



**CITY COUNCIL MEETING  
STAFF REPORT**

<b>Meeting Date:</b> December 2, 2024		<b>Subject:</b> Wilsonville Industrial Land Readiness – Basalt Creek	
		<b>Staff Members:</b> Cindy Luxhoj AICP, Associate Planner, and Dan Pauly AICP, Planning Manager	
		<b>Department:</b> Community Development	
<b>Action Required</b>		<b>Advisory Board/Commission Recommendation</b>	
<input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 <sup>st</sup> Reading Date: <input type="checkbox"/> Ordinance 2 <sup>nd</sup> Reading Date: <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable	
		<b>Comments:</b> N/A	
<b>Staff Recommendation:</b> Staff recommends Council provide requested input in response to information provided about the Wilsonville Industrial Land Readiness project.			
<b>Recommended Language for Motion:</b> N/A			
<b>Project / Issue Relates To:</b>			
<input checked="" type="checkbox"/> <b>Council Goals/Priorities:</b> Attract high-quality industry and support economic opportunity for all in Wilsonville	<input checked="" type="checkbox"/> <b>Adopted Master Plan(s):</b> Basalt Creek Concept Plan	<input type="checkbox"/> <b>Not Applicable</b>	

**ISSUE BEFORE COUNCIL:**

Staff is seeking input from the City Council 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 City Council's October 21, 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 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 City Council.

### ***Buildable Lands Inventory and Site Suitability Analysis***

With regard to the draft Buildable Lands Inventory, Basalt Creek encompasses 453 acres 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 Research and Development (R&D) campuses requiring medium-sized parcels.

- **Craft Industrial:** This opportunity site includes 32 acres in seven (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 eight (8) landowners, one (1) owning 65 acres, four (4) with about 20 acres each, and three (3) 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***

Contractor 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 33% 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 City Council and Planning Commission. Once the analyses are complete, they will all be synthesized into a comprehensive final report outlining key findings and recommendations.

The Planning Commission will be briefed and provide input at their December 11, 2024 meeting on similar materials to those presented to City Council at this work session.

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

- What reactions, comments, or further direction does City Council have in response to the findings of the draft Buildable Lands Inventory and Site Suitability Analysis Memo? Particularly, do the initial findings align with the Council's vision for Basalt Creek, or if any of the findings are surprising, does the Council have questions that would help guide future decisions for the planning area?
- What reactions, comments, and input does the City Council have on the draft Redevelopment Feasibility of Contractor Establishments Memo? Particularly, what input does the Council have on whether planning efforts should focus on accommodating and managing contractor establishments as industrial businesses, or encouraging them to relocate their operations so the land they occupy can be redeveloped to other industrial uses envisioned in the Concept Plan?

## **EXPECTED RESULTS:**

Feedback from City Council 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 City Council and Planning Commission 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 fiscal year (FY) 2024-2025 Planning Division budget and, for the second phase, will be allocated in the FY 2025-2026 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 City Council and Planning Commission.

**CITY MANAGER COMMENT:**

N/A

**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)