for many cleantech businesses but may be attractive to small scale users in ag-tech and building energy tech that require sites under 5 acres.

Table 10. Cleantech Evaluation of Compatible Uses for Craft Industrial

Battery Storage	Existing businesses add appeal, but energy demands may exceed supply; site size may be too small for many users
Mass Timber	Limited by small site size, lack of direct rail access and high energy requirements
Ag-Tech	Site may be suitable for a small user
Circular Economy	Some users may prefer direct rail access; site may be too small for some users
Solar & Wind Energy	Small site; unsuitable for power generation and manufacturing
Water Tech	High demand user; water pressure adequacy and energy needs may pose challenges; site may be too small for some users
Building Energy Tech	Site may be suitable for a smaller user; energy demands could exceed supply.
EV infrastructure Tech	Limited site size, lack of rail access and high energy requirements

- **SW Greenhill and West Railroad:** High Potential – Site size and infrastructure could appeal to a variety of cleantech subsectors including battery storage, ag-tech, circular economy, water tech, and building energy tech.

Table 11. Cleantech Evaluation of Compatible Uses

Battery Storage	Existing businesses add appeal, but energy demands may exceed supply
Mass Timber	Limited by lack of direct rail access and high energy requirements
Ag-Tech	Sites meet needs well
Circular Economy	High transportation needs: some facilities may prefer direct rail access
Solar & Wind Energy	Unsuitable for power generation; possible for manufacturing but limited by rail and power needs
Water Tech	High demand user; water pressure adequacy and energy needs may pose challenges; low transportation needs
Building Energy Tech	Sites meet needs well; energy demands could exceed supply.
EV infrastructure Tech	Limited by lack of rail access and high power requirements

Conclusion

Land Supply

The BCPA offers a promising opportunity to support a diverse range of industrial and employment uses that align with Wilsonville's economic development goals. Since the previous Buildable Lands Inventory (BLI) update, the area has experienced growth in contractor establishments. The updated BLI identifies **150 acres of buildable land,** comprising **87 acres of vacant land** and **63 acres of partially vacant land,** after accounting for constraints and existing development. The supply is distributed across parcels of varying sizes, ranging from small lots under 5 acres to larger parcels exceeding 25 acres, providing a mix of options suitable for different industry needs.

Note: ECOnorthwest will include employment capacity estimates in the next version of this draft.

Site Suitability Analysis

The Site Suitability Analysis evaluates the competitiveness of three opportunity sites within the BCPA based on their ability to host key industries identified in the Economic Inventory. This evaluation focuses on physical site characteristics, such as size, location, and constraints, rather than the likelihood of redevelopment. Redevelopment feasibility is addressed in a separate deliverable.

- **SW Greenhill:** With its minimal constraints, lack of development and existing infrastructure, this site could be suited for cleantech, high-tech supply chains, advanced manufacturing industries, food processing, small warehousing and distribution, and industrial business parks or R&D campuses requiring medium-sized parcels. This validates the uses originally envisioned in the BCCP for the area.
- **Craft Industrial:** Due to significant constraints, the site is currently more suitable for micro-industrial uses, such as live-work spaces, as originally identified in the BCCP. However, with site aggregation, the eastern portion could accommodate small-scale business or administrative services and production uses, similar to industrial condo developments like Commerce Circle Business Park or Riverwood Business Center. The presence of existing residences, including some high-value homes, are likely to delay redevelopment timelines compared to other opportunity sites.
- **West Railroad:** This site has potential for development in general manufacturing, food processing, warehousing and distribution, and business services. However, significant infrastructure upgrades are required, and existing constraints may limit the scale of some types of development.

Next Steps

The findings presented in this memorandum are preliminary and will be further refined through ongoing discussions with the Planning Commission and City Council. This analysis is being conducted in parallel with an evaluation of redevelopment feasibility for contractor establishments. Ultimately, these components, along with insights from the Economic Inventory, will be synthesized into a comprehensive final report that outlines key findings and recommendations.

Appendix A. IFA Industrial Development Competitiveness Matrix

STATE OF OREGON - Infrastructure Finance Authority
Industrial Development Competitiveness Matrix

			Production Manufacturing		Value-Added Manufacturing and Assembly		Light / Flex Industrial			Warehousing & Distribuiton		Specialized		
	PROFILE		A	B	C	D	E	F	G	I	H	J	K	L
	CRITERIA		Heavy Industrial / Manufacturing	High-Tech / Clean-Tech Manufacturing	Food Processing	Advanced Manufacturing & Assembly	General Manufacturing	Industrial Business Park and R&D Campus	Business / Admin Services	Regional Warehouse / Distribution	Local Warehouse / Distribution	UVA Manufacturing / Research	Data Center	Rural Industrial
1	**GENERAL REQUIREMENTS**		Use is permitted outright, located in UGB or equivalent and outside flood plain; and site (NCDA) does not contain contaminants, wetlands, protected species, or cultural resources or has mitigation plan(s) that can be implemented in 180 days or less.											
	PHYSICAL SITE													
2	TOTAL SITE SIZE**	Competitive Acreage*	10 - 100+	5 - 100+	5 - 25+	5 - 25+	5 - 15+	20 - 100+	5 - 15+	20 - 100+	10 - 25+	10 - 25+	10 - 25+	5 - 25+
3	COMPETITIVE SLOPE:	Maximum Slope	0 to 5%	0 to 5%	0 to 5%	0 to 7%	0 to 5%	0 to 7%	0 to 12%	0 to 5%	0 to 5%	0 to 7%	0 to 7%	0 to 5%
	TRANSPORTATION													
5	TRIP GENERATION:	Average Daily Trips per Acre	40 to 60 (ADT / acre)	40 to 60 (ADT / acre)	50 to 60 (ADT / acre)	40 to 60 (ADT / acre)	40 to 50 (ADT / acre)	60 to 150 (ADT / acre)	170 to 180 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	40 to 80 (ADT / acre)	20 to 30 (ADT / acre)	40 to 50 (ADT / acre)
6	MILES TO INTERSTATE OR OTHER PRINCIPAL ARTERIAL:	Miles	w/ in 10	w/ in 10	w/ in 30	w/ in 15	w/ in 20	N/A	N/A	w/ in 5 (only interstate or equivalent)	w/ in 5 (only interstate or equivalent)	N/A	w/ in 30	N/A
7	RAILROAD ACCESS:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Avoid	N/A
8	PROXIMITY TO MARINE PORT:	Dependency	Preferred	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Preferred	Preferred	Not Required	Not Required	N/A
9	PROXIMITY TO REGIONAL COMMERCIAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Required	Preferred	Preferred	Preferred	Preferred	Competitive	N/A
		Distance (Miles)	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	w/ in 30	w/ in 60	w/ in 60	w/ in 60	w/ in 30	w/ in 60	N/A
10	PROXIMITY TO INTERNATIONAL AIRPORT:	Dependency	Preferred	Competitive	Preferred	Competitive	Preferred	Competitive	Preferred	Preferred	Preferred	Competitive	Preferred	N/A
		Distance (Miles)	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	w/ in 100	w/ in 300	w/ in 300	w/ in 300	w/ in 100	w/ in 300	N/A
	UTILITIES													
11	WATER:	Min. Line Size (Inches/Distr)	8" - 12"	12" - 16"	12" - 16"	8" - 12"	6" - 10"	8" - 12"	4" - 6"	4" - 8"	4" - 6"	4" - 8"	16"	4" - 8"
		Min. Fire Line Size (Inches/Distr)	10" - 12"	12" - 18"	10" - 12"	10" - 12"	8" - 10"	8" - 12"	6" - 10"	10" - 12"	6" - 8"	6" - 10"	10"-12"	6" (or alternate source)
		High Pressure Water Dependency	Preferred	Required	Required	Preferred	Not Required	Preferred	Not Required	Not Required	Not Required	Not Required	Required	Not Required
		Flow Gallons per Day per Acre)	1600 (GPD / Acre)	5200 (GPD / Acre)	3150 (GPD / Acre)	2700 (GPD / Acre)	1850 (GPD / Acre)	2450 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1600 (GPD / Acre)	50-200 (Gallons per MWh) ‡	1200 (GPD / Acre)
12	SEWER:	Min. Service Line Size (Inches/Distr)	6" - 8"	12" - 18"	10" - 12"	10" - 12"	6" - 8"	10" - 12"	6" - 8"	4"	4"	6"	8"-10"	4" - 6" (or on-site source)
		Flow (Gallons per Day per Acre)	1500 (GPD / Acre)	4700 (GPD / Acre)	2600 (GPD / Acre)	2500 (GPD / Acre)	1700 (GPD / Acre)	2000 (GPD / Acre)	1600 (GPD / Acre)	500 (GPD / Acre)	500 (GPD / Acre)	1300 (GPD / Acre)	1000 (GPD / Acre) ‡	1000 (GPD / Acre)

13	NATURAL GAS:	Preferred Min. Service Line Size (Inches/Distr)	4" - 6"	6"	4"	6"	4"	6"	2"	2"	2"	2"	4"	N/A
		On Site	Competitive	Competitive	Preferred	Competitive	Competitive	Competitive	Preferred	Preferred	Preferred	Preferred	Preferred	Preferred
14	ELECTRICITY:	Minimum Service Demand	2 MW	4-6 MW	2-6 MW	1 MW	0.5 MW	0.5 MW	0.5 MW	1 MW	1 MW	0.5 MW	5-25 MW	1 MW
		Close Proximity to Substation	Competitive	Competitive	Not Required	Competitive	Preferred	Competitive	Preferred	Not Required	Not Required	Not Required	Required, could be on site	Not Required
		Redundancy Dependency	Required	Preferred	Not Required	Required	Not Required	Competitive	Required	Not Required	Not Required	Not Required	Required	Not Required
15	TELECOMMUNICATIONS:	Major Communications Dependency	Preferred	Required	Preferred	Required	Required	Required	Required	Preferred	Preferred	Required	Required	Preferred
		Route Diversity Dependency	Not Required	Required	Not Required	Required	Not Required	Preferred	Required	Not Required	Not Required	Not Required	Required	Not Required
		Fiber Optic Dependency	Preferred	Required	Preferred	Required	Preferred	Required	Required	Preferred	Preferred	Required	Required	Not Required
16	SPECIAL CONSIDERATIONS:		Adequate distance from sensitive land uses (residential, parks, large retail centers) necessary. High throughput of materials. Large yard spaces and/or buffering required. Often transportation related requiring marine/rail links.	Acreage allotment includes expansion space (often an exercisable option). Very high utility demands in one or more areas common. Sensitive to vibration from nearby uses.	May require high volume/supply of water and sanitary sewer treatment. Often needs substantial storage/yard space for input storage. Onsite water pre treatment needed in many instances.	Surrounding environment of great concern (vibration, noise, air quality, etc.). Increased setbacks may be required. Onsite utility service areas. Avoid sites close to wastewater treatment plants, landfills, sewage lagoons, and similar land uses. Lower demands for water and sewer treatment than Production High-Tech Manufacturing.	Adequate distance from sensitive land uses (residential, parks) necessary. Moderate demand for water and sewer. Higher demand for electricity, gas, and telecom.	High diversity of facilities within business parks. R&D facilities benefit from close proximity to higher education facilities. Moderate demand on all infrastructure systems.	Relatively higher parking ratios may be necessary. Will be very sensitive to labor force and the location of other similar centers in the region. High reliance on telecom infrastructure.	Transportation routing and proximity to/from major highways is crucial. Expansion options required. Truck staging requirements mandatory. Minimal route obstructions between the site and interstate highway such as rail crossings, drawbridges, school zones, or similar obstacles.	Transportation infrastructure such as roads and bridges to/from major highways is most competitive factor.	Must be located within or near FAA-regulated UAV testing sites. Moderate utility demands. Low reliance on transportation infrastructure.	Larger sites may be needed. The 25 acre site requirement represents the more typical site. Power delivery, water supply, and security are critical. Surrounding environment (vibration, air quality, etc.) is crucial. May require high volume/supply of water and sanitary sewer treatment.	Located in more remote locations in the state. Usually without direct access (within 50 miles) of Interstate or City of more than 50,000 people.

Mackenzie; Business Oregon

Terms:

More Critical ↑ Less Critical	**'Required'** factors are seen as mandatory in a vast majority of cases and have become industry standards
	'Competitive' significantly increases marketability and is *highly recommended by Business Oregon* . May also be linked to financing in order to enhance the potential reuse of the asset in case of default.
	'Preferred' increases the feasibility of the subject property and its future reuse. Other factors may, however, prove more critical.
* Competitive Acreage: Acreage that would meet the site selection requirements of the majority of industries in this sector.	
** Total Site: Building footprint, including buffers, setbacks, parking, mitigation, and expansion space	
† Data Center Water Requirements: Water requirement is reported as gallons per MWh to more closely align with the Data Center industry standard reporting of Water Usage Effectiveness (WUE).	
‡ Data Center Sewer Requirements: Sewer requirement is reported as 200% of the domestic usage at the Data Center facility. Water and sewer requirements for Data Centers are highly variable based on new technologies and should be reviewed on a case-by-case basis for specific development requirements.	

Appendix B. Cleantech Industrial Sector Land Use Competitiveness Matrix

The Oregon Cleantech Competitiveness Assessment Report (Appendix D in the report) identified the following land use requirements for key cleantech subsectors in Oregon as described below.

Cleantech Land Use Criteria

Land use requirements for attracting and growing industrial users vary across sectors. We have reviewed typical land use and infrastructure needs based on existing facility development, anticipated growth needs, and similarities to existing established industrial users within the State. We have reviewed land use competitiveness for the following development criteria, which are commonly used when evaluating sites for attracting potential industrial users:

1. Total site size: Gross property area, including building footprint, setbacks, parking, laydown space, buffers and/or mitigation areas, and expansion areas.
   A. Small: 0-5 acres
   B. Medium: 5-25 acres
   C. Large: > 25 acres
2. Use allowance: Specific manufacturing use allowed under current zoning. Development standards also may limit feasibility of necessary elements such as utility yards.
   A. Low: Allowed outright
   B. Medium: Allowed conditionally or with limitations
   C. High: Not allowed
3. Site slope tolerance: Elevation differences across the site; generally, industries with large-footprint buildings or laydown yards require flatter sites.
   A. Low: 0-5%
   B. Moderate: 0-7%
   C. High: 0-12%
4. Access to Interstate or Principal Arterial transportation routes: Access to shipping routes and available capacity for trips generated.
   A. Low: Relatively low need for access to transportation routes.
   B. Moderate: Access to principal transportation routes is preferred.
   C. High: Access to principal transportation routes is required.
5. Railroad access: Proximity and capacity for rail freight systems, for either raw materials or finished goods.
   A. Low: Relatively low need for rail access.
   B. Moderate: Access to rail access is preferred.
   C. High: Access to rail access is required.
6. Marine port access: Proximity and capacity for marine cargo shipping, for either raw materials or finished goods.
   A. Low: Relatively low need for marine access.
   B. Moderate: Access to marine access is preferred.

C. High: Access to marine access is required.

7. Airport access: Proximity and flight availability for employees, customers, or air cargo.
   A. Low: Relatively low need for airport access.
   B. Moderate: Access to airport access is preferred.
   C. High: Access to airport access is required.
8. High pressure water supply: Proximity and capacity for high pressure water supply, typically as municipal water.
   A. Low: Significant water usage is not expected to be a critical component of this industry.
   B. Moderate: Water usage may be high for this industry; high-pressure water supply is preferred.
   C. High: High-pressure water supply is required.
9. Electricity supply: Proximity and capacity for electrical power.
   A. Low: Significant electricity usage is not expected to be a critical component of this industry.
   B. Moderate: Electrical usage may be high for this industry; high-demand service and/or redundancy is preferred.
   C. High: High-demand service and/or redundant electrical supply is required.

The following table summarizes our recommendations of land use competitiveness for the selected Cleantech sectors across the criteria listed above.

Table 12. Competitiveness Matrix for Select Cleantech Industries

	Battery Storage	Mass Timber	Ag-Tech	Circular Economy	Solar & Wind Energy Prod	Water Tech	Building Energy Tech	EV Infrastructure Tech
Site Size	Small to Large[3]	Med to Large	Small[4]	Small to Med[5]	Med to Large[6]	Small to Med	Small	Med to Large
Use Allowance	Varies by jurisdiction							
Slope Tolerance	Mod.	Low	High	Mod.	Mod.	Low	High	Mod.
Transportation Access	Low	High	Low	High	Mod.	Low	Low	High
Rail Access	Low	Mod.	Low	Mod.	Wind: High Solar: Low	Low	Low	Mod.
Marine Access	Low	Low	Low	Low to Mod.	Low to High[7]	Low	Low	Low to Mod.
Airport Access	Low	Low	Mod.	Low	Low	Low	Mod.	High
High Pressure Water Needs	Low	Low to Mod.	Low	Mod.	Mod.	High	Low	Low
Electrical Supply Needs	High[8]	Mod. to High	Low	Mod.	High[6]	High	Mod. to High	High

Source: Oregon Cleantech Competitiveness Assessment Report, 2024

[3] Battery storage site sizes may vary widely, from urban micro-grid installations to large-scale power grid storage.
[4] The Ag-Tech industries identified in this study are assumed to generally focus on software and small-scale equipment products. These companies may use large-scale farms for product development or research; however, since those are likely to be existing operating farm facilities we do not identify them as a land use criteria here.
[5] Site facility size for circular economy is dependent on the raw materials and finished products involved, and the industry scaling.
[6] Site size for solar/wind manufacturing facilities is similar to advanced manufacturing industries, while sites for solar/wind power generation vary greatly depending on scale ranging from rooftop systems to grid-scale farms.
[7] Off-shore wind power requires marine facilities to transport turbines and equipment to the generating site. Land-based wind power marine access varies.
[8] Electrical system proximity and access for power generation facilities may vary, depending on the scale and intended use. Micro-grid systems may only need connection to the local electrical grid, while large-scale grid storage may require connection to regional transmission lines or substations.

DATE:	November 20, 2024
TO:	City of Wilsonville
FROM:	ECOnorthwest: Nicole Underwood, Michelle Anderson, and Bob Parker
SUBJECT:	WILR Phase 1: Redevelopment Feasibility of Contractor Establishments - DRAFT

The cities of Tualatin and Wilsonville adopted the Basalt Creek Concept Plan (BCCP) in 2018 after a lengthy joint planning process. Now, in 2024-25, the City of Wilsonville is working to advance the Basalt Creek Planning Area (BCPA) beyond the concept plan to a development-ready status by designating zoning and refining infrastructure plans. However, since adoption of the BCCP, economic conditions at national, state, regional, and local levels have shifted significantly, and must now be considered.

To address these evolving conditions, the City hired ECOnorthwest to conduct a market assessment and industrial lands study focused on Wilsonville's portion of the BCPA. This study comprises several interconnected tasks:

- An **Economic Inventory** that evaluated current market trends and identified industries suitable for the area (completed).
- An updated **Buildable Lands Inventory (BLI)** that reflects recent land developments, adjusted constraints, and revised capacity estimates (ongoing).
- A **Site Suitability Analysis** that evaluates three key opportunity sites for their potential to support target industries based on attributes like size, location, and access (ongoing).
- An **Analysis of Future Development of Contractor Establishments in the BCPA** given prevailing lease rates and market conditions (this memorandum).

This memorandum addresses the fourth task by evaluating the redevelopment potential of contractor establishments within the BCPA. Currently, the Wilsonville portion of the BCPA falls under Washington County's Future Development, 20-acre District (FD-20) zoning, which allows a variety of low-intensity uses. The area has limited development, with much of the developed land used for contractor establishments, which typically include small offices (often converted residences), storage buildings, and laydown yards. While these uses contribute to jobs and economic activity, they yield limited employment opportunities and lower property values compared to those envisioned in the BCCP or typically expected for land within the Metro Urban Growth Boundary (UGB) and city limits.

The primary question we address in this task is: What is the redevelopment potential of existing contractor establishments in the BCPA, given prevailing lease rates and market conditions? This analysis will help the City understand what types of development the market will support, which desired development types identified in the BCCP are viable

under current economic conditions, and what conditions might be necessary in the future to support desired development.

The findings from this analysis will guide recommendations on policy interventions and strategic actions the City can take to support desired development and promote redevelopment feasibility. These efforts are part of a broader initiative to position Basalt Creek as a key area for regional job growth and long-term economic success.

Redevelopment Feasibility of Existing Contractor Establishments

The Economic Inventory identified a range of industrial users who may find Basalt Creek particularly attractive due to its prime location in the Southwest Metro area, access to a skilled workforce, availability of industrial land, strong transportation networks, and proximity to existing industrial clusters. Discussions with stakeholders also highlighted strong regional demand for industrial space.

However, several challenges complicate redevelopment efforts. Many existing contractor establishments generate significant income for property owners, reducing their motivation to sell or redevelop the land for higher-intensity industrial uses. Additionally, relocation options for businesses currently occupying these sites may be limited, creating further barriers to redevelopment.

These challenges raise critical questions about whether current market rents and sales prices are sufficient to make redevelopment feasible in the BCPA. This analysis evaluates the conditions needed to support redevelopment in Basalt Creek.

WHICH SECTORS MAY BE ATTRACTED TO BASALT CREEK?

Below are the potential sectors that may be particularly attracted to Basalt Creek as identified in the Economic Inventory report.

- **Semiconductor Sector Supply Chain:** Companies providing materials, equipment, and services to chip manufacturers.
- **Clean Tech, including Battery Technology:** Businesses involved in renewable energy technology, energy efficiency solutions and sustainable manufacturing processes.
- **Advanced Manufacturing:** Companies using technology such as robotics, 3D printing, and computerized systems to manufacture specialized products or components.
- **Distribution and Logistics:** Storage, transportation and delivery of goods.
- **Data Centers:** Facilities used to house computer systems and associated components.

Methods and Approach

What are the key questions?

While there is clear demand for industrial space in the BCPA, the question remains: **What conditions (e.g., market, ownership, site, zoning) are needed to promote and incentivize urban industrial development as envisioned in the BCCP?** To answer this core question, ECOnorthwest identified several sub-questions to guide the analysis.

- What types of property owners are in the study area and who is respectively occupying the site (e.g., does the owner occupy or a tenant)?
  - Understanding ownership and occupancy dynamics helps assess the financial motivations of property owners and determine whether redevelopment offers an incentive.
- What are the potential future uses for these sites?
  - Identifying potential future uses informs construction costs, market rents, and site utilization. Evaluating the likely range of site utilization (based on constraints and zoning) helps determine whether redevelopment would offer higher returns compared to current uses.

By addressing these supporting questions, ECOnorthwest evaluated scenarios where ownership, occupancy, and future uses align to incentivize redevelopment. This structured approach provides insights into the conditions necessary to drive redevelopment in the BCPA.

How did we answer the key questions?

ECOnorthwest used a detailed pro forma model to evaluate multiple potential development scenarios. These scenarios incorporated variations in current ownership and occupancy, potential future uses, and site utilization (for additional details, see Appendix). For this quantitative analysis, we focused on conditions that could support new development, either on recently acquired properties (e.g., speculative purchases) or on land likely to transact for redevelopment in the future.

WHAT IS A PRO FORMA?

The pro forma method, a standard tool in real estate feasibility studies, replicates the decision-making process of investors and lenders. It assesses the balance between development costs, expected revenue, and financing structures to identify potential viability gaps.

The pro forma considers the site utilization and potential building program of each scenario, development hard costs (construction labor and materials), other development costs (soft

costs, contingency, developer fee, etc.), costs of capital, relevant operating costs, and land acquisition costs. For each scenario, the pro forma calculated the rent levels required to cover these costs and achieve financial feasibility.

DATA LIMITATIONS AND METHODOLOGY

While the quantitative analysis provided valuable insights, data limitations in the study area and the I-5 South Submarket, such as limited observations of contractor establishment rents, posed some challenges. These limitations are typical for studies in smaller submarkets. To address this, we supplemented the analysis with qualitative methods, including interviews with developers and brokers, to validate assumptions and refine recommendations. We also conducted a range of sensitivity testing to account for potential variance (e.g., higher and lower potential contractor establishment rents) instead of basing the results of our analysis on one assumption. As a result, we believe the findings accurately reflect current market conditions in Wilsonville and provide a reliable basis for evaluating redevelopment feasibility in the BCPA.

WHY IS DEVELOPMENT FEASIBILITY AND PRO FORMA ANALYSIS IMPORTANT?

Development can be costly and risky. Getting funding to construct new development requires lenders and investors to be reasonably confident they will earn enough financial return to justify the risks.

Economic or market feasibility is generally assessed by comparing the expected revenues (rents, sales prices) against the costs of development. If a development project is not profitable, it is not feasible; it will not be built. While some of the factors that determine market feasibility are outside a jurisdiction's direct control (e.g., labor and materials costs, interest rates, market rents), local jurisdictions can provide incentives (such as tax exemptions or land donations); or adjust building, utility, and zoning fees, zoning, programs, and other regulations that can have a substantial impact on whether development could be feasible or not.

ASSUMPTIONS AND INDUSTRY STANDARDS

We based several assumptions on industry standards to ensure consistency and accuracy:

- **Construction Costs:** Used national averages adjusted with a Portland-metro-specific multiplier to account for regional building conditions.
- **Other Development Costs and Operating Costs:** Applied standard rates for soft costs (architectural design, site engineering, permitting and entitlement fees, capital carrying costs, etc.), contingency, and developer fees.

For a more detailed overview of the data, assumptions, and methodology, please refer to the Appendix.

UNDERSTANDING THE PRICE OF LAND IN THE BCPA: HOW THIS IS FACTORED INTO FEASIBILITY RESULTS

Predicting the price that a landowner would require when selling property for development is an imperfect science – each landowner has reasons to sell or hold their land. Some property owners are willing to develop their land without selling, but based on interviews, we determined this would be rare in the study area. For the purposes of this analysis, we assumed the value of the property (i.e., the price of the land at which an owner would be willing to sell) could be derived from current comparable property sales prices in the area, a **"comps approach"** as well as using an **"income-based approach"** that considers the revenue stream from current tenants on the property. Therefore, this memo analyzes the rent needed based on the range of land values given these two approaches.

We identified vacant land sales (including contractor establishment sales) in the I-5 South Submarket using CoStar data. Most of the vacant land properties recently transacted (over the last 4 years) for approximately $7 to $17 per square foot of land. One improved land transaction (with a contractor establishment) had a sale price that indicated it transacted for $26 per square foot of land. These observations served as our range of land prices using a comps approach. Many of these comps, both vacant land and contractor establishments, might have been leased to tenants and generated income, however, the prices they sold for could have been decided via an unknown variety of methods (including an income-based approach and then a subsequent negotiation). Therefore, for the purposes of this analysis, we refer to all these observed transactions as being within the "comps approach" method.

The income-based approach relied on data collected during interviews that indicated the rent for contractor yards in the area could range from $0.18 to $0.23 per square foot of land per month. We considered this gross annual revenue, net of approximately 5 percent for various operating costs, and divided by a range of capitalization (cap) rates (5 percent to 7 percent) to estimate the value. Using a cap rate is a common valuation approach in the commercial real estate industry. This analysis resulted in a range of $19 to $52 per square foot of land – considerably higher than most of the results from the comps approach. This approach more appropriately accounts for the value that current owners might apply to their future revenue stream from existing tenants and therefore the hurdle needed to incentivize owners to sell and change the use on the property. Although this income-based value could eventually be negotiated during a potential sale, we still use this range in our analysis to reflect values that a landowner might

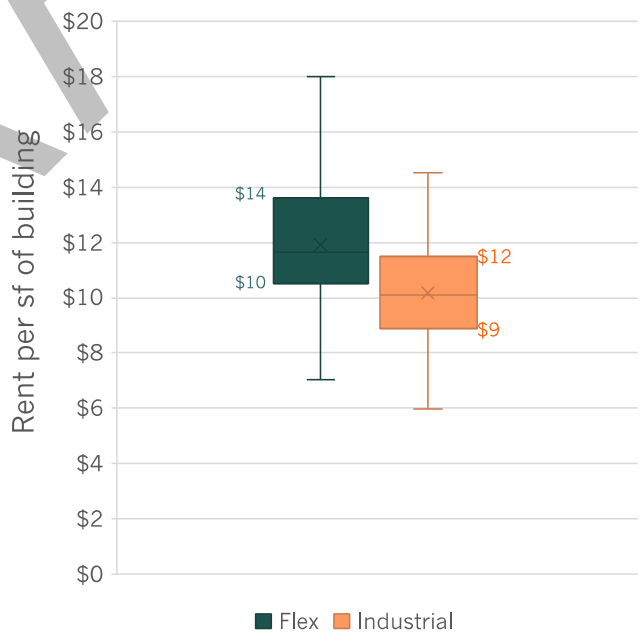
Key Findings

Current uses are generating substantial revenue with minimal management effort or risk.

Our market research and interviews highlighted that the rent for current uses ranged based on whether the site was mostly open land or if a building was present as well. Sites without buildings typically structured their rent per square foot of land, and this typically ranged from $0.18 to $0.23 per month. For example, a 1-acre site could generate annual gross rent of approximately $95,000 to $120,000 with minimal management effort or operating costs. (This is intended for illustrative purposes only and can scale to larger site sizes.)

Over the past four years, vacant land in the area has sold for around $7 to $17 per square foot. For the same, illustrative 1-acre site, this translates to sale prices ranging from $305,000 to $750,000. The resulting ratio of annual gross lease revenue to property value ranges from 13 percent (at $0.18 per square foot rent per month relative to $17 per square foot land value) to 39 percent (at $0.23 per square foot rent per month relative to $7 per square foot land value). This means that property owners who recently purchased land and rent it to contractor establishments could recover their investment within 2.5 to 8 years. For long-term landowners who have already paid off their investment, rents represent additional income with minimal effort. Either way, given the substantial revenue from these uses, a landowner has very little incentive to redevelop.

Figure 1. Market Rent of Potential Future Uses



Source: ECOnorthwest analysis, CoStar

For sites with buildings and yards, rents are typically based on the building area and range from $0.85 to $1.30 per square foot of building per month, or $10.20 to $15.60 per square foot per year. In comparison, flex and industrial spaces in the I-5 South Submarket rent for $9 to $14 per square foot per year, meaning that rent for an existing contractor establishment building, with yard, is already achieving similar market rents to potential future uses. Not only are some of these contractor establishments already achieving comparable rents to flex and industrial uses, but they are also doing so without the risks of redevelopment (which include new capital investment, entitlements, the time to convert the land to the new use and generate revenue, and opportunity cost, among others).

Rents would likely need to increase by at least one-third (33 percent), if not double (100 percent), to fund construction and create incentive to flip existing contractor establishments.

For our pro forma analysis, we evaluated a range of scenarios based on the variation in ownership and occupancy, future uses, future site utilization, and land acquisition costs (see Appendix for more detail). As previously discussed, ECOnorthwest solved for the rent needed to cover these various costs and then compared to the potential market rent of the flex and industrial uses observed in the I-5 South Submarket. We show these results, for a range of potential land acquisition prices and construction costs.

We analyzed results for three different physical scenarios based on observed comparable developments (using the relationship between building square footage and site square footage):

- **Very high site utilization** based on 45 percent site coverage similar to Graham's Ferry Industrial Center. Note: future development in some portions of BCPA may face constraints due to natural site features or zoning standards that may make achieving this site utilization challenging.
- **High site utilization** based on 35 percent site utilization, similar to the Sherwood Commerce Center
- **Low site utilization** based on 20 percent site utilization, similar to observed flex and industrial uses built over the last 20 years in the I-5 South Submarket

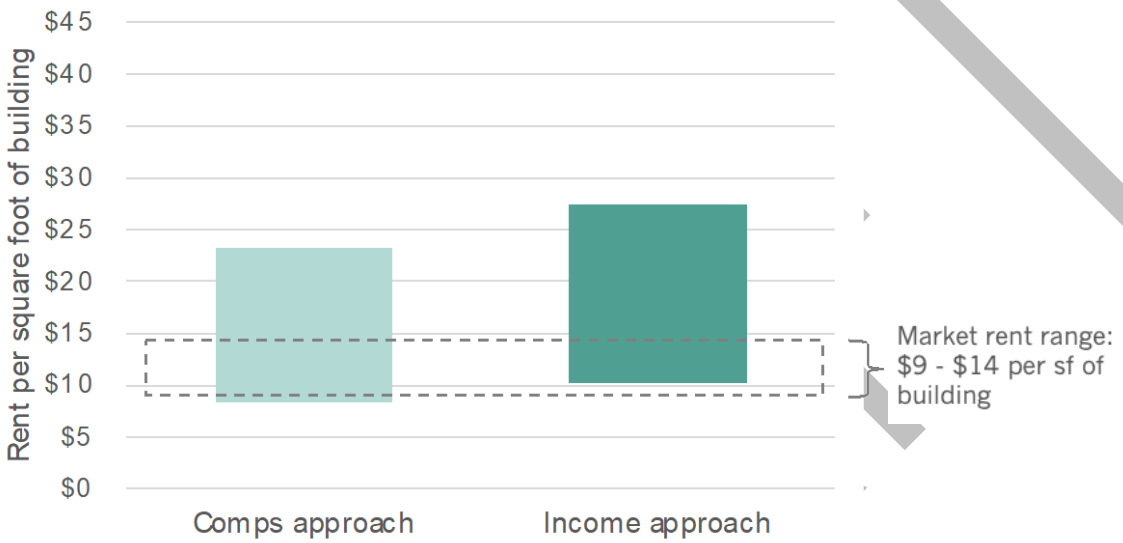
INTERPRETING THE RESULTS CHARTS

Development feasibility hinges on a range of different assumptions. Rather than picking one specific set of assumptions, the results charts shown in this memo encompass a range of potential assumptions, namely land acquisition costs and development costs.

ECOnorthwest compared the feasibility results to both the comps approach and income approach - **one column** in the following charts showing the resulting range of rents needed if assuming a comps approach and **one column** showing the range needed based on an income approach. **Both columns** also include sensitivity testing given a range of construction costs and land prices which is reflected in the size of the bars (the same range is assumed for each of the land price method scenarios). **A dashed box** is also shown to represent the range of observed rents for potential future uses. The rent results would ideally be within, if not lower, than this range for the development to be feasible.

In the **very high site utilization** scenario, future flex and industrial uses are only feasible when land acquisition costs remain low—below $20 per square foot—and other development costs are average or low. This combination of assumptions results in rents similar to the existing market rents of $9 to $14 per square foot of building (see comparison to gray bar shown in results chart in Figure 2). For properties with land costs higher than $20 per square foot (common for land with existing uses), the market rent for flex and industrial uses would likely need to increase by at least one-third, if not double, (while construction costs remain constant) to make redevelopment feasible.

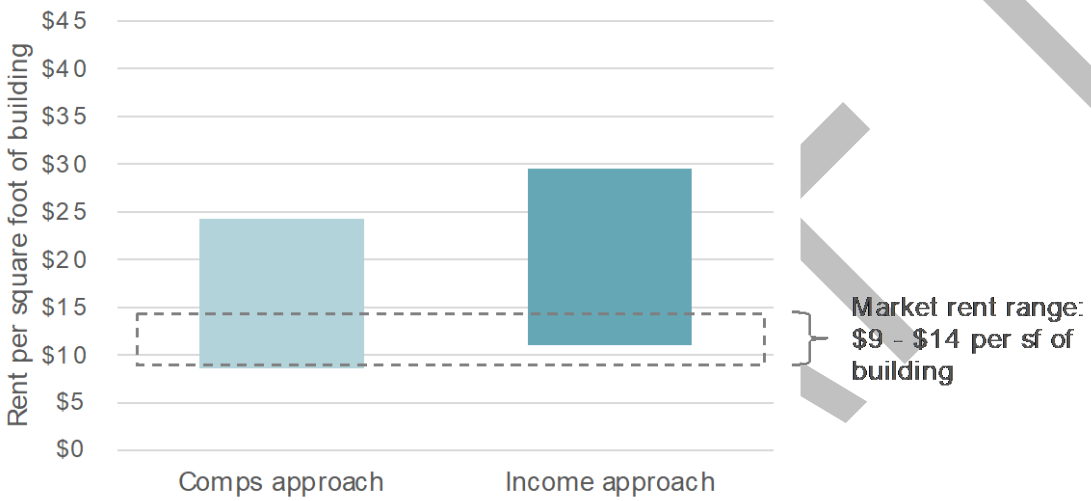
Figure 2. Rent needed for very high site utilization (45%)



Source: ECOnorthwest analysis

In the **high site utilization scenario,** the results are similar to the very high site utilization, but rents would need to increase more, relative to the very high site utilization scenario, to cover the same ranges of land and development costs. Future flex and industrial uses are only feasible when land acquisition costs remain low—below $20 per square foot—and other development costs are average or low. This combination of assumptions results in rents similar to the existing market rents of $9 to $14 per square foot of building (see comparison to gray bar shown in results chart in Figure 3). For properties with land costs higher than $20 per square foot (common for land with existing uses), the market rent for flex and industrial uses must increase by at least forty percent, if not double, (while construction costs remain constant) to make redevelopment feasible.

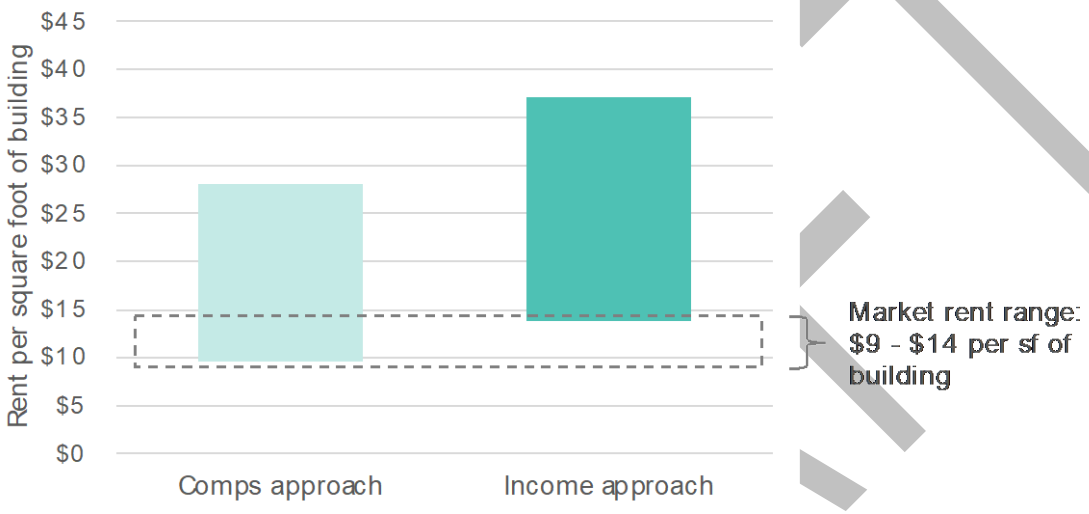
Figure 3. Rent needed for high site utilization (35%)



Source: ECOnorthwest analysis

In the **low site utilization scenario**, future flex and industrial uses are only feasible when acquisition costs are assumed to be low, less than $10 per square foot of land (based on the low end of recent comparable sales of vacant land) and other development costs are low. This combination of assumptions results in rents similar to the existing market rents of $9 to $14 per square foot of building (see comparison to gray bar shown in results chart in Figure 4). For properties with existing uses (where land is likely to transact between $19 and $52 per square foot), the market rent for flex and industrial uses must double while construction costs remain constant to make redevelopment feasible.

Figure 4. Rent needed for low site utilization (20%)



Source: ECOnorthwest analysis

Owner-occupied sites face greater feasibility challenges when landowners want to maintain their business operations.

Owner-occupied sites present more complex financial considerations compared to vacant or tenant-occupied properties. Landowners using their property for their own business must account for additional costs if they relocate, including relocation expenses, higher rents (or purchase prices) for new properties, and potentially higher ongoing business costs. For example, moving farther from suppliers or services could result in increased fuel or labor expenses.

To justify relocating their business, landowners would likely need to sell their property at an even higher price than what the quantitative analysis assumes. This requirement would, in turn, translate to higher rents than those shown in the results charts (Figure 3 and Figure 4). However, if the landowner does not intend to maintain their business, financial considerations would be less complex. Without the need to account for future business costs or the loss of contractor tenant income, necessary rents could align more closely with those projected in the comps approach.

Conclusion and Next Steps

Current contractor establishments generate significant revenue with minimal effort or risk, reducing financial incentives for redevelopment. Rents for existing contractor establishments, particularly those with buildings, are already comparable to market rates for industrial and flex uses in the I-5 South Submarket. Therefore, for redevelopment to become financially feasible, market rents would likely need to rise by at least one-third, if not double, depending on site utilization, land acquisition costs, and construction costs. Higher site utilization scenarios present some redevelopment feasibility when land acquisition costs are low (below $20 per square foot). Conversely, properties with higher land costs or existing uses would require either substantially higher rents or have other development costs (e.g., construction, financing) reduce to achieve feasibility.

Owner-occupied properties are less likely to redevelop if the owner wants to maintain their business operations. Redevelopment is difficult for owner-occupants, as they must consider relocation costs and potential increases in operational expenses. Limited regional industrial land supply could push these businesses to relocate further from their markets, increasing costs for labor, transportation, and operations. Without substantial increases in land values or rents, redevelopment for these properties remains unlikely.

Achieving the City's development vision for Basalt Creek will require strategic interventions. Potential approaches could include purchasing and aggregating properties to create development-ready parcels, subsidizing infrastructure costs, adjusting system development charges (SDCs), offering other development incentives, or other strategies yet to be identified.

The findings in this memorandum are preliminary and will be refined through further analysis and discussions. This study is being conducted alongside updates to the buildable lands inventory and site suitability analysis. Ultimately, these components will be synthesized with insights from the Economic Inventory into a comprehensive final report that outlines key findings and actionable recommendations.

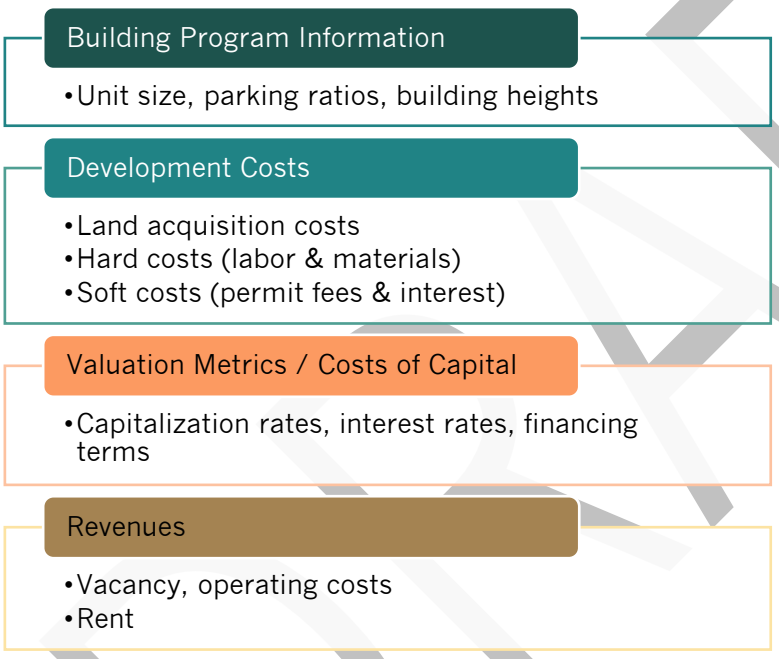
Appendix

Financial Feasibility Methods

To model development feasibility, ECOnorthwest employed a pro forma model which is a common method used in real estate feasibility studies as it simulates the decision-making process of investors and lenders. The pro forma assesses the balance between development costs, expected revenue, and financing structure, which helps to identify viability gaps.

Figure 5. Factors used in the pro forma analysis

Source: ECOnorthwest



This method provides a general analysis of prototypical development scenarios, or prototypes, without accounting for unique conditions that might influence development feasibility (e.g., higher predevelopment costs). Therefore, this analysis serves as a strong indicator of the relative likelihood of development rather than an absolute measure of feasibility.

The pro forma considers the site utilization and potential building program of each scenario, development hard costs (construction labor and materials), other development costs (soft costs, contingency, developer fee, etc.), costs of capital, relevant operating costs, and land acquisition costs. It then calculates the rent required to cover these costs for each scenario.

Scenarios Evaluated

To establish relevant assumptions for the pro forma model, we first identified the scenarios needed to address the research questions. These scenarios were based on variations in current ownership and occupancy, potential future uses, and site utilization.

CURRENT SITE OWNERSHIP AND OCCUPANCY

We started with an understanding of the current site ownership and occupancy. Based on our understanding, there were three main categories:

- **Owners of vacant or unused land.** This category includes people who recently purchased land with the intent to develop and existing owners potentially interested in selling their land for new development.
- **Owners renting to contractor establishment tenants.** These owners might sell their property but would need compensation for the foregone future revenue from their tenants.
- **Owners using the land for their own contractor establishments.** Financial considerations for this group vary substantially. Landowners would need to account for upfront and ongoing costs associated with relocating their businesses, making this scenario more complex to quantify compared to vacant or tenant-occupied sites.

APPROACH TO ESTIMATING LAND PRICE

- **Vacant and underutilized land:** We used a comparable sales ("comps") approach to estimate land price, which accounts for the sales price of recently purchased land, especially by those intending to develop (see the callout box on page 5 for details on the comps approach).
- **Tenant-occupied land:** For owners renting to contractor establishment tenants, we used an income-based approach to estimate the financial hurdle of land price. This better reflects the potential foregone revenue from tenants (see the callout box on page 5 for details on the income-based approach).
- **Owner-occupied land:** Due to varied business conditions of landowners who are using the land for their own contractor establishment, we evaluated this scenario qualitatively, considering insights from the other scenarios.

FUTURE BUILDING PROGRAMS

We then considered the potential future building programs that could occur on these former contractor establishment sites. We based the building square footage of our two prototypes on observed comparable flex and industrial spaces, based on CoStar data from the I-5 South Submarket. Key considerations included:

- **Site Utilization:** Over the past 20 years, average site utilization (building area relative to site area) in the I-5 South Submarket was about 20 percent. Recent developments like the Sherwood Commerce Center achieved 35 percent site utilization and Graham's Ferry Industrial Center achieved 45 percent site utilization but this was enabled by maximizing impervious coverage for parking and truck logistics. Future development in some portions of the study area may face constraints due to natural site features or

zoning standards. We therefore modeled three prototypes to capture a range of potential future development conditions:

- **Low utilization:** 20 percent
- **High utilization:** 35 percent
- **Very high utilization:** 45 percent

CONSTRUCTION COSTS

Lastly, for the scenarios we modeled we evaluated a range of potential construction costs for flex and industrial uses. We referenced the **2024 National Building Cost Manual** by Craftsman to arrive at a range of potential construction costs for various building types that could house future flex and industrial uses. We conducted sensitivity testing of the potential rents needed to cover low to high construction costs, and the results that informed our key findings are inclusive of the range used.

The land cost, site utilization, and building costs were all assumptions that varied in our analyses as we conducted sensitivity testing of different scenarios (e.g., high site coverage, high land costs, high construction costs). All other pro forma assumptions we held constant. We describe the specifics of these assumptions in the section below.

Detailed Methods and Assumptions

To evaluate future flex or industrial rental uses, we began by calculating development costs. This involved applying the cost per square foot values (see Table 1) to the building square footage derived from the site utilization. From that construction cost we calculated the soft cost, contingency, and developer fees to arrive at the total development cost.

Given the potential range of sources of money to fund these projects, we used a high-level approach and assumed all sources of money that funded the project would require a 6 percent annual return based on a 30-year term. We calculated a payment inclusive of this return, based on the total development cost, to arrive at the rent needed to cover these annual costs. We also assumed these rents would be triple net and therefore the operating costs would be passed on to the tenant, which is common for flex and industrial lease terms. We highlight the specific assumptions of this analysis, and any relevant ranges, in the table in Table 1.

Table 1. Scenarios and Assumptions Used

Source: ECOnorthwest, CoStar, Redfin, Craftsman, Stakeholder Interviews

Assumption	Values
Land price	Ranged from $7 to $26 based on observed sales comps of vacant land as well as one sale observation of a contractor establishment. Ranged from $19 to $52 per square foot based on income-based approach.
Building program	(3) square footage estimates based on a calculation of 20% site utilization, 35% site utilization, 45% site utilization
Construction cost	$75 to $200 per square foot of building; $20 per square foot of paving
Soft Costs	20% of hard costs
Contingency	5% of hard and soft costs
Developer fee	5% of hard and soft costs plus contingency
Costs of capital	5-7% annual interest range, 30-year term for all funding sources
Operating costs	Assumed triple net rents