
City of Tualatin

Housing Needs Analysis

December 2019

Prepared for:

City of Tualatin

FINAL REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503.222.6060

This page intentionally blank

Table of Contents

| | |
|---|------------|
| ACKNOWLEDGEMENTS | IV |
| EXECUTIVE SUMMARY | VII |
| WHAT ARE THE KEY HOUSING NEEDS IN TUALATIN? | VII |
| HOW MUCH GROWTH IS TUALATIN PLANNING FOR? | VIII |
| HOW MUCH BUILDABLE RESIDENTIAL LAND DOES TUALATIN CURRENTLY HAVE? | IX |
| HOW MUCH HOUSING WILL TUALATIN NEED? | IX |
| HOW MUCH LAND WILL BE REQUIRED FOR HOUSING? | X |
| WHAT ARE THE KEY FINDINGS OF THE HOUSING NEEDS ANALYSIS? | XI |
| 1. INTRODUCTION | 1 |
| FRAMEWORK FOR A HOUSING NEEDS ANALYSIS | 1 |
| ORGANIZATION OF THIS REPORT | 5 |
| 2. RESIDENTIAL BUILDABLE LANDS INVENTORY | 6 |
| DEFINITIONS | 6 |
| DEVELOPMENT CONSTRAINTS | 7 |
| BUILDABLE LANDS INVENTORY RESULTS | 7 |
| 3. HISTORICAL AND RECENT DEVELOPMENT TRENDS | 13 |
| DATA USED IN THIS ANALYSIS | 14 |
| TRENDS IN HOUSING MIX | 15 |
| SIZE OF UNITS | 18 |
| TRENDS IN HOUSING DENSITY | 20 |
| TRENDS IN TENURE | 21 |
| VACANCY RATES | 24 |
| RENT-RESTRICTED HOUSING | 25 |
| MANUFACTURED HOMES | 26 |
| 4. DEMOGRAPHIC AND OTHER FACTORS AFFECTING RESIDENTIAL DEVELOPMENT IN TUALATIN | 27 |
| DEMOGRAPHIC AND SOCIOECONOMIC FACTORS AFFECTING HOUSING CHOICE | 28 |
| REGIONAL AND LOCAL TRENDS AFFECTING AFFORDABILITY IN TUALATIN | 57 |
| SUMMARY OF THE FACTORS AFFECTING TUALATIN'S HOUSING NEEDS | 73 |
| 5. HOUSING NEED IN TUALATIN | 77 |
| PROJECT NEW HOUSING UNITS NEEDED IN THE NEXT 20 YEARS | 77 |
| NEEDED HOUSING BY INCOME LEVEL | 84 |
| NEED FOR GOVERNMENT-ASSISTED AND MANUFACTURED HOUSING | 85 |
| 6. RESIDENTIAL LAND SUFFICIENCY WITHIN TUALATIN | 88 |
| CAPACITY ANALYSIS | 88 |
| RESIDENTIAL LAND SUFFICIENCY | 91 |
| CONCLUSIONS AND RECOMMENDATIONS | 92 |
| APPENDIX A – RESIDENTIAL BUILDABLE LANDS INVENTORY | 95 |
| OVERVIEW OF THE METHODOLOGY | 95 |

Acknowledgements

ECONorthwest prepared this report for the City of Tualatin. ECONorthwest and the City thank the many people who helped to develop the Tualatin Economic Opportunities Analysis.

Community Advisory Committee

- Alice Galloway Neely
- Angela Handran
- Bryce Payne
- Daniel Bachhuber
- Derek Reinke
- Joe Lipscomb
- Katherine Galian
- Kellye Aprati
- Ken Johnson
- Lainie Magsarili
- Linda Moholt
- Rachael Duke
- Doug Plambeck
- Susan Noack
- Manny Trujillo
- Cyndy Hillier

Technical Advisory Committee

- Aquilla Hurd-Ravich, Community Development Director
- Karen Perl Fox, Senior Long-Range Planner
- Jonathan Taylor, Economic Development Manager
- Steve Koper, Planning Manager
- Garet Prior, Policy Analyst
- Lauren Gonzalez, Permit Coordinator
- Tanya Williams, Assistant to the City Manager
- Betsy Ruef, Community Engagement Coordinator
- Ross Hoover, Parks and Recreation Director
- Rich Mueller, Parks and Recreation Manager
- Mike McCarthy, Principal Transportation Engineer
- Sean Brady, City Attorney
- Anne Debbaut/Kirstin Greene, DLCD Representatives
- Hector Rodriguez, ODOT representative
- Stu Peterson, Macadam Forbes
- Ken Gertz, Gertz Fine Homes
- Jeff Raker, Metro
- Ezra Hammer, Home Builders Association
- Katrina Holland, Community Alliance of Tenants
- Komi Kalevor, Washington County Housing Authority
- Ken Rencher, Washington County
- Melissa Dailey, Washington County

City of Tualatin Project Management Team

- Aquilla Hurd-Ravich, Community Development Director
- Steve Koper, Planning Manager
- Karen Perl Fox, Senior Long-Range Planner (T2040 Project Manager)
- Jonathan Taylor, Economic Development Manager
- Gareth Prior, Policy Analyst

Consulting Team (ECONorthwest)

- Beth Goodman, Project Director
- Margaret Raimann, Technical Manager
- Sadie DiNatale, Associate

Interpreters

- Rosa Galvan
- Armando Gutierrez

City of Tualatin Contact:

Karen Perl Fox, Senior Planner
City of Tualatin
18880 SW Martinazzi Avenue
Tualatin, OR 97756
503-691-3027
kperlfox@tualatin.gov

ECONorthwest Contact:

Beth Goodman, Project Director
ECONorthwest
222 SW Columbia, Suite 1600
Portland, OR 97201
503-222-6060
goodman@econw.com

This page intentionally blank

Executive Summary

Planning Goal 10 and OAR 660-008. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

The primary goals of the housing needs analysis were to (1) project the amount of land needed to accommodate the future housing needs of all types within the Tualatin Planning Area, (2) evaluate the existing residential land supply within the Tualatin Planning Area to determine if it is adequate to meet that need, (3) to fulfill state planning requirements for a twenty-year supply of residential land, and (4) identify policy and programmatic options for the City to meet identified housing needs.

What are the key housing needs in Tualatin?

Following are several key issues identified in the housing needs analysis:

- **Tualatin’s housing market is strongly impacted by the regional market in the Portland Region.** Tualatin is relatively small, accounting for 4.5% of Washington County’s population and 1.5% of the Portland Region’s population. Of the more than 23,800 people who work in Tualatin, 93% of workers commute into Tualatin from other areas, most notably Portland, Tigard, Beaverton, and Hillsboro. Nearly 11,000 residents of Tualatin commute out of the city for work, many of them to Portland.
- **Household incomes in Tualatin are similar to Washington County’s, and have not kept pace with housing prices.** Tualatin’s home sales and rental costs are comparable to other communities in the region. Tualatin has a larger share of multifamily housing compared to Washington County and the Portland Region (42% the City’s housing stock), and there are very few vacant units. Given these factors, Tualatin will continue to have demand for affordable, lower-income and middle-income housing.
- **Demographic and economic trends will drive demand for relatively affordable attached single-family housing and multifamily housing in Tualatin.** The key demographic trends that will affect Tualatin’s future housing needs are: (1) the aging of the Baby Boomers, (2) aging of the Millennials, and (3) continued growth in the Latinx population.
 - As the Baby Boomers age, growth of retirees will drive demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted living facilities, or age-restricted developments.
 - Tualatin’s ability to retain Millennials will depend on whether the city has opportunities for housing that both appeals to and is affordable to Millennials.
 - Growth in the number of Latinx households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on

housing that is comparatively affordable. Latinx households are more likely to be larger than average, with more children and possibly with multigenerational households.

- **Tualatin has an existing lack of affordable housing.** Tualatin’s key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types of housing, from lower-cost single-family housing to market-rate multifamily housing.
 - About 26% of Tualatin’s households had incomes less than \$41,000 and cannot afford a two-bedroom apartment at Washington County’s Fair Market Rent (FMR) of \$1,330 without cost burdening themselves.
 - In 2018, a household needed to earn \$25.58 an hour to afford a two-bedroom rental unit in Washington County.
 - Tualatin currently has a deficit of housing units that are affordable to households earning less than \$35,000.
 - About 37% of Tualatin’s households are cost burdened, with 56% of renters and 22% of owners paying more than 30% of their income on housing.

How much growth is Tualatin planning for?

A 20-year household forecast (in this instance, 2020 to 2040) is the foundation for estimating the number of new dwelling units needed. Exhibit 1 shows a household forecast for Tualatin for the 2020 to 2040 period. It shows that Tualatin will grow by about 1,014 households over the 20-year period (with 44% of households projected to locate in Basalt Creek).

Exhibit 1. Forecast of Household Growth, Tualatin city limits, 2020 to 2040

Source: Metro 2040 Population Distributed Forecast, Exhibit A. July 12, 2016.

| | | | |
|--------------------|--------------------|-----------------------------|-------------------|
| 10,791 | 11,362 | 571 | 5.3% increase |
| Households in 2020 | Households in 2040 | New households 2020 to 2040 | 0.26% Growth Rate |

Exhibit 2. Forecast of Household Growth, Basalt Creek, 2020 to 2040

Source: Metro 2040 TAZ Forecast, Population Estimates (TAZ 980 and 981). November 6, 2015.

| | | | |
|--------------------|--------------------|-----------------------------|-------------------|
| 203 | 646 | 443 | 218% increase |
| Households in 2020 | Households in 2040 | New households 2020 to 2040 | 5.96% Growth Rate |

How much buildable residential land does Tualatin currently have?

Exhibit 3 shows buildable residential acres by Plan Designation, after excluding constrained and unbuildable land. The results show that Tualatin has about 244 net buildable acres in residential Plan Designations. Of the 244 net acres, about 62% are located in Basalt Creek.

Exhibit 3. Buildable acres in vacant and partially vacant tax lots by Plan Designation, Tualatin Planning Area, 2018

Source: Metro BLI, ECONorthwest Analysis. Note: The numbers in the table may not sum to the total as a result of rounding.

| Generalized Plan Designation | Total buildable acres | Buildable acres on vacant lots | Buildable acres on partially vacant lots |
|------------------------------------|-----------------------|--------------------------------|--|
| Residential | | | |
| Low Density Residential | 79 | 11 | 68 |
| Medium Low Density Residential | 1 | 0 | 1 |
| Medium High Density Residential | 1 | 1 | 0 |
| High Density High Rise Residential | 0 | 0 | 0 |
| High Density Residential | 12 | 12 | 0 |
| Commercial | | | |
| Mixed-Use Commercial Overlay Zone | 0 | 0 | 0 |
| Central Tualatin Overlay Zone | 0 | 0 | 0 |
| Basalt Creek Planning Area | | | |
| Low Density Residential | 76 | 2 | 74 |
| Medium Low Density Residential | 69 | 49 | 20 |
| High Density Residential | 5 | 0 | 5 |
| Neighborhood Commercial | 0 | 0 | 0 |
| Total | 244 | 75 | 168 |

Exhibit 3 shows that Tualatin has 150 buildable acres in the Basalt Creek Planning Area. To analyze housing capacity and land sufficiency, this report uses the Basalt Creek Concept Plan's estimate of buildable acres (which is 88 buildable acres). The analysis uses the Basalt Creek Concept Plans estimate of buildable acres (rather than the buildable lands inventory estimate) to remain consistent with this recently adopted Concept Plan and the Comprehensive Plan amendment.

How much housing will Tualatin need?

Tualatin will need to plan for about 1,014 new dwelling units to accommodate forecasted household growth between 2020 and 2040. About 406 dwelling units will be single-family detached types (40%), 152 will be single-family attached (15%), and 456 will be multifamily (45%).

This mix represents a shift from the existing mix of housing, in which about 53% of the housing stock in the 2013-2017 period was single-family detached housing. The shift in mix is in response to the need for a broader range of housing types with a wider range of price points

than are currently available in Tualatin’s housing stock, including housing types such as duplexes, townhouses, triplexes, and quadplexes, and apartments / condominiums.

How much land will be required for housing?

Exhibit 4 shows that Tualatin’s 96 acres of buildable land in its city limits and 88 acres in Basalt Creek (per the Basalt Creek Concept Plan) has the capacity to accommodate 1,207 new dwelling units. While Tualatin’s forecast for demand is for 1,014 new dwelling units, Tualatin has a deficit of capacity for 109 dwelling units in the Median High Density Plan Designation and 101 dwelling units in the High Density High-Rise Plan Designation (over the 2020 to 2040 period). The following summarizes Tualatin’s land sufficiency results by Plan Designations:

- **Low Density:** Tualatin has a surplus of capacity for about 57 dwelling units, or 10 gross acres of land to accommodate growth.
- **Medium Low Density:** Tualatin has a surplus of capacity for about 315 dwelling units, or 27 gross acres of land to accommodate growth.
- **Medium High Density:** Tualatin has a deficit of capacity for about 109 dwelling units, or seven gross acres of land to accommodate growth.
- **High Density:** Tualatin has a surplus of capacity for about 31 dwelling units, or two gross acres of land to accommodate growth.
- **High Density High-Rise:** Tualatin has a deficit of capacity for about 101 dwelling units, or four gross acres of land to accommodate growth.

Exhibit 4. Comparison of capacity of existing residential land with demand for new dwelling units and land surplus or deficit, Tualatin City Limits and Basalt Creek, 2020 to 2040

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

| Residential Plan Designations | Capacity (Dwelling Units) | Demand for New Housing | Remaining Capacity (Supply minus Demand) | Land Surplus or (Deficit) Gross Acres |
|-------------------------------|---------------------------|------------------------|--|---------------------------------------|
| Low Density | 523 | 466 | 57 | 10 |
| Medium Low Density | 386 | 71 | 315 | 27 |
| Medium High Density | 13 | 122 | (109) | (7) |
| High Density | 285 | 254 | 31 | 2 |
| High Density High-Rise | - | 101 | (101) | (4) |

What are the Key Findings of the Housing Needs Analysis?

The key findings of the Tualatin's Housing Needs Analysis are that:

- **Tualatin is planning for 1,014 new dwelling units.** The growth of 1,014 households will result in demand for 1,014 new dwelling units over the 20-year planning period, averaging 51 new dwelling units annually.
- **Tualatin will plan for more single-family attached and multifamily dwelling units in the future to meet the City's housing needs.** Historically, about 53% of Tualatin's housing was single-family detached. While 40% of new housing in Tualatin is forecast to be single-family detached, the City will need to provide opportunities for development of new single-family attached (15% of new housing) and multifamily units (45% of new housing).
 - The factors driving the shift in types of housing needed in Tualatin include changes in demographics and decreases in housing affordability. The aging of the Baby Boomers and the household formation of the Millennials will drive demand for renter- and owner-occupied housing, such as single-family detached housing, townhouses, duplexes, triplexes, quadplexes, and apartments. Both groups may prefer housing in walkable neighborhoods, with access to services.
 - Tualatin's existing deficit of housing affordable for low- and high-income households indicates a need for a wider range of housing types, for renters and homeowners. About 37% of Tualatin's households are cost burdened (paying more than 30% of their income on housing), including a cost burden rate of 56% for renter households.
 - Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions, 307 of the forecasted new households will have incomes of \$40,700 (in 2018 dollars) or less. These households often cannot afford market-rate housing without government subsidy. More than 300 new households will have incomes between \$40,700 and \$97,680. These households will all need access to affordable housing, such as the housing types described above.
- **Tualatin has a small deficit of land for higher density single-family and multifamily housing.** Tualatin has a deficit of land for 109 dwelling units in the Medium High Density Plan Designation (about seven gross acres) and 101 units in the High Density High-Rise Plan Designation (about four gross acres).
- **Tualatin will need to meet the requirements of House Bill 2001.** The Legislature passed House Bill 2001 in the 2019 Legislative session. The bill requires cities within the Metro UGB to allow "middle" housing types in low-density residential zones. The bill defines middle housing types as: duplexes, triplexes, quadplexes, cottage clusters, and townhouses. To comply with House Bill 2001, Tualatin will need to:

- Allow cottage cluster as a housing type in the Residential Low Density zone. Tualatin may want to allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones. Tualatin will also need to include development standards in the Tualatin Development Code.
- Allow duplexes, townhouses, and multifamily housing as a permitted use in the Residential Low Density zone.

Following is a summary of ECONorthwest’s recommendations to Tualatin based on the analysis and conclusions in this report. The *Tualatin Housing Strategy* memorandum presents the full list of recommendations for Tualatin.

- **Ensure an adequate supply of land that is available and serviceable.** Tualatin should evaluate opportunities to increase residential development densities by modifying the Development Code, such as increasing densities and height limits in higher density zones. Tualatin should identify opportunities to re-zone land, from lower density usage to higher density usage, to provide additional opportunities for multifamily housing development. Tualatin should plan for long-term development of housing in Tualatin through 2040 and beyond by working with Metro on upcoming Growth Management reports.
- **Encourage development of a wider variety of housing types.** Tualatin should allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density zone and allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones (which already allow for the other housing types mentioned). These changes should be made in a way that makes the City’s zoning code compliant with House Bill 2001.
- **Support development and preservation of housing that is affordable for all households.** The City should develop policies to support development of housing affordable to people who live and work in Tualatin. The City should identify opportunities to leverage resources (including funding) from the Metro Bond to support development of housing affordable to households earning less than 60% of Median Family Income in Washington County (\$48,900 for a household size of four people). The City should develop policies to prevent and address homelessness, as well as to prevent and mitigate residential displacement resulting from redevelopment and increases in housing costs. These actions will require Tualatin to evaluate the adoption of a wide variety of housing policies such as creative financing opportunities for systems development charges, evaluating tax exemption programs, participating in a land bank, and other approaches to supporting development of housing affordable at all income levels.
- **Identify funding tools to support residential development.** The City should evaluate tools such as establishing a new Urban Renewal District and evaluate establishing a construction excise tax.
- **Identify redevelopment opportunities.** The City should identify districts within Tualatin with opportunities for redevelopment for both housing and employment

uses, as well as supporting redevelopment of underutilized commercial buildings for housing.

- **Ensure there are connections between planning for housing and other community planning.** Throughout the project, stakeholders emphasized the need to coordinate housing planning with economic development planning, transportation planning, and other community planning. Updates to the Tualatin Transportation System Plan should be coordinated with planning for housing growth. A key approach to accommodating new residential development is redevelopment that results in mixed-use districts, providing opportunities for more housing affordable to people working at businesses in Tualatin and living closer to work (thus reducing transportation issues). In addition, stakeholders would like to see the incorporation of services needed to meet daily needs of residents of neighborhoods without driving.

The *Tualatin Housing Strategy* memorandum presents more details about each of these topics and recommendations for specific actions to implement these recommendations.

1. Introduction

This report presents Tualatin’s Housing Needs Analysis for the 2020 to 2040 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) and OAR 660 Division 8. The methods used for this study generally follow the *Planning for Residential Growth* guidebook, published by the Oregon Transportation and Growth Management Program (1996).

Tualatin has changed considerably in the last two decades. Tualatin grew from 22,791 people in 2000 to 27,135 people in the 2013-2017 period. This is an addition of 4,344 people, or 19% growth. In this time, rates of housing cost burden increased from 26% to 37%, with renter cost burdened rates increasing from 30% to 56%. Median gross rents increased by \$386 (from \$768 in 2000 to \$1,154 in 2013-2017) and median home values increased by \$83,168 (from \$282,532 in 2000 to \$365,700 in 2013-2017).

This report provides Tualatin with a factual basis to update the Housing Element of the City’s Comprehensive Plan and Development Code, and to support future planning efforts related to housing and options for addressing unmet housing needs in Tualatin. This report provides information that informs future planning efforts, including development and redevelopment. It provides the City with information about the housing market in Tualatin and describes the factors that will affect future housing demand in Tualatin, such as changing demographics. This analysis will help decision makers understand whether Tualatin has enough land to accommodate growth over the next 20 years.

Framework for a Housing Needs Analysis

Economists view housing as a bundle of services for which people are willing to pay: shelter certainly, but also proximity to other attractions (job, shopping, parks and recreation), amenities (type and quality of fixtures and appliances, landscaping, views), prestige, and access to a range of services (i.e. medical, transportation) including public services (i.e. quality of schools). Because it is impossible to maximize all these services and simultaneously minimize costs, households must, and do, make tradeoffs. What they can get for their money is influenced both by economic forces and government policy. Moreover, different households will value what they can get differently. They will have different preferences, which in turn are a function of many factors like income, age of head of household, number of people and children in the household, number of workers and job locations, number of transportation vehicles, and so on.

Thus, housing choices of individual households are influenced in complex ways by dozens of factors. The housing market in Washington County and Tualatin are the result of the individual decisions of thousands of households. These points help to underscore the complexity of projecting what types of housing will be built in Tualatin between 2020 and 2040.

The complex nature of the housing market, demonstrated by the unprecedented boom and bust during the past decade, does not eliminate the need for some type of forecast of future housing

demand and need. This includes resulting implications for land demand and consumption. Such forecasts are inherently uncertain. Their usefulness for public policy often derives more from the explanation of their underlying assumptions about the dynamics of markets and policies than from the specific estimates of future demand and need. Thus, we start our housing analysis with a framework for thinking about housing and residential markets, and how public policy affects those markets.

Statewide Planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).¹ Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households. Jurisdictions located in the Metro UGB are also required to comply with Metropolitan Housing in OAR 660-007 and Title 7 of Metro’s Urban Growth Management Functional Plan in the Metro Code (3.07 Title 7).

Goal 10 defines needed housing types as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the city with a variety of incomes, including but not limited to households with low incomes, very low incomes and extremely low incomes.” ORS 197.303 defines needed housing types:

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy.
- (b) Government assisted housing.²
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.
- (e) Housing for farmworkers.

¹ ORS 197.296 only applies to cities with populations over 25,000.

² Government assisted housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

DLCD provides guidance on conducting a housing needs analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the Workbook.

Tualatin must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This housing needs analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

The Metropolitan Housing Rule

OAR 660-007 (the Metropolitan Housing rule) is designed to “assure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land within the Metropolitan Portland (Metro) urban growth boundary.” OAR 660-0070-005(12) provides a Metro-specific definition of needed housing:

"Needed Housing" defined. Until the beginning of the first periodic review of a local government's acknowledged comprehensive plan, "needed housing" means housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.

The Metropolitan Housing Rule also requires cities to develop residential plan designations:

(1) Plan designations that allow or require residential uses shall be assigned to all buildable land. Such designations may allow nonresidential uses as well as residential uses. Such designations may be considered to be "residential plan designations" for the purposes of this division. The plan designations assigned to buildable land shall be specific so as to accommodate the varying housing types and densities identified in OAR 660-007-0030 through 660-007-0037.

OAR 660-007 also specifies the mix and density of new residential construction for cities within the Metro Urban Growth Boundary (UGB):

“Provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing or justify an alternative percentage based on changing circumstances” (OAR 660-007-0030 (1)).

OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Tualatin’s average density target is eight dwelling units per net buildable acre.³

Metro Urban Growth Management Functional Plan

The Metro Urban Growth Management Functional Plan describes the policies that guide development for cities within the Metro UGB to implement the goals in the Metro 2040 Plan.

³ OAR 660-024-0010(6) defines Net Buildable Acres as follows: “Net Buildable Acre” consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.

Title 1: Housing Capacity

Title 1 of Metro's Urban Growth Management Functional Plan is intended to promote efficient land use within the Metro UGB by increasing the capacity to accommodate housing capacity. Each city is required to determine its housing capacity based on the minimum number of dwelling units allowed in each zoning district that allows residential development and maintain this capacity.

Title 1 requires that a city adopt minimum residential development density standards by March 2011. If the jurisdiction did not adopt a minimum density by March 2011, the jurisdiction must adopt a minimum density that is at least 80% of the maximum density.

Title 1 provides measures to decrease development capacity in selected areas by transferring the capacity to other areas of the community. This may be approved as long as the community's overall capacity is not reduced.

Metro's 2017 *Compliance Report* concludes that Tualatin is in compliance for the City's Title 1 responsibilities.

Title 7: Housing Choice

Title 7 of Metro's Urban Growth Management Functional Plan is designed to ensure the production of affordable housing in the Metro UGB. Each city and county within the Metro region is encouraged to voluntarily adopt an affordable housing production goal.

Each jurisdiction within the Metro region is required to ensure that their comprehensive plans and implementing ordinances include strategies to:

- Ensure the production of a diverse range of housing types,
- Maintain the existing supply of affordable housing, increase opportunities for new affordable housing dispersed throughout their boundaries, and
- Increase opportunities for households of all income levels to live in affordable housing (3.07.730)

Metro's 2017 *Compliance Report* concludes that Tualatin is in compliance for the City's Title 7 responsibilities.

Title 11: Planning for New Urban Areas

Title 11 of Metro's Urban Growth Management Functional Plan provides guidance on the conversion of land from rural to urban uses. Land brought into the Metro UGB is subject to the provisions of section 3.07.1130 of the Metro Code, which requires lands to be maintained at rural densities until the completion of a concept plan and annexation into the municipal boundary.

The concept plan requirements directly related to residential development are to prepare a plan that includes:

- (1) A mix and intensity of uses that make efficient use of public systems and facilities,
- (2) A range of housing for different types, tenure, and prices that addresses the housing needs of the governing city, and
- (3) Identify goals and strategies to meet the housing needs for the governing city in the expansion area.

Organization of this Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Tualatin's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Tualatin's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Tualatin** presents factors that affect housing need in Tualatin, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Tualatin relative to the larger region.
- **Chapter 5. Housing Need in Tualatin** presents the forecast for housing growth in Tualatin, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency within Tualatin** estimates Tualatin's residential land sufficiency needed to accommodate expected growth over the planning period.

2. Residential Buildable Lands Inventory

This chapter provides a summary of the residential buildable lands inventory (BLI) for the Tualatin Planning Area. This buildable lands inventory analysis complies with statewide planning Goal 10 policies that govern planning for residential uses. The detailed methodology used to complete the buildable lands inventory is presented in Appendix A.

First, the analysis established the residential land base (parcels or portion of parcels with appropriate zoning), classified parcels by buildable status, identified/deducted environmental constraints, and lastly summarized total buildable area by Plan Designation.

Definitions

ECONorthwest developed the buildable lands inventory with a tax lot database from Metro Regional Land Information Systems (RLIS). Maps produced for the buildable lands inventory used a combination of GIS data based on the Metro BLI for the 2018 Urban Growth Report, adopted maps, and visual verification to verify the accuracy of Metro data. The tax lot database is current as of 2016, accounting for changes and development updates through April 2019. The inventory builds from the database to estimate buildable land per plan designations that allow residential uses. The following definitions were used to identify buildable land for inclusion in the inventory:

- *Vacant land.* Tax lots designated as vacant by Metro based on the following criteria: (1) fully vacant based on Metro aerial photo; (2) tax lots with less than 2,000 square feet developed and developed area is less than 10% of lot; (3) lots 95% or more vacant from GIS vacant land inventory.
- *Partially vacant land.* Single-family tax lots that are 2.5 times larger than the minimum lot size with a building value less than \$300,000, or lots that are 5 times larger than the minimum lots size (no threshold for building value). These lots are considered to still have residential capacity. For this analysis, we classified these lots as Partially Vacant, and we assumed that 0.25 acres of the lot was developed, and the remaining land is available for development, less constraints.
- *Public or exempt land.* Lands in public or semi-public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. These lands are identified using the Metro's definitions and categories.
- *Developed land.* Lands not classified as vacant, partially vacant, or public/exempt are considered developed. Developed land includes lots with redevelopment capacity, which are also included in the BLI. The unit capacity of developed but redevelopable lots is based on Metro's estimates.

Development Constraints

Consistent with state guidance on buildable lands inventories, ECONorthwest deducted the following constraints from the buildable lands inventory and classified those portions of tax lots that fall within the following areas as constrained, unbuildable land:

- *Lands within floodplains.* Flood Insurance Rate Maps from the Federal Emergency Management Agency (FEMA) were used to identify lands in floodways and 100-year floodplains, as well as lands identified in Metro’s Title 3 Stream and Floodplain Protection Plan.
- *Land within natural resource protection areas.* The Locally Significant Wetlands shapefile was used to identify areas within wetlands. Riparian corridors and other natural resource areas identified in Tualatin’s Natural Resource Protection Overlay District were all considered undevelopable. These areas are consistent with the City’s Development Code Chapter 72.
- *Land with slopes over 25%.* Lands with slopes over 25% are considered unsuitable for residential development.

Buildable Lands Inventory Results

Land Base

Exhibit 5 shows residential land in Tualatin by classification (development status). The results show that the Tualatin Planning Area has 2,556 total acres in residential Plan Designations. (This includes the areas of the Mixed-Use Commercial Overlay Zone and Central Tualatin Overlay Zone that allow residential uses). Of these 2,556 acres, about 2,193 acres (86%) are classified as Developed or Public (or Exempt) and do not have development capacity, and the remaining 364 acres (14%) are Vacant or Partially Vacant and have development capacity (not including development constraints).⁴

⁴ The buildable lands inventory results in Exhibit 5 does not account for development constraints (yet). Land with development constraints are not classified as buildable; we remove development constraints in Exhibit 6 and we present final buildable land results in Exhibit 7.

Exhibit 5. Residential acres by classification and Plan Designation, Tualatin Planning Area, 2019

Source: Metro BLI, ECONorthwest Analysis. *Note: The numbers in the table may not sum to the total as a result of rounding.*

| Generalized Plan Designation | Vacant | Partially Vacant | Developed | Public or Exempt | Total Acres | Percent of Total |
|------------------------------------|-----------|------------------|--------------|------------------|--------------|------------------|
| Residential | | | | | | |
| Low Density Residential | 26 | 138 | 1,063 | 510 | 1,737 | 68% |
| Medium Low Density Residential | - | 2 | 168 | 68 | 238 | 9% |
| Medium High Density Residential | 1 | - | 125 | 31 | 158 | 6% |
| High Density High Rise Residential | - | - | 6 | 9 | 15 | 1% |
| High Density Residential | 15 | - | 117 | 21 | 153 | 6% |
| Commercial | | | | | | |
| Mixed-Use Commercial Overlay Zone | - | - | 25 | - | 25 | 1% |
| Central Tualatin Overlay Zone | 3 | - | 29 | 6 | 37 | 1% |
| Basalt Creek Planning Area | | | | | | |
| Low Density Residential | 2 | 99 | 11 | - | 113 | 4% |
| Medium Low Density Residential | 49 | 23 | - | - | 72 | 3% |
| High Density Residential | - | 5 | - | - | 5 | 0% |
| Neighborhood Commercial | - | 1 | 4 | - | 4 | 0% |
| Total | 95 | 268 | 1,548 | 645 | 2,556 | 100% |

Exhibit 6 shows land in all residential Plan Designations by development and constraint status. After development constraints have been applied, about 68% of Tualatin’s total residential land (1,747 acres) has no development capacity (i.e., committed), 22% (566 acres) is constrained, and 10% (244 acres) are unconstrained and buildable.

Exhibit 6. Residential land by comprehensive Plan Designation and constraint status, Tualatin Planning Area, 2019

Source: Metro BLI, ECONorthwest Analysis. *Note: The numbers in the table may not sum to the total as a result of rounding.*

| Generalized Plan Designation | Total acres | Committed acres | Constrained acres | Buildable acres |
|------------------------------------|--------------|-----------------|-------------------|-----------------|
| Residential | | | | |
| Low Density Residential | 1,737 | 1,292 | 365 | 79 |
| Medium Low Density Residential | 238 | 190 | 47 | 1 |
| Medium High Density Residential | 158 | 128 | 29 | 1 |
| High Density High Rise Residential | 15 | 4 | 11 | 0 |
| High Density Residential | 153 | 77 | 64 | 12 |
| Commercial | | | | |
| Mixed-Use Commercial Overlay Zone | 25 | 20 | 5 | 0 |
| Central Tualatin Overlay Zone | 37 | 16 | 21 | 0 |
| Basalt Creek Planning Area | | | | |
| Low Density Residential | 113 | 13 | 23 | 76 |
| Medium Low Density Residential | 72 | 2 | 1 | 69 |
| High Density Residential | 5 | 0 | 0 | 5 |
| Neighborhood Commercial | 4 | 4 | 0 | 0 |
| Total | 2,556 | 1,747 | 566 | 244 |

Vacant Buildable Land

Exhibit 7 shows buildable acres (e.g., acres in tax lots after constraints are deducted) for vacant and partially vacant land by Plan Designation. Of Tualatin’s 244 unconstrained buildable residential acres, about 31% are in tax lots classified as vacant, and 69% are in tax lots classified as partially vacant. About 32% of Tualatin’s buildable residential land is in the Low Density Residential Plan Designation and about 62% of Tualatin’s buildable residential land is located in the Basalt Creek Planning Area.

Exhibit 7. Buildable acres in vacant and partially vacant tax lots by Plan Designation and zoning, Tualatin Planning Area, 2019

Source: Metro BLI, ECONorthwest Analysis. Note: The numbers in the table may not sum to the total as a result of rounding.

| Generalized Plan Designation | Total buildable acres | Buildable acres on vacant lots | Buildable acres on partially vacant lots |
|------------------------------------|-----------------------|--------------------------------|--|
| Residential | | | |
| Low Density Residential | 79 | 11 | 68 |
| Medium Low Density Residential | 1 | 0 | 1 |
| Medium High Density Residential | 1 | 1 | 0 |
| High Density High Rise Residential | 0 | 0 | 0 |
| High Density Residential | 12 | 12 | 0 |
| Commercial | | | |
| Mixed-Use Commercial Overlay Zone | 0 | 0 | 0 |
| Central Tualatin Overlay Zone | 0 | 0 | 0 |
| Basalt Creek Planning Area | | | |
| Low Density Residential | 76 | 2 | 74 |
| Medium Low Density Residential | 69 | 49 | 20 |
| High Density Residential | 5 | 0 | 5 |
| Neighborhood Commercial | 0 | 0 | 0 |
| Total | 244 | 75 | 168 |

Exhibit 8 and 5 (upcoming pages) show the results of Tualatin’s residential BLI.

Exhibit 8. Residential Land by Development Status with Constraints, Tualatin Planning Area, 2019

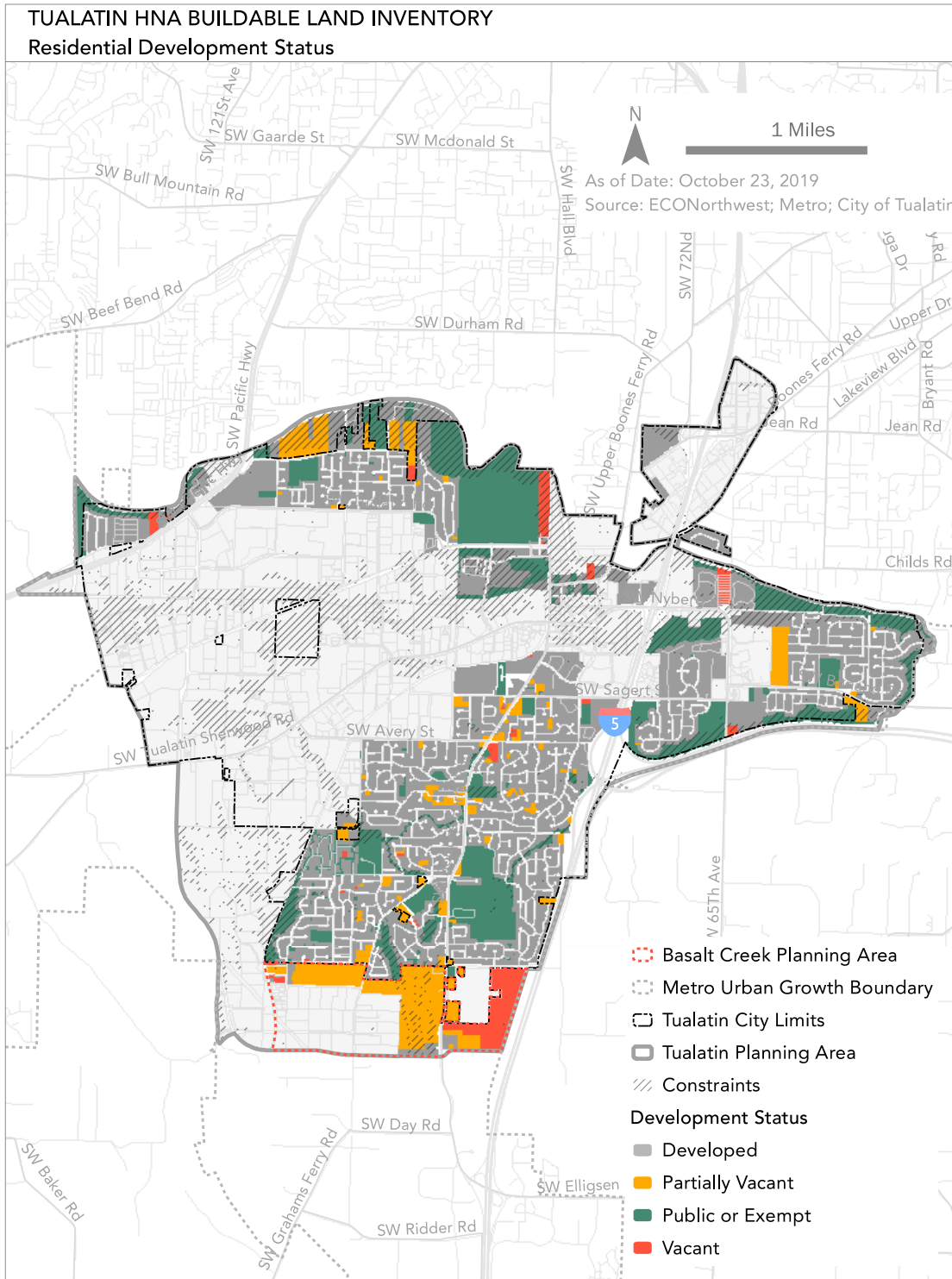
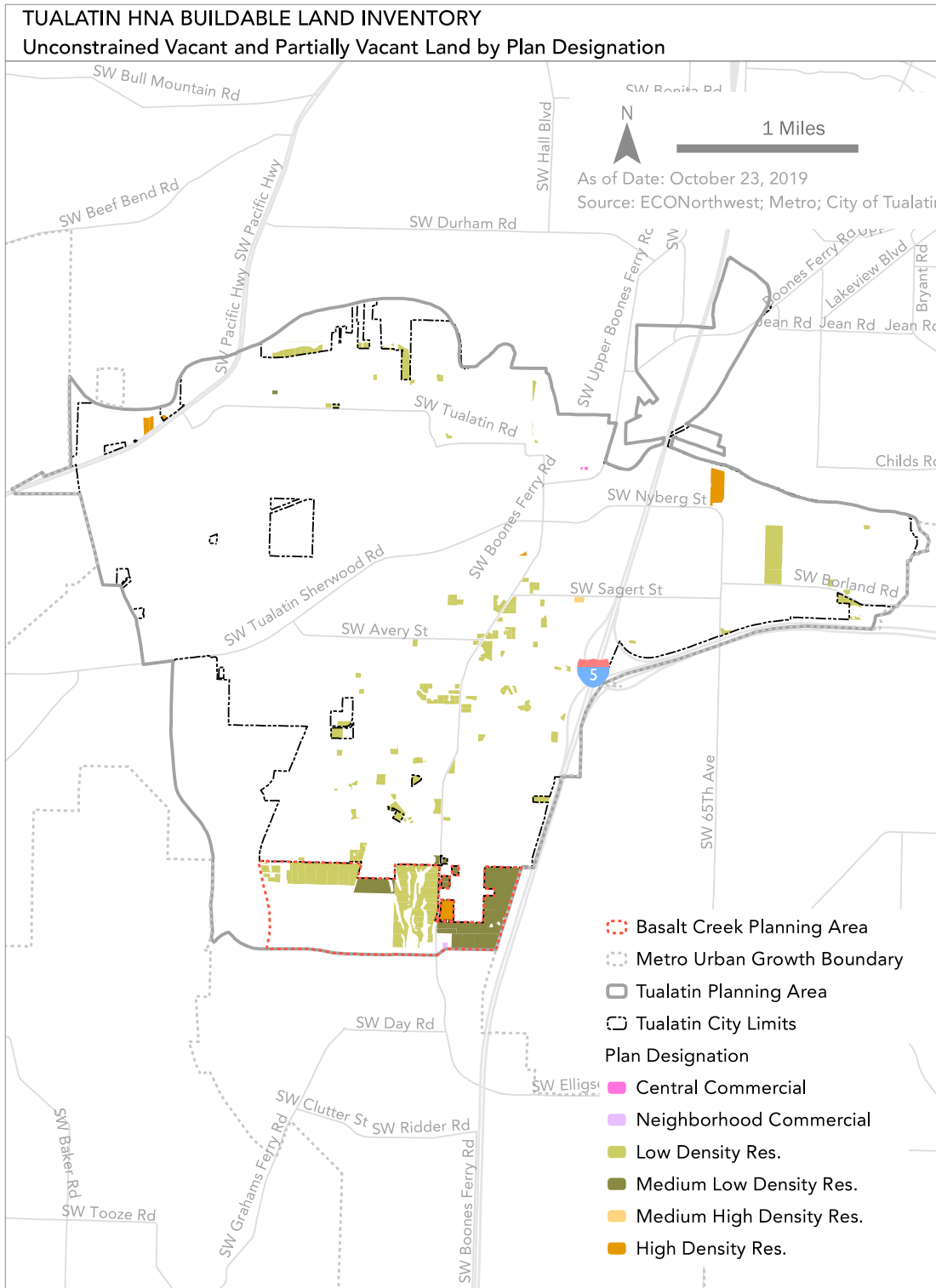


Exhibit 9. Unconstrained Vacant and Partially Vacant Residential Land, Tualatin Planning Area, 2019



3. Historical and Recent Development Trends

Analysis of historical development trends in Tualatin provides insight into the functioning of the local housing market. The mix of housing types and densities, in particular, are key variables in forecasting the capacity of residential land to accommodate new housing and to forecast future land need. The specific steps are described in Task 2 of the *DLCD Planning for Residential Lands Workbook* as:

1. Determine the time period for which the data will be analyzed.
2. Identify types of housing to address (all needed housing types).
3. Evaluate permit/subdivision data to calculate the actual mix, average actual gross density, and average actual net density of all housing types.

This Housing Needs Analysis examines changes in Tualatin's housing market from 2000 to 2017, as well as residential development from 2002 to 2017. We selected this time period because (1) the period provides information about Tualatin's housing market before and after the national housing market bubble's growth, deflation, and the more recent increase in housing costs and (2) data about Tualatin's housing market during this period is readily available from sources such as the Census and RLIS.

The Housing Needs Analysis presents information about residential development by housing type. There are multiple ways that housing types can be grouped. For example, they can be grouped by:

1. Structure type (e.g., single-family detached, apartments, etc.).
2. Tenure (e.g., distinguishing unit type by owner or renter units).
3. Housing affordability (e.g., subsidized housing or units affordable at given income levels).
4. Some combination of these categories.

For the purposes of this study, we grouped housing types based on: (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303:

- **Single-family detached** includes single-family detached units, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Single-family attached** is all structures with a common wall where each dwelling unit occupies a separate lot, such as row houses or townhouses.
- **Multifamily** is all attached structures (e.g., duplexes, triplexes, quadplexes, and structures with five or more units) other than single-family detached units, manufactured units, or single-family attached units.

In Tualatin, government-assisted housing (ORS 197.303(b)) and housing for farmworkers (ORS 197.303(e)) can be any of the housing types listed above.

Data Used in this Analysis

Throughout this analysis (including the subsequent Chapter 4), we used data from multiple sources, choosing data from well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from two Census sources, the Decennial and the American Community Survey:

- The **Decennial Census**, which is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census is considered the best available data for information such as demographics (e.g., number of people, age distribution, or ethnic or racial composition), household characteristics (e.g., household size and composition), and housing occupancy characteristics. As of 2010, the Decennial Census does not collect more detailed household information, such as income, housing costs, housing characteristics, and other important household information. Decennial Census data is available for 2000 and 2010.
- The **American Community Survey (ACS)**, which is completed every year and is a *sample* of households in the U.S. From 2013 to 2017, the ACS sampled an average of 3.5 million households per year, or about 2.9% of the households in the nation. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics.

This report uses data from the 2013-2017 ACS for Tualatin. Where information is available and relevant, we report information from the 2000 and 2010 Decennial Census. Among other data points, this report includes population, income, and housing price data from Redfin, the Bureau of Labor Services, and the United States Department of Housing and Urban Development. It uses the Oregon Department of Housing and Community Services affordable housing inventory and Oregon's Manufactured Dwelling Park inventory. It uses Metro's Regional Land Information System (RLIS) database, which provides tax lot data for jurisdictions within the three-county Metro Area (Clackamas County, Multnomah County, and Washington County).⁵

The foundation of the housing needs analysis is the population forecast for Tualatin from Metro's *2040 Household Distributed Forecast*.

⁵ We use RLIS tax lot data as a proxy for building permit data for Tualatin. The analysis period is 2000-2017, unless otherwise noted.

It is worth commenting on the methods used for the American Community Survey.⁶ The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as “sampling error” and is expressed as a band or “margin of error” (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Tualatin and compares Tualatin to Washington County and to Oregon. These trends demonstrate the types of housing developed in Tualatin historically. Unless otherwise noted, this chapter and the next chapter uses data from the 2000 and 2010 Decennial Census and the 2013-2017 American Community Survey 5-Year Estimates.

This section shows the following trends in housing mix in Tualatin:

- **About half (53%) of Tualatin’s housing stock is single-family detached housing units.** Forty-one percent of Tualatin’s housing stock is multifamily and 6% is single-family attached (e.g., townhouses, rowhouses, duplexes).
- **Since 2000, Tualatin’s housing mix has remained relatively static.** Tualatin’s housing stock grew by about 23% (about 2,112 new units) between 2000 and the 2013-2017 period.
- **Single-family housing accounted for the majority of new housing growth in Tualatin between 2000 and 2017.** Sixty percent of new housing built between 2000 and 2017 was single-family housing (detached and attached).

⁶ A thorough description of the ACS can be found in the Census Bureau’s publication “What Local Governments Need to Know.” <https://www.census.gov/library/publications/2009/acs/state-and-local.html>

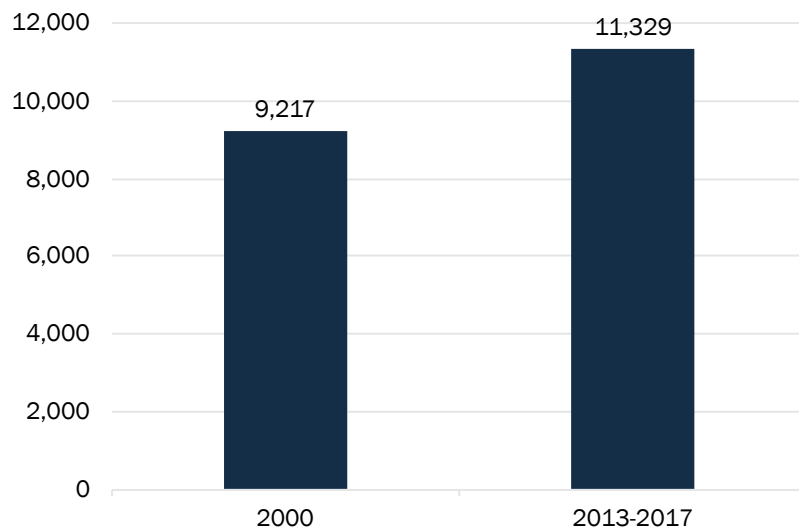
Housing Mix

The total number of dwelling units in Tualatin increased by 23% from 2000 to 2013-2017.

Tualatin added 2,112 units since 2000.

Exhibit 10. Total Dwelling Units, Tualatin, 2000 and 2013-2017

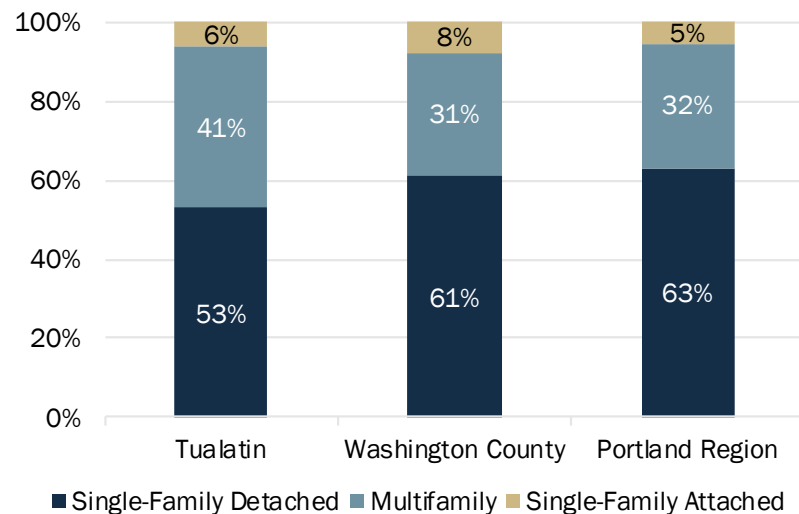
Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013-2017 ACS Table B25024.



Tualatin had a smaller share of single-family detached housing and a larger share of multifamily housing than Washington County and the Portland Region.

Exhibit 11. Housing Mix, Tualatin, Washington County, Portland Region, 2013-2017

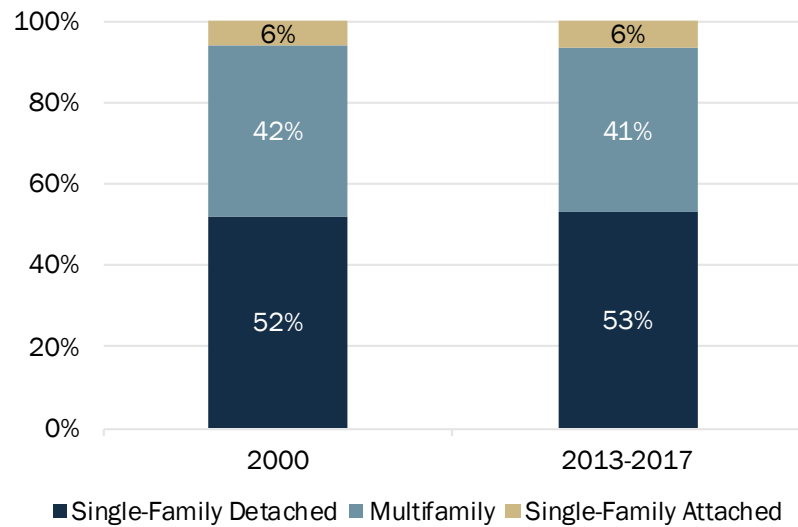
Source: U.S. Census Bureau, 2013-2017 ACS Table B25024.



From 2000 to 2013-2017, Tualatin's housing mix stayed about the same.

Exhibit 12. Change in Housing Mix, Tualatin, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2013-2017 ACS Table B25024.



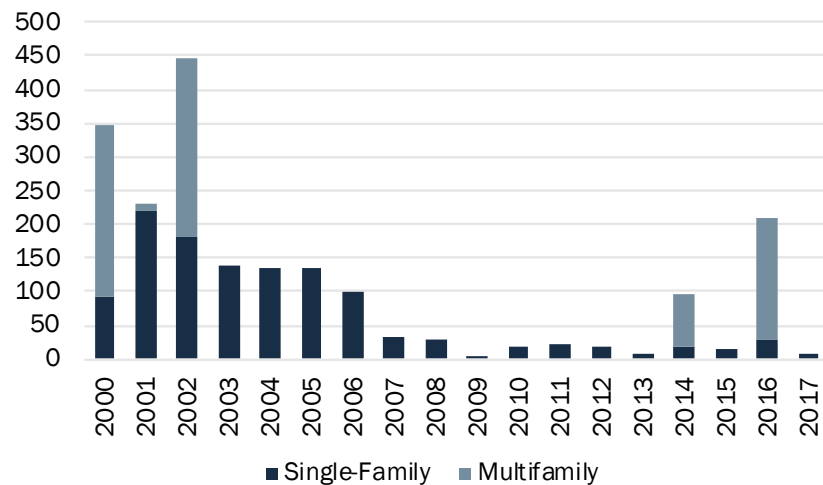
Dwelling Units Built

Over the 2000 to 2017 period, Tualatin added 1,996 dwelling units, with an annual average of 111 dwelling units.

Of these 1,996 units, about 60% were single-family units and 40% were multifamily units.

Exhibit 13. Units Built by Year and Type of Unit, Tualatin, 2000 through 2017

Source: RLIS.



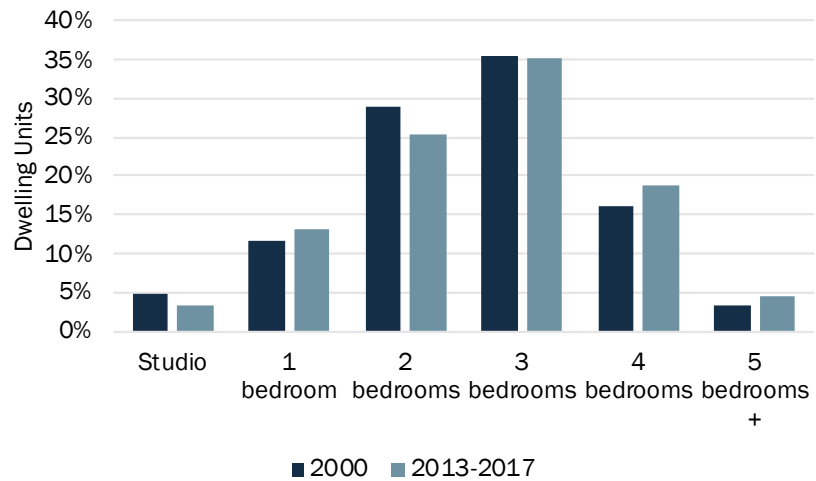
Size of Units

This section provides an overview of dwelling unit size in Tualatin.

In 2000, a larger share of dwelling units in Tualatin were three-bedroom units. As of the 2013-2017 period, this trend continues to persist.

Exhibit 14. Share of Units by Number of Bedrooms, Tualatin, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, SF3 Table H041, and 2013-2017 ACS Table B25041. Note: The total number of units in 2000 is 9,217; the total number of units in the 2013-17 period is 11,329.

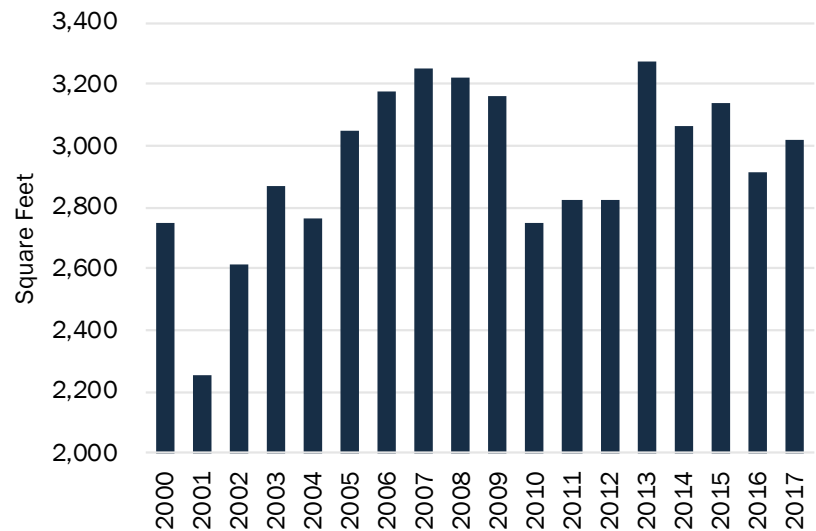


Single-family units built in Tualatin since 2000, averaged 2,773 sq. ft. per unit.

Single-family units built in Tualatin since 2014, averaged 3,015 sq. ft. per unit.

Exhibit 15. Average Size of Single-Family Units Built by Year, Tualatin, 2010 through 2017

Source: RLIS. Note: Single-family units include single-family detached and attached units.



Based on historical trends, condominiums in Tualatin were slightly smaller than single-family dwellings (Exhibit 15) and slightly larger than apartments.

Exhibit 16. Average Size of Multifamily Units Built by Year (including housing description), Tualatin, 2000, 2001, 2002, 2014, and 2016

Source: RLIS, Costar, and Washington County Assessor.

| | |
|--------------|---|
| 2000: | 1,172 Sq. Ft. Condominium |
| 2001: | 1,562 Sq. Ft. Condominium |
| 2002: | 892 Sq. Ft. Apartment |
| 2014: | 1,322 Sq. Ft. Retirement Facility |
| 2016: | 977 Sq. Ft. Apartment |

On average, a 2-bedroom multifamily unit in Tualatin is about 928 sq. ft.

Exhibit 17. Average Square Feet of Multifamily Units, Tualatin, 2019

Source: Costar. Note: "All Beds" represent the aggregate of multifamily units in Tualatin (recognizing that bedroom counts are unknown for some units).

| Multifamily Unit by Bedroom Count | Average Sq. Ft. (2019) | Inventory (Units) |
|-----------------------------------|------------------------|-------------------|
| All Beds | 856 | 3,905 |
| Studio | 445 | 249 |
| 1-Bedroom | 649 | 1,206 |
| 2-Bedrooms | 928 | 1,739 |
| 3-Bedrooms | 1,144 | 608 |
| 4+ Bedrooms | 1,255 | 4 |

Trends in Housing Density

Housing density is the density of housing by structure type, expressed in dwelling units per net or gross acre. The U.S. Census does not track residential development density thus, this study analyzes housing density based on Metro’s RLIS database for development between 2000 and 2017.

Between 2000 and 2017, Tualatin permitted 1,996 new dwelling units. Of the 1,996 new units, 1,207 units were single-family (60%) and 789 units were multifamily (40%). During this time, housing in Tualatin developed at an average net density of 8.7 dwelling units per net acre. Exhibit 18 shows average net residential development by structure type for the historical analysis period. Single-family housing (detached and attached) developed at 6.4 units per net acre and multifamily housing developed at 19.9 units per net acre.

Exhibit 18. Net Density by Unit Type and Zone, Tualatin, 2000 through 2017

Source: RLIS.

Note: Single-family includes single-family detached and single-family attached units because RLIS data does not distinguish between the type of single-family unit.

| | Single-family (Detached and Attached) | | | Multifamily | | | Total, combined | | |
|--------------------------------|--|------------|----------------|-------------|-----------|----------------|-----------------|------------|----------------|
| | Units | Acres | Net Density | Units | Acres | Net Density | Units | Acres | Net Density |
| Low Density Residential | 976 | 172 | 5.7 | | | | 976 | 172 | 5.7 |
| Medium Low Density Residential | 79 | 10 | 8.0 | 90 | 5 | 19.5 | 169 | 14 | 11.7 |
| High Density Residential | 152 | 6 | 23.4 | 699 | 35 | 19.9 | 851 | 42 | 20.5 |
| Total | 1,207 | 189 | 6.4 | 789 | 40 | 19.9 | 1,996 | 228 | 8.7 |

Trends in Tenure

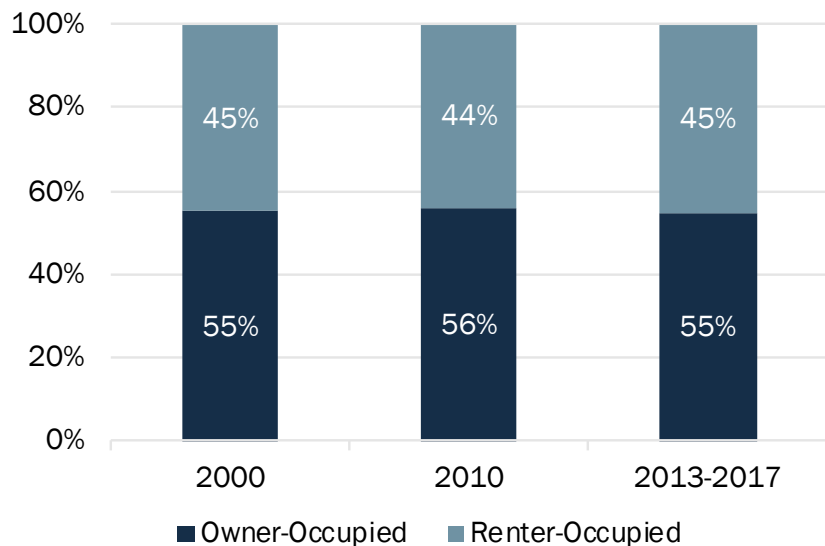
Housing tenure describes whether a dwelling unit is owner- or renter-occupied. This section shows:

- **Homeownership in Tualatin is lower than Washington County's and Oregon's rate.** About 55% of Tualatin's households own their own home. In comparison, 61% of Washington County households and 60% of Oregon households are homeowners.
- **Homeownership in Tualatin stayed about the same between 2000 and 2013-2017.** Homeownership hovered around 55% in 2000, 2010, and the 2013-2017 period.
- **Most of Tualatin homeowners (88%) live in single-family detached housing, while most of Tualatin's renters (82%) live in multifamily housing.**

The homeownership rate in Tualatin stayed about the same since 2000.

Exhibit 19. Tenure, Occupied Units, Tualatin, 2000, 2010, and 2013-2017

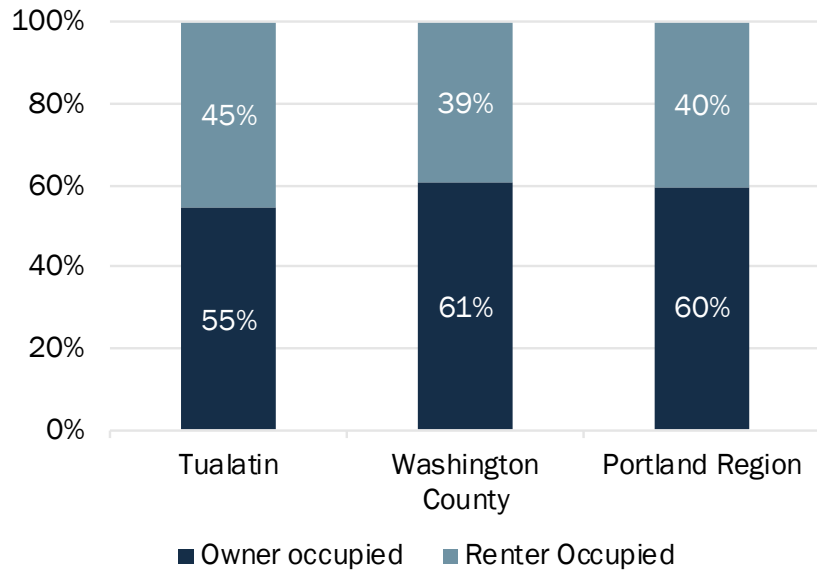
Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2013-2017 ACS Table B24003.



Tualatin had a lower homeownership rate than Washington County and the Portland Region.

Exhibit 20. Tenure, Occupied Units, Tualatin, Washington County, and Portland Region, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-Year Estimates, Table B24003.

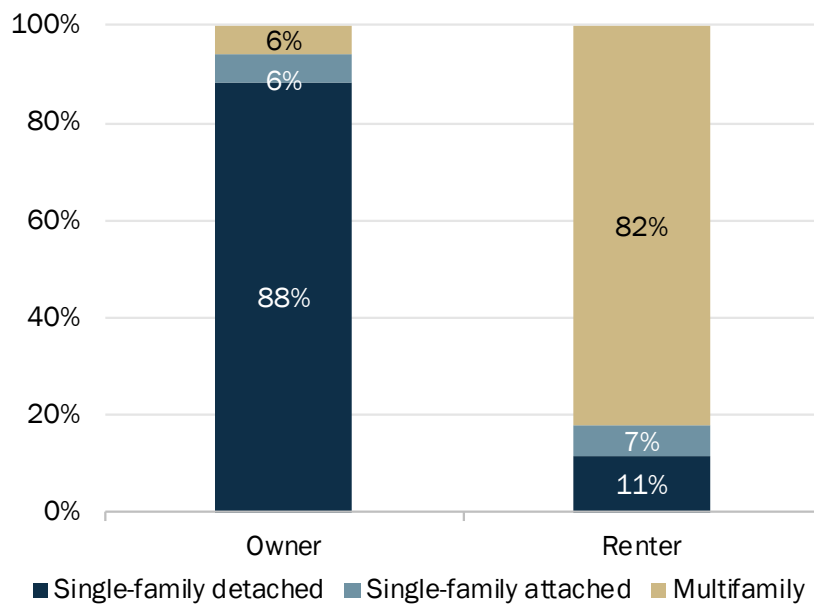


Most of Tualatin homeowners (88%) lived in single-family detached housing.

In comparison, most of Tualatin renters lived in multifamily housing.

Exhibit 21. Housing Units by Type and Tenure, Tualatin, 2013-2017

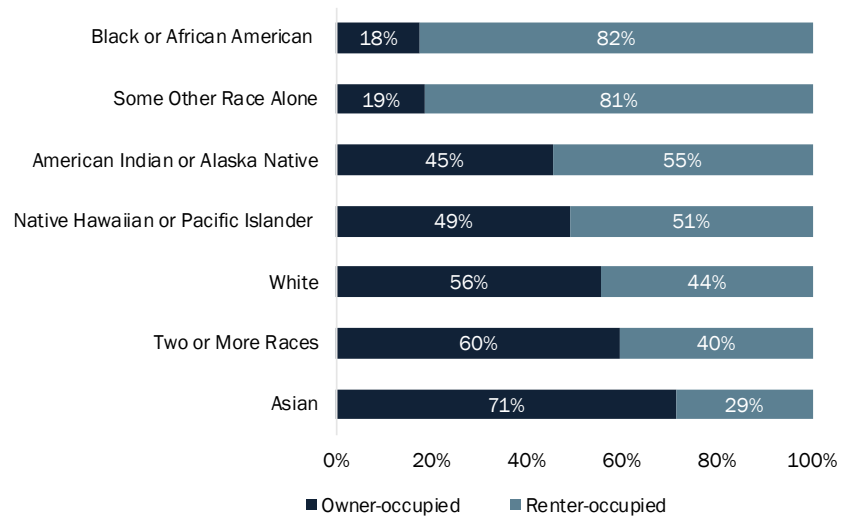
Source: U.S. Census Bureau, 2013-2017 ACS Table B25032.



A proportionately smaller share of households with an African American head of household were homeowners.

Exhibit 22. Tenure by Race of the Head of Household, Tualatin, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B25003A-G.



Most households with a Latinx head of household were renters.

Exhibit 23. Tenure by Latinx Head of Household, Tualatin, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B250031.



Vacancy Rates

Housing vacancy is a measure of housing that is available to prospective renters and buyers. It is also a measure of unutilized housing stock. The Census defines vacancy as: "Unoccupied housing units...determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The 2010 Census identified vacancy through an enumeration, separate from (but related to) the survey of households. Enumerators are obtained using information from property owners and managers, neighbors, rental agents, and others.

According to the 2013-2017 Census, the vacancy rate in Tualatin was 4.3%, compared to 4.8% for Washington County and 5.5% for the Portland Region.

Tualatin's vacancy rate declined from 2000 to the 2013-2017 period.

Exhibit 24. Vacancy Rate, Tualatin, 2000 and 2013-2017

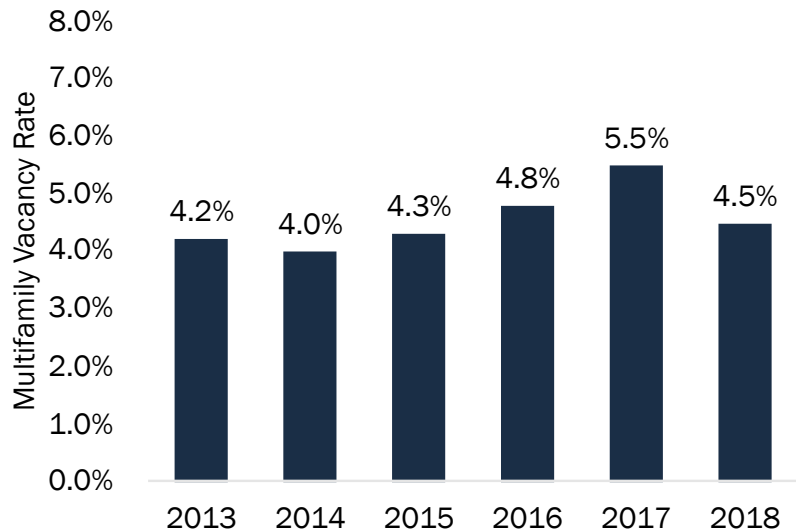
Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H005, 2013-2017 ACS Table B25004.

| | |
|------------------|--|
| 2000 | 6.2% Of Total Dwelling Units |
| 2013-2017 | 4.3% Of Total Dwelling Units |

Tualatin's average multifamily vacancy rate dipped to a low of 4% in 2014. In 2018, Tualatin's multifamily vacancy rate was 4.5%.

Exhibit 25. Average Multifamily Vacancy Rate, Tualatin, 2013 through 2018

Source: CoStar.



As of 2013-2017, less than half a percent of Tualatin's dwelling units were vacant for seasonal, recreational, or occasional use (e.g. short-term rentals or vacation homes).

Exhibit 26. Vacancy for Seasonal, Recreational, or Occasional Use, Tualatin, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census SF1 Table H005, 2013-2017 ACS Table B25004.

| | | |
|------------------|-----------------|-------------------------------|
| 2000 | 43 Units | 0.5% |
| | | Share of Total Dwelling Units |
| 2013-2017 | 44 Units | 0.4% |
| | | Share of Total Dwelling Units |

Rent-Restricted Housing

Governmental agencies offer subsidies to support housing development for low- and moderate-income households. Tualatin has three rent-restricted housing developments, with 604 subsidized units.

Exhibit 27. Government-Assisted Housing, Tualatin, December 2019

Source: Oregon Housing and Community Services, Affordable Housing Inventory in Oregon (data pulled December 2019).

| Housing Developments | Total Units | Affordable Units | Population Served | Government Subsidy Type | Affordability Contract Expiration |
|----------------------|-------------|------------------|-------------------|-------------------------|-----------------------------------|
| Terrace View | 100 | 100 | Family | LIHTC 4% | January 2028 |
| Tualatin Meadows | 240 | 240 | Family | LIHTC 4% | January 2031 |
| Woodridge | 264 | 264 | Family | OHCS Grants | March 2049 |
| Total | 604 | 604 | | | |

In addition to these rent-restricted units, and as of August 5, 2019, households in Tualatin utilized 113 of Washington County Housing Authority's Housing Choice Vouchers.⁷

⁷ More information about Housing Choice Vouchers: https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/about/fact_sheet

Manufactured Homes

Manufactured homes provide a source of affordable housing in Tualatin. They provide a form of homeownership that can be made available to low- and moderate-income households. Cities are required to plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Homeowners living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities.

OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development.⁸ Exhibit 28 presents the inventory of mobile and manufactured home parks within Tualatin as of early 2019.

Tualatin has two manufactured housing parks, with a total of 178 spaces within its city limits.

Exhibit 28. Inventory of Mobile/Manufactured Home Parks, Tualatin City Limits, March 2019

Source: Oregon Manufactured Dwelling Park Directory.

| Name | Location | Type | Total Spaces | Vacant Spaces | Plan Designation |
|--------------|---------------------|--------|--------------|---------------|------------------|
| Angel Haven | 18485 SW Pacific Dr | Senior | 129 | 2 | RML |
| Willow Glen | 9700 SW Tualatin Rd | Family | 49 | 1 | RML |
| Total | | | 178 | 3 | |

⁸ ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord do the following for manufactured dwelling park tenants before closure of the park: give at least one year's notice of park closure, pay the tenant between \$5,000 to \$9,000 for each manufactured dwelling park space, and refrain from charging tenants demolition costs of abandoned manufactured homes.

4. Demographic and Other Factors Affecting Residential Development in Tualatin

Demographic trends are important for a thorough understanding of the dynamics of the Tualatin housing market. Tualatin exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Tualatin at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare Tualatin to Washington County and Oregon. We also compare Tualatin to nearby cities where appropriate. Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

A recommended approach to conducting a housing needs analysis is described in *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, the Department of Land Conservation and Development's guidebook on local housing needs studies. As described in the workbook, the specific steps in the housing needs analysis are:

1. Project the number of new housing units needed in the next 20 years.
2. Identify relevant national, state, and local demographic and economic trends and factors that may affect the 20-year projection of structure type mix.
3. Describe the demographic characteristics of the population and, if possible, the housing trends that relate to demand for different types of housing.
4. Determine the types of housing that are likely to be affordable to the projected households based on household income.
5. Determine the needed housing mix and density ranges for each Plan Designation and the average needed net density for all structure types.
6. Estimate the number of additional needed units by structure type.

This chapter presents data to address steps 2, 3, and 4 in this list. Chapter 5 presents data to address steps 1, 5, and 6 in this list.

Demographic and Socioeconomic Factors Affecting Housing Choice⁹

Analysts typically describe housing demand as the *preferences* for different types of housing (e.g., single-family detached or apartment), and *the ability to pay* for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of Baby Boomers, people born from about 1946 to 1964, and Millennials, people born from about 1980 to 2000.
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multiple person households (often with children).
- **Household income** is the household income. Income is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-family detached, duplex, triplex, quadplex, or a building with more than five units) and to household tenure (e.g., rent or own).

⁹ The research in this chapter is based on numerous articles and sources of information about housing, including:

Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

D. Myers and S. Ryu, *Aging Baby Boomers and the Generational Housing Bubble*, Journal of the American Planning Association, Winter 2008.

George Galster. *People Versus Place, People and Place, or More? New Directions for Housing Policy*, Housing Policy Debate, 2017.

Herbert, Christopher and Hrabchak Molinsky. "Meeting the Housing Needs of an Aging Population," 2015.

J. McIlwain, *Housing in America: The New Decade*, Urban Land Institute, 2010.

L. Lachman and D. Brett, *Generation Y: America's New Housing Wave*, Urban Land Institute, 2010.

Schuetz, Jenny. *Who is the new face of American homeownership?* Brookings, 2017.

The American Planning Association, "Investing in Place; Two generations' view on the future of communities," 2014.

Transportation for America, "Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," 2014.

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Tualatin over the next 20 years.

National Trends¹⁰

This brief summary on national housing trends builds on previous work by ECONorthwest, the Urban Land Institute (ULI) reports, and conclusions from *The State of the Nation's Housing, 2018* report from the Joint Center for Housing Studies of Harvard University. The Harvard report summarizes the national housing outlook as follows:

“By many metrics, the housing market is on sound footing. With the economy near full employment, household incomes are increasing and boosting housing demand. On the supply side, a decade of historically low single-family construction has left room for expansion of this important sector of the economy. Although multifamily construction appears to be slowing, vacancy rates are still low enough to support additional rentals. In fact, to the extent that growth in supply outpaces demand, a slowdown in rent growth should help to ease affordability concerns.”

However, challenges to a strong domestic housing market remain. High housing costs make housing unaffordable for many Americans, especially younger Americans. In addition to rising housing costs, wages have also failed to keep pace, worsening affordability pressures. Single-family and multifamily housing supplies remain tight, which compound affordability issues. *The State of the Nation's Housing* report emphasizes the importance of government assistance and intervention to keep housing affordable moving forward. Several challenges and trends shaping the housing market are summarized below:

- **Moderate new construction and tight housing supply, particularly for affordable housing.** New construction experienced its eighth year of gains in 2017 with 1.2 million units added to the national stock. Estimates for multifamily starts range between 350,000 to 400,000 (2017). The supply of for sale homes in 2017 averaged 3.9 months, below what is considered balanced (six months) and lower-cost homes are considered especially scarce. The State of the Nation's Housing report cites lack of skilled labor, higher building costs, scarce developable land, and the cost of local zoning and regulation as impediments to new construction.
- **Demand shift from renting to owning.** After years of decline, the national homeownership rate increased from a 50-year low of 62.9% in 2016 (Q2) to 63.7% in 2017 (Q2). Trends suggest homeownership among householders aged 65 and older have remained strong and homeownership rates among young adults have begun stabilizing after years of decline.
- **Housing affordability.** In 2016, almost one-third of American households spent more than 30% of their income on housing. This figure is down from the prior year,

¹⁰ These trends are based on information from: (1) The Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2018," (2) Urban Land Institute, "2018 Emerging Trends in Real Estate," and (3) the U.S. Census.

bolstered by a considerable drop in the owner share of cost-burdened households. Low-income households face an especially dire hurdle to afford housing. With such a large share of households exceeding the traditional standards for affordability, policymakers are focusing efforts on the severely cost-burdened. Among those earning less than \$15,000, more than 70% of households paid more than half of their income on housing.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that nationally, demand for new homes could total as many as 12 million units between 2017 and 2027. Much of the demand will come from Baby Boomers, Millennials,¹¹ and immigrants. The Urban Land Institute cites the trouble of overbuilding in the luxury sector while demand is in mid-priced single-family houses affordable to a larger buyer pool.
- **Growth in rehabilitation market.**¹² Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With almost 80% of the nation's housing stock at least 20 years old (40% at least 50 years old), Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the go-to solution to address housing conditions, the home remodeling market has grown more than 50% since the recession ended — generating 2.2% of national economic activity (in 2017).

Despite trends suggesting growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households or households on fixed-incomes may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment.

- **Changes in housing preference.** Housing preference will be affected by changes in demographics; most notably, the aging of the Baby Boomers, housing demand from Millennials, and growth of immigrants.
 - *Baby Boomers.* The housing market will be affected by continued aging of the Baby Boomers, the oldest of whom were in their seventies in 2018 and the youngest of whom were in their fifties in 2018. Baby Boomers' housing choices will affect housing preference and homeownership. Addressing housing needs for those moving through their 60s, 70s, and 80s (and beyond) will require a

¹¹ According to the Pew Research Center, Millennials were born between the years of 1981 to 1996 (inclusive). Read more about generations and their definitions here: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

To generalize, and because there is no official generation of millennial, we define this cohort as individuals born between 1980 and 2000.

¹² These findings are copied from: Joint Center for Housing Studies. (2019). Improving America's Housing, Harvard University. https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

range of housing opportunities. For example, “the 82-to-86-year-old cohort dominates the assisted living and more intensive care sector” while new or near-retirees may prefer aging in place or active, age-targeted communities.¹³ Characteristics like immigration and ethnicity play a role too as “older Asians and Hispanics are more likely than whites or blacks to live in multigenerational households.”¹⁴ Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in close proximity to relatives may also choose to live in multigenerational households. Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.¹⁵ A broader definition exists which explains that aging in place also means “remaining in the current community and living in the residence of one’s choice.”¹⁶ Therefore, some Boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multifamily housing or age-restricted housing developments, before they move into to a dependent living facility or into a familial home. Moreover, “the aging of the U.S. population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses.”¹⁷

- *Millennials*. Over the last several decades, young adults increasingly lived in multi-generational housing – and increasingly more so than older demographics.¹⁸ Despite this trend, as Millennials age over the next 20 years, they will be forming households and families. In 2018, the oldest Millennials were in their late-30s and the youngest were in their late-teens. By 2040, Millennials will be between 40 and 60 years old.

At the beginning of the 2007-2009 recession, Millennials only started forming their own households. Today, Millennials are driving much of the growth in new households, albeit at slower rates than previous generations. From 2012 to 2017,

¹³ Urban Land Institute. Emerging Trends in Real Estate, United States and Canada. 2018.

¹⁴ Herbert, Christopher and Hrabchak Molinsky (2015). Meeting the Housing Needs of an Aging Population. https://shelterforce.org/2015/05/30/meeting_the_housing_needs_of_an_aging_population/

¹⁵ Vanleerberghe, Patricia, et al. The quality of life of older people aging in place: a literature review. 2017.

¹⁶ Ibid.

¹⁷ American Planning Association. Making Space for Tiny Houses, Quick Notes.

¹⁸ According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multi-generational family household and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multi-generational family household and by 2008, 20% did (18% change).

millennials formed an average of 2.1 million net new households each year. Twenty-six percent of Millennials aged 25 to 34 lived with their parents (or other relatives) in 2017.

Millennials' average wealth may remain far below Boomers and Gen Xers and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2015, Millennial's comprised 28% of active home buyers, while Gen Xers comprised 32% and Boomers 31%.¹⁹ That said, "over the next 15 years, nearly \$24 trillion will be transferred in bequests," presenting new opportunities for Millennials (as well as Gen Xers).

- *Immigrants.* Research on foreign-born populations find that immigrants, more than native-born populations, prefer to live in multi-generational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was stunted by the effects of the Great Recession. After a period of declines, however, the foreign born are again contributing to household growth. The Census Bureau's estimates of net immigration in 2017–2018 indicate that 1.2 million immigrants moved to the U.S. from abroad, down from 1.3 million immigrants in 2016-2017 but higher than the average annual pace of 850,000 during the period of 2009–2011. However, if recent Federal policies about immigration are successful, growth in undocumented and documented immigration could slow and cause a drag on household growth in the coming years.
- *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between whites and blacks, as well as the larger share of minority households that are cost burdened warrants consideration. Since 1994, the difference in homeownership rates between whites and blacks rose by 1.9 percentage points to 29.2% in 2017. Alternatively, the gap between white and Latinx homeownership rates and white and Asian homeownership rates both decreased during this period but remained sizable at 26.1 and 16.5 percentage points, respectively. Although homeownership rates are increasing for some minorities, large shares of minority households are more likely to live in high-cost metro areas. This, combined with lower incomes than white households,

¹⁹ Srinivas, Val and Goradia, Urval (2015). The future of wealth in the United States, Deloitte Insights. <https://www2.deloitte.com/insights/us/en/industry/investment-management/us-generational-wealth-trends.html>

leads to higher rates of cost burden for minorities—47% for blacks, 44% for Latinx, 37% for Asians/others, and 28% for whites in 2015.

- **Changes in housing characteristics.** The U.S. Census Bureau’s Characteristics of New Housing Report (2017) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:²⁰
 - *Larger single-family units on smaller lots.* Between 1999 and 2017, the median size of new single-family dwellings increased by 20% nationally, from 2,028 sq. ft. to 2,426 sq. ft., and 20% in the western region from 2,001 sq. ft. in 1999 to 2,398 sq. ft. in 2017. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally, decreased by more than half, from 15% in 1999 to 6% in 2017. The percentage of units greater than 3,000 sq. ft. increased from 17% in 1999 to 25% of new one-family homes completed in 2017. In addition to larger homes, a move towards smaller lot sizes is seen nationally. Between 2009 and 2017, the percentage of lots less than 7,000 sq. ft. increased from 25% to 31% of lots.
 - *Larger multifamily units.* Between 1999 and 2017, the median size of new multiple family dwelling units increased by 5.3% nationally and 2.4% in the Western region. Nationally, the percentage of new multifamily units with more than 1,200 sq. ft. increased from 28% in 1999 to 33% in 2017 and increased from 25% to 28% in the Western region.
 - *Household amenities.* Across the U.S. and since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-family and multifamily units). In 2000, 93% of new single-family houses had two or more bathrooms, compared to 97% in 2017. The share of new multifamily units with two or more bathrooms decreased from 55% of new multifamily units to 45%. As of 2017, 65% of new single-family houses in the U.S. had one or more garages (from 69% in 2000).
 - *Shared amenities.* Housing with shared amenities are growing in popularity as it may improve space efficiencies and reduce per-unit costs / maintenance costs. Single-Room Occupancies (SROs)²¹, Cottage Clusters, co-housing developments, and multifamily products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared: bathrooms; kitchens and other home appliances (e.g. laundry facilities, outdoor grills);

²⁰ U.S. Census Bureau, Highlights of Annual 2017 Characteristics of New Housing. Retrieved from: <https://www.census.gov/construction/chars/highlights.html>.

²¹ Single-room occupancies are residential properties with multiple single room dwelling units occupied by a single individual. From: U.S. Department of Housing and Urban Development. (2001). *Understanding SRO*. <https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf>

security systems; outdoor areas (e.g. green space, pathways, gardens, rooftop lounges); fitness rooms, swimming pools, and tennis courts; and free parking.²²

State Trends

Oregon's 2016-2020 Consolidated Plan includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concludes that “a growing gap between the number of Oregonians who need affordable housing and the availability of affordable homes has given rise to destabilizing rent increases, an alarming number of evictions of low- and fixed- income people, increasing homelessness, and serious housing instability throughout Oregon.”

It identified the following issues that describe housing need statewide:²³

- For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities. Today, one in two Oregon households pays more than one-third of their income toward rent, and one in three pays more than half of their income toward rent.
- More school children are experiencing housing instability and homelessness. The rate of K-12 homeless children increased by 12% from the 2013-2014 school year to the 2014-2015 school year.
- Oregon has 28,500 rental units that are affordable and available to renters with extremely low incomes. There are about 131,000 households that need those apartments, leaving a gap of 102,500 units.
- Housing instability is fueled by an unsteady, low-opportunity employment market. Over 400,000 Oregonians are employed in low-wage work. Low-wage work is a growing share of Oregon's economy. When wages are set far below the cost needed to raise a family, the demand for public services grows to record heights.
- Women are more likely than men to end up in low-wage jobs. Low wages, irregular hours, and part-time work compound issues.

²² Urbsworks. (n.d.). Housing Choices Guide Book: A Visual Guide to Compact Housing Types in Northwest Oregon. https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

Saiz, Albert and Salazar, Arianna. (n.d.). Real Trends: The Future of Real Estate in the United States. Center for Real Estate, Urban Economics Lab.

²³ These conclusions are copied directly from the report: Oregon's 2016-2020 Consolidated Plan <http://www.oregon.gov/ohcs/docs/Consolidated-Plan/2016-2020-Consolidated-Plan-Amendment.pdf>.

- People of color historically constitute a disproportionate share of the low-wage work force. About 45% of Latinx, and 50% of African Americans, are employed in low-wage industries.
- The majority of low-wage workers are adults over the age of 20, many of whom have earned a college degree, or some level of higher education.
- In 2019, minimum wage in Oregon²⁴ was \$11.25, \$12.50 in the Portland Metro, and \$11.00 for non-urban counties.

Oregon’s 2018 *Statewide Housing Plan* identified six housing priorities to address in communities across the State over 2019 to 2023, summarized below. It includes relevant data to help illustrate the rationale for each priority. The 2018 *Statewide Housing Plan* describes the Oregon Housing and Community Services’ (OHCS) goals and implementation strategies for achieving the goals.²⁵

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*
 - Summary of the issue: In Oregon, 26% of people of color live below the poverty line in Oregon, compared to 15% of the White population.
 - 2019-2023 Goal: Communities of color will experience increased access to OHCS resources and achieve greater parity in housing stability, self-sufficiency and homeownership. OHCS will collaborate with its partners and stakeholders to create a shared understanding of racial equity and overcome systemic injustices faced by communities of color in housing discrimination, access to housing and economic prosperity.
- **Homelessness.** *Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon’s children and veterans.*
 - Summary of the issue: According to the Point-in-Time count, approximately 14,000 Oregonians experienced homelessness in 2017, an increase of nearly 6% since 2015. Oregon’s unsheltered population increased faster than the sheltered population, and the state’s rate of unsheltered homelessness is the third highest in the nation, at 57%. The state’s rate of unsheltered homelessness among people in families with children is the second highest in the nation, at 52%.

²⁴ The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016 through July 1, 2022. <https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx>

²⁵ Priorities and factoids are copied directly from the report: Oregon Housing and Community Services (November 2018). *Breaking New Ground, Oregon’s Statewide Housing Plan, Draft.* <https://www.oregon.gov/ohcs/DO/shp/OregonStatewideHousingPlan-PublicReviewDraft-Web.pdf>

- 2019-2023 Goal: OHCS will drive toward impactful homelessness interventions by increasing the percentage of people who are able to retain permanent housing for at least six months after receiving homeless services to at least 85 percent. We will also collaborate with partners to end veterans' homelessness in Oregon and build a system in which every child has a safe and stable place to call home.
- **Permanent Supportive Housing.** *Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.*
 - Summary of the issue: Oregon needs about 12,388 units of permanent supportive housing to serve individuals and families with a range of needs and challenges.
 - 2019-2023 Goal: OHCS will increase our commitment to permanent supportive housing by funding the creation of 1,000 or more additional permanent supportive housing units to improve the future long-term housing stability for vulnerable Oregonians.
- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*
 - Summary of the issue: Statewide, over 85,000 new units are needed to house those households earning below 30% of Median Family Income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.
 - 2019-2023 Goal: OHCS will triple the existing pipeline of affordable rental housing — up to 25,000 homes in the development pipeline by 2023. Residents of affordable rental housing funded by OHCS will have reduced cost burden and more opportunities for prosperity and self-sufficiency.
- **Homeownership.** *Provide more low- and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*
 - Summary of the issue: In Oregon, homeownership rates for all categories of people of color are lower than for white Oregonians. For White non-Latinx Oregonians, the home ownership rate is 63%. For Latinx and non-White Oregonians, it is 42%. For many, homeownership rates have fallen between 2005 and 2016.
 - 2019-2023 Goal: OHCS will assist at least 6,500 households in becoming successful homeowners through mortgage lending products while sustaining efforts to help existing homeowners retain their homes. OHCS will increase the number of homebuyers of color in our homeownership programs by 50% as part of a concerted effort to bridge the homeownership gap for communities of color while building pathways to prosperity.
- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

- Summary of the issue: While housing costs may be lower in rural areas, incomes are lower as well: median family income is \$42,750 for rural counties versus \$54,420 for urban counties. Additionally, the median home values in rural Oregon are 30% higher than in the rural United States and median rents are 16% higher.
- 2019-2023 Goal: OHCS will collaborate with small towns and rural communities to increase the supply of affordable and market-rate housing. As a result of tailored services, partnerships among housing and service providers, private industry and local governments will flourish, leading to improved capacity, leveraging of resources and a doubling of the housing development pipeline.

Regional and Local Demographic Trends that may affect housing need in Tualatin.

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are: (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

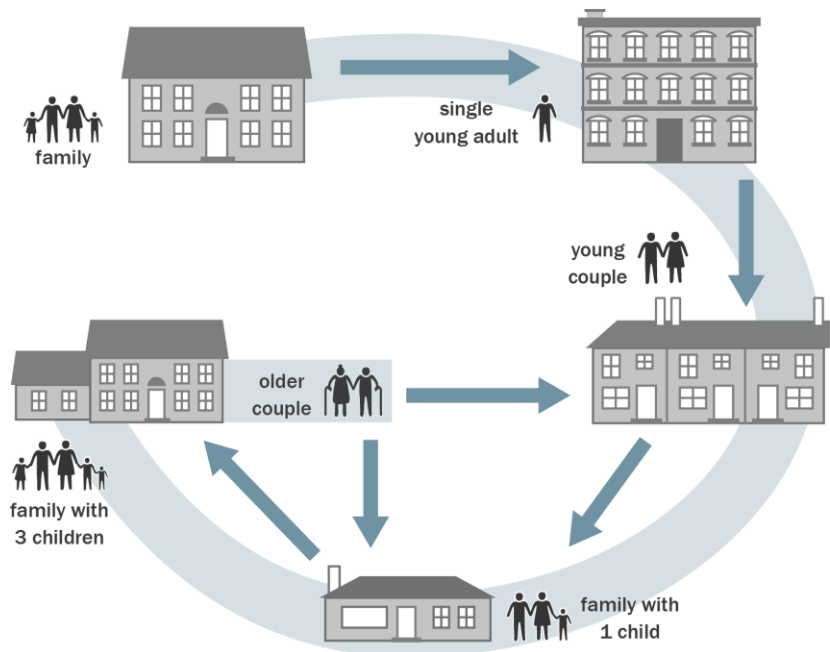
An individual’s housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Tualatin’s population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Tualatin.

Housing needs and preferences change in predictable ways over time, such as with changes in marital status and size of family.

Families of different sizes need different types of housing.

Exhibit 29. Effect of demographic changes on housing need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



Growing Population

Tualatin’s population growth will drive future demand for housing in the City over the planning period. The population forecast in Exhibit 31 is Tualatin’s official population forecast, from the Oregon Population Forecast Program. Tualatin must use this forecast as the basis for forecasting housing growth over the 2020 to 2040 period.

Tualatin’s population grew by 81% between 1990 and the 2013-2017 period. Tualatin added 12,122 new residents, at an average annual growth rate of 2.2%.

Exhibit 30. Population Growth and Change, Tualatin, Washington County, Portland Region, Oregon, and the United States, 1990, 2000, 2010, and 2018

Source: U.S. Decennial Census 1990, 2000, 2010, and 2018 Quick Facts. Portland State University 2018 Certified Population Estimates. Note: the Portland Region is the aggregate of Clackamas, Multnomah, and Washington Counties.

| | 1990 | 2000 | 2010 | 2018 | Change 1990 to 2018 | | |
|-------------------|-------------|-------------|-------------|-------------|---------------------|---------|------|
| | | | | | Number | Percent | AAGR |
| U.S. | 248,709,873 | 281,421,906 | 308,745,538 | 327,167,434 | 78,457,561 | 32% | 1.0% |
| Oregon | 2,842,321 | 3,421,399 | 3,831,074 | 4,195,300 | 1,352,979 | 48% | 1.5% |
| Portland Region | 1,174,291 | 1,444,219 | 1,641,036 | 1,839,005 | 664,714 | 57% | 1.7% |
| Washington County | 311,554 | 445,342 | 529,710 | 606,280 | 294,726 | 95% | 2.5% |
| Tualatin | 15,013 | 22,791 | 26,054 | 27,055 | 12,042 | 80% | 2.2% |

Tualatin city limits is projected to grow by 627 people between 2020 and 2040, at an average annual growth rate of 0.12%.²⁶

Exhibit 31. Forecast of Population Growth, Tualatin city limits, 2020 to 2040

Source: Metro 2040 Population Distributed Forecast, Exhibit A. July 12, 2016.

| | | | |
|-------------------|-------------------|----------------------------|-------------------|
| 26,745 | 27,372 | 627 | 2.3% increase |
| Residents in 2020 | Residents in 2040 | New residents 2020 to 2040 | 0.12% Growth Rate |

Tualatin’s Basalt Creek is project to grow by 1,080 people between 2020 and 2040, at an average annual growth rate of 5.68%.²⁷

Exhibit 32. Forecast of Population Growth, Basalt Creek, 2020 to 2040

Source: Metro 2040 TAZ Forecast, Population Estimates (TAZ 980 and 981). November 6, 2015.

| | | | |
|-------------------|-------------------|----------------------------|-------------------|
| 535 | 1,616 | 1,080 | 202% increase |
| Residents in 2020 | Residents in 2040 | New residents 2020 to 2040 | 5.68% Growth Rate |

²⁶ This forecast of population growth is based on Tualatin’s (city limits) official population forecast from Metro 2040 Population Distributed Forecast (2016). ECONorthwest extrapolated the population forecast for 2015 (to 2020) using an average annual growth rate.

²⁷ This forecast of population growth is based on Basalt Creek’s official population forecast from Metro 2040 TAZ Population Forecast (2015). ECONorthwest extrapolated the population forecast for 2015 (to 2020) using an average annual growth rate.

Aging Population

This section shows two key characteristics of Tualatin’s population, with implications for future housing demand in Tualatin:

- **Seniors.** Tualatin currently has a smaller share of people over 60 years old than Washington County. As Tualatin’s senior population grows, it will have increasing demand for housing that is suitable for older demographics.

Demand for housing for seniors will grow over the planning period, as the Baby Boomers continue to age and retire. The Washington County forecast share of residents aged 60 years and older will account for 24% of its population in 2040, compared to around 18% in the 2013-2017 period.

The impact of growth in seniors in Tualatin will depend, in part, on whether older people already living in Tualatin continue to reside there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.²⁸ Tualatin may be attractive to newly retiring seniors because of its location within the Portland Metro region.

Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including: remaining in their homes as long as they are able, downsizing to smaller single-family homes (detached and attached) or multifamily units, moving in with family, or moving into group housing (such as assisted living facilities or nursing homes), as their health declines. The challenges aging seniors face in continuing to live in their community include changes in healthcare needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.²⁹

- **Tualatin has a slightly larger share of younger people than the Portland Region.** About 26% of Tualatin’s population and Washington County’s population is under 20 years old, compared to 24% of the Portland Region’s population. The forecast for population growth in Washington County shows the percent of people under 20 years staying static at 24% of the population in 2013-2017 to 2040.

People currently aged 20 to 40 are referred to as the Millennial generation and account for the largest share of population in Oregon.³⁰ By 2040, they will be about 40 to 60 years of age. The forecast for Washington County shows a slight shift in Millennials from about 29% of the population in 2020 to about 25% of the population in 2040.

²⁸ A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See <http://www.aarp.org/research>.

²⁹ “Aging in Place: A toolkit for Local Governments” by M. Scott Ball.

³⁰ Pew Research Center. (March 2018). “Defining generations: Where Millennials end and post-Millennials begin” by Michael Dimock. Retrieved from: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

Tualatin's ability to attract people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to and is affordable to Millennials. Again, Tualatin is attractive because of the amenities of the Portland Metro region.

The long-term housing preference of Millennials is uncertain. Research suggests that Millennials' housing preferences may be similar to the Baby Boomers, with a preference for smaller, less costly units. Recent surveys about housing preference suggest that Millennials want affordable single-family homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.³¹

A recent survey of people living in the Portland region shows that Millennials prefer single-family detached housing. The survey finds that housing price is the most important factor in choosing housing for younger residents.³² The survey results suggest Millennials are more likely than other groups to prefer housing in an urban neighborhood or town center.

Growth in Millennials in Tualatin will result in increased demand for both affordable single-family detached housing (such as small single-family detached units like cottages), as well as increased demand for affordable townhouses and multifamily housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable.

³¹ The American Planning Association, "Investing in Place; Two generations' view on the future of communities." 2014.

"Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows," Transportation for America.

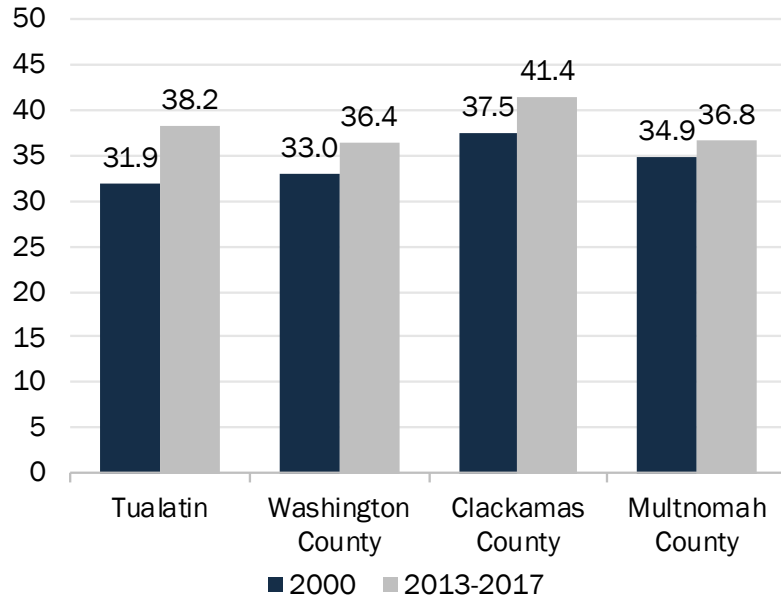
"Survey Says: Home Trends and Buyer Preferences," National Association of Home Builders International Builders

³² Davis, Hibbits, & Midghal Research, "Metro Residential Preference Survey," May 2014.

From 2000 to 2013-2017, Tualatin's population grew older on average.

Exhibit 33. Median Age, Tualatin, Washington County, Clackamas County, and Multnomah County, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table B01002, 2013-2017 ACS, Table B01002.

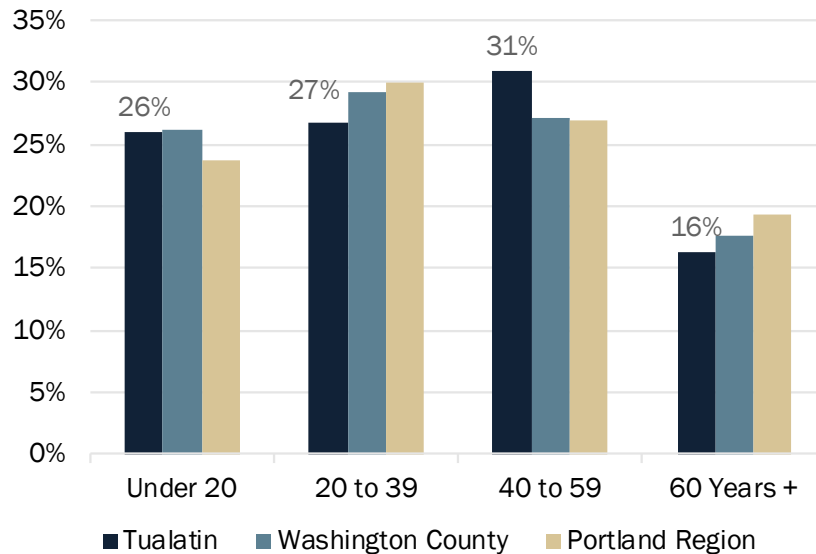


In the 2013-2017 period, about 58% of Tualatin's residents were between the ages of 20 and 59 years.

Tualatin had a slightly smaller share of people over the age of 60 than Washington County and Portland Region.

Exhibit 34. Population Distribution by Age, Tualatin, Washington County, and Portland Region, 2013-2017

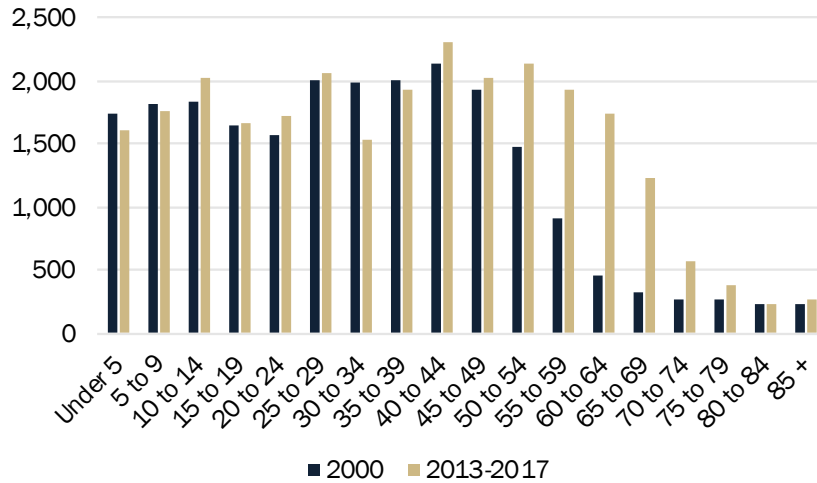
Source: U.S. Census Bureau, 2013-2017 ACS, Table B01001.



The number of senior residents in Tualatin grew between 2000 and the 2013-2017 period.

Exhibit 35. Population Distribution by Age, Tualatin, 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2013-2017 ACS, Table B01001.



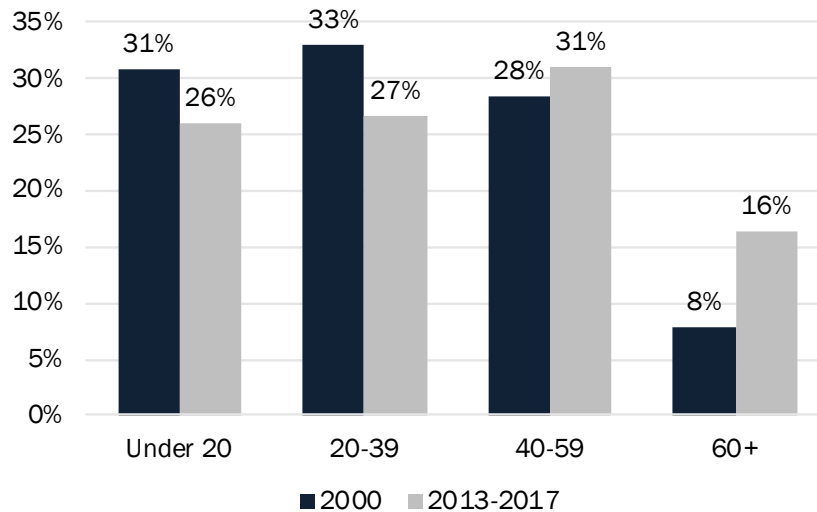
Between 2000 and 2013-2017, the share of Tualatin’s population aged 60 years and older doubled.

Tualatin’s population aged 60 years and older grew by 2,643 people between 2000 and 2013-2017.

This increase can be explained in part through aging of the Baby Boomers across the Portland Region. Development of senior housing in Tualatin likely attracted seniors to Tualatin, increasing the percentage of people over 60 years old in the city.

Exhibit 36. Population Composition by Age, Tualatin, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P012 and 2013-2017 ACS, Table B01001.



Between 2020 and 2040, Washington County’s population over 60 years old is forecast to grow the fastest, by 62%.

Exhibit 37. Fastest-growing Age Groups, Washington County, 2020 to 2040

Source: Portland State University, Population Research Center, Washington County Forecast, June 2017.

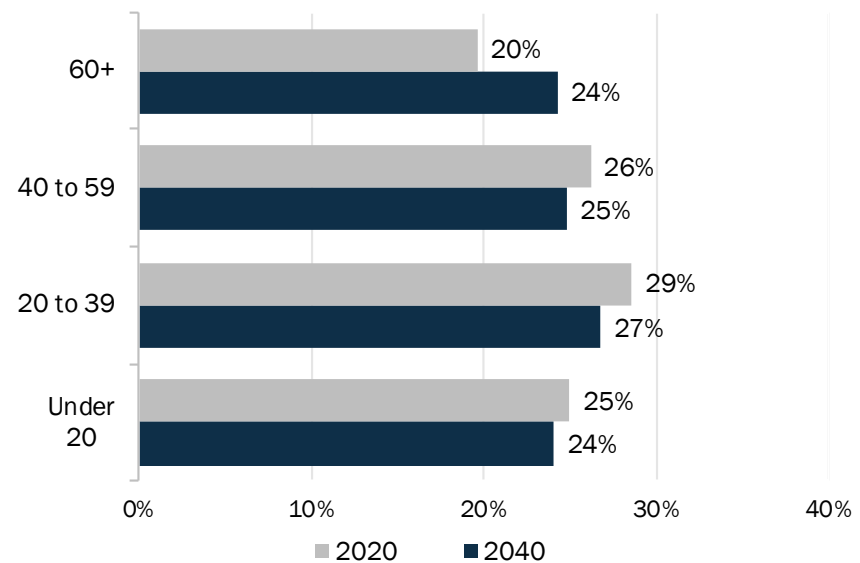
| | | | |
|-----------------|------------------|------------------|----------------|
| 23% | 23% | 24% | 62% |
| 36,773 | 40,023 | 38,953 | 75,217 |
| People | People | People | People |
| Under 20 | 20-39 Yrs | 40-59 Yrs | 60+ Yrs |

Between 2020 and 2040, the share of Washington County residents over the age of 40 will make up 49% of the county's total population.

Of the age cohorts shown in Exhibit 38, the share of residents over 60 years of age will increase by 2040, while the share of all other age cohorts will decrease.

Exhibit 38. Population Growth by Age Group, Washington County, 2020 to 2040

Source: Portland State University, Population Research Center, Washington County Forecast, June 2017.



Increased Ethnic Diversity

Tualatin is becoming more ethnically diverse. The Latinx population grew from 12% of Tualatin's population in 2000 to 16% of the population in the 2013-2017 period, adding about 1,774 new Latinx residents. Tualatin is more ethnically diverse than the Portland Region.

The U.S. Census Bureau forecasts that at the national level, the Latinx population will continue growing faster than most other non-Latinx population between 2020 and 2040. The Census forecasts that the Latinx population will increase 93% from 2016 to 2060 and foreign-born Latinx population will increase by about 40% in that same time.³³

Continued growth in the Latinx population will affect Tualatin's housing needs in a variety of ways.³⁴ Growth in first and, to a lesser extent, second and third generation Latinx immigrants, will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. Foreign-born households, including Latinx immigrants, are more likely to include multiple generations, requiring more space than smaller household

³³ U.S. Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*, pg. 7, https://www.census.gov/content/dam/Census/library/publications/2018/demo/P25_1144.pdf

³⁴ Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2013, Appendix 8, <http://www.pewsocialtrends.org/2013/02/07/appendix-1-detailed-demographic-tables/>. National Association of Hispanic Real Estate Professionals. *2017 State of Hispanic Homeownership Report*, 2017.

sizes. As Latinx households integrate over generations, household size typically decreases, and housing needs become similar to housing needs for all households.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals³⁵, Latinx accounted for 28.6% of the nation’s household formation in 2017. Household formations, for Latinx homeowners specifically, accounted for 15% of the nation’s net homeownership growth. The rate of homeownership for Latinx increased from 45.4% in 2014³⁶ to 46.2% in 2017. The only demographic that increased their rate of homeownership from 2016 to 2017 was for Latinx households.

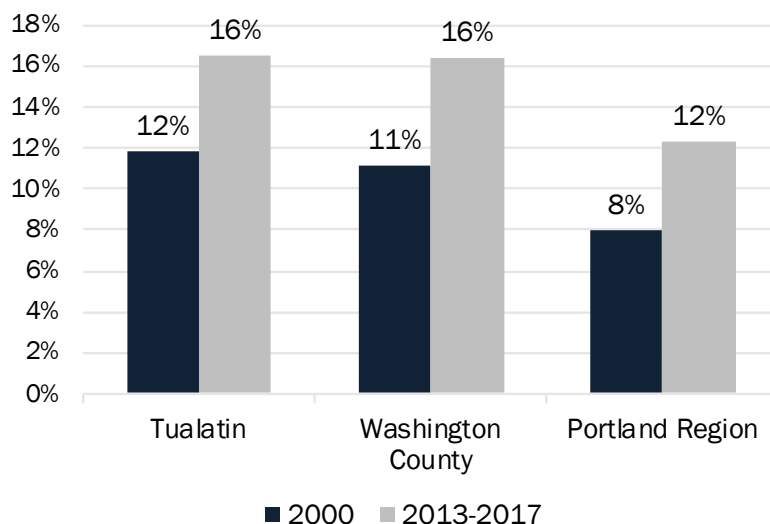
The *State of Hispanic Homeownership* report also cites the lack of affordable housing products as a substantial barrier to homeownership. The report finds that Latinx households are more likely than non-Latinx households to be nuclear households, comprised of married couples with children, and multiple-generation households in the same home, such as parents and adult children living together. These housing preferences—affordability and larger household size—will influence the housing market as the Latinx population continues to grow.³⁷ Accordingly, growth in Latinx households will result in increased demand for housing of all types, both for ownership and rentals, with an emphasis on housing that is comparatively affordable.

The share of Tualatin’s population that is Latinx increased by 4% (1,774 people) from 2000 to 2013-2017.

Tualatin was more ethnically diverse than the Portland Region.

Exhibit 39. Latinx Population as a Percent of the Total Population, Tualatin, Washington County, Portland Region, 2000, 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2013-2017 ACS Table B03002.



³⁵ National Association of Hispanic Real Estate Professionals (2017). *2017 State of Hispanic Homeownership Report*.

³⁶ Ibid.

³⁷ Ibid.

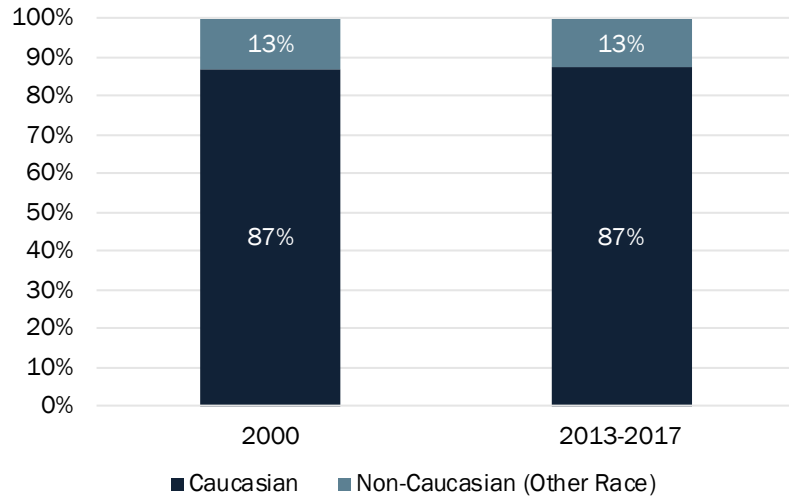
Racial Diversity³⁸

The non-Caucasian population is defined as the share of the population that identifies as a race other than “White alone” according to Census definitions. Racial diversity in Tualatin did not increase between 2000 and the 2013-2017 period and. In the 2013-2017 period, Tualatin was less racially diverse than both the county and region.

The share of the non-white population in Tualatin stayed the same from 2000 to 2013-2017.

Exhibit 40. Non-Caucasian Population as a Percent of Total Population, Tualatin, 2000 and 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census Table P008, 2013-2017 ACS Table B02001.

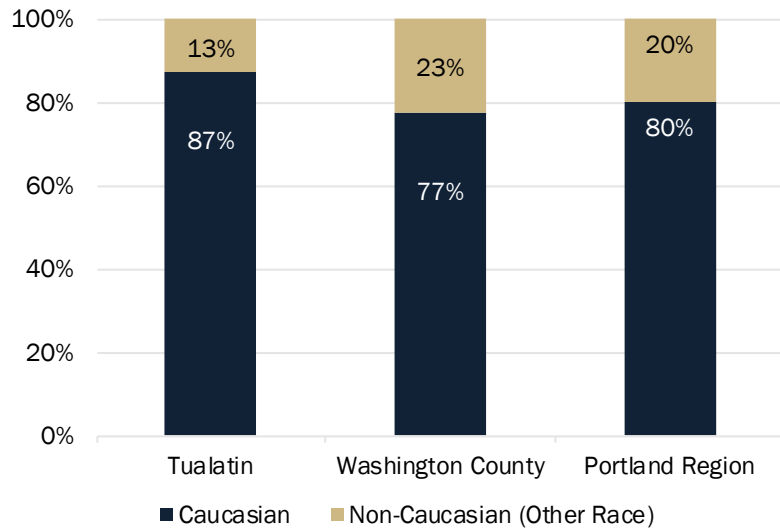


³⁸ The US Census Bureau considers race and ethnicity as two distinct concepts. The Census applies two categories for ethnicity, which are Hispanic or Latino (i.e., Latinx) and Not Hispanic or Latino (i.e., Non-Latinx). Latinx is an ethnicity and not a race, meaning individuals who identify as Latinx may be of any race. The share of the population that identifies as Latinx should not be added to percentages for racial categories.

In the 2013-2017 period, Tualatin was less racially diverse than Washington County and the Portland Region.

Exhibit 41. Non-Caucasian Population as a Percent of Total Population, Tualatin, Washington County, and the Portland Region 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Table B02001.



Homelessness

Washington County's point-in-time homeless count decreased by about 4% (22 people) from 2017 to 2018.

Between 2015 and 2018, individuals who were homeless (and sheltered) decreased 17%. Individuals who were homeless (and unsheltered) decreased 9%.

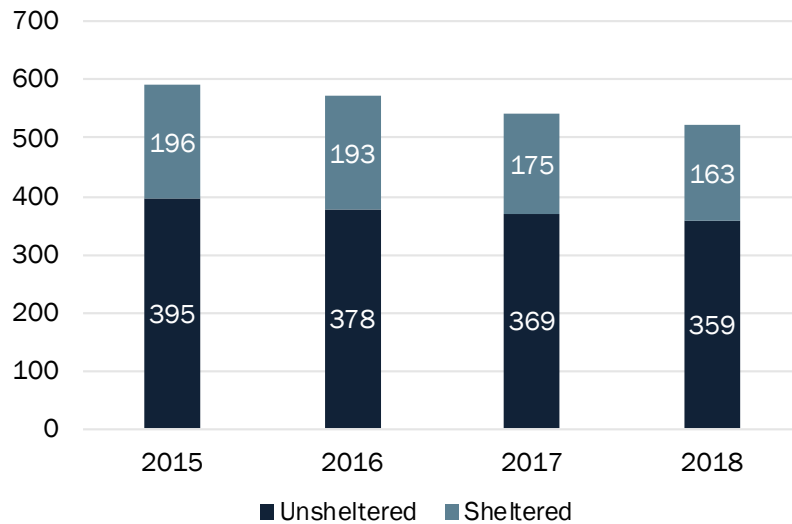
Exhibit 42. Number of Persons Homeless, Washington County, Point-in-Time Count, 2017 and 2018

Source: Washington County, Point in Time Count, January 2017, 2018

544 Persons **522 Persons**
2017 2018

Exhibit 43. Number of Persons Homeless by Living Situation, Washington County, Point-in-Time Count, 2015 through 2018

Source: Washington County, Point in Time Count, January 2015, 2016, 2017, 2018



Household Size and Composition

Tualatin’s households are smaller than Washington County’s households. Tualatin’s household composition shows that households in Tualatin are similar to Washington County and Portland Region averages.

Tualatin’s average household size was smaller than Washington County’s and Clackamas County’s, but larger than Multnomah County’s.

Exhibit 44. Average Household Size, Tualatin, Washington County, Clackamas County, Multnomah County, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25010.



According to the two most recent Decennial Censuses, Tualatin’s average household size (for householder identifying as Latinx) decreased by 0.27 person.

Exhibit 45. Average Household Size for Latinx Householder, Tualatin, 2000 and 2010

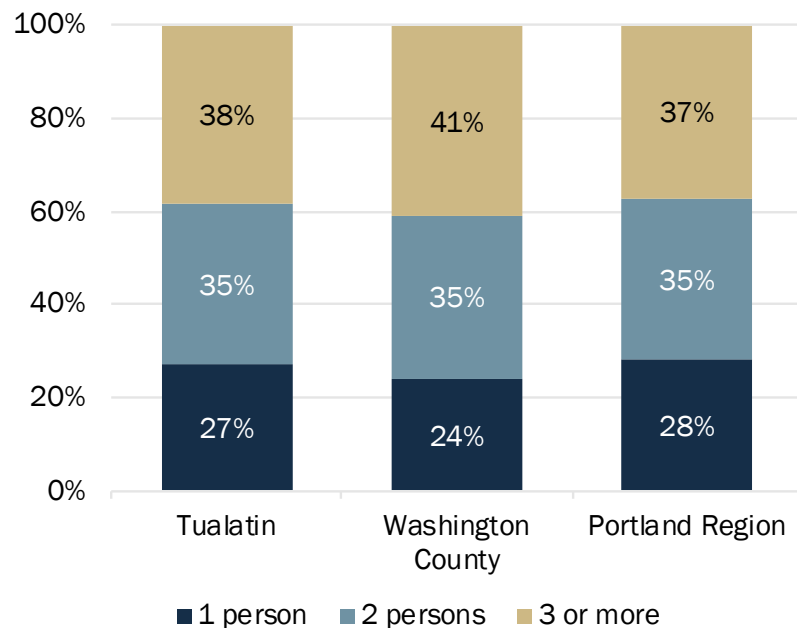
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25010.



About 62% of Tualatin’s households were 1- or 2-person households, compared to 59% of Washington County’s and 63% of the Portland Region’s households.

Exhibit 46. Household Size, Tualatin, Washington County, and Portland Region, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25010.

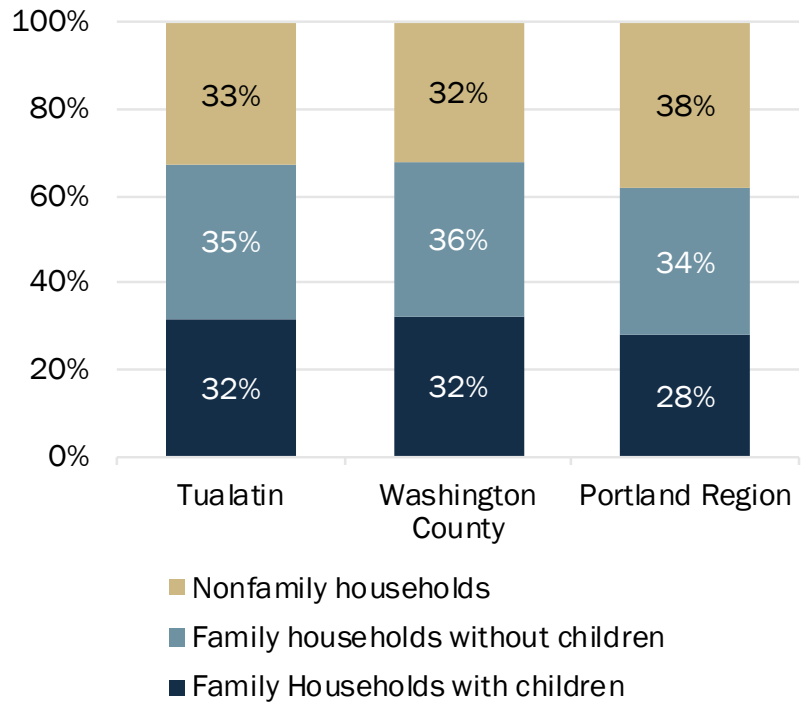


Tualatin had a similar household composition to Washington County. Compared to the Portland Region, Tualatin had a smaller share of nonfamily households and a larger share of family households with children.

About a third of Tualatin's households were non-family households (i.e. 1-person households and households composed of roommates).

Exhibit 47. Household Composition, Tualatin, Washington County, and Portland Region, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table DP02.



Households, with a Latinx head of household, were more likely to have more than one occupant per room in the 2013-2017 period, compared to all households and households with a Caucasian head of household.

Exhibit 48. Occupants per Room, Tualatin, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25014.

2.2%

All Households

1.8%

Households, with White (alone) head of household

11.3%

Households, with Latinx head of household

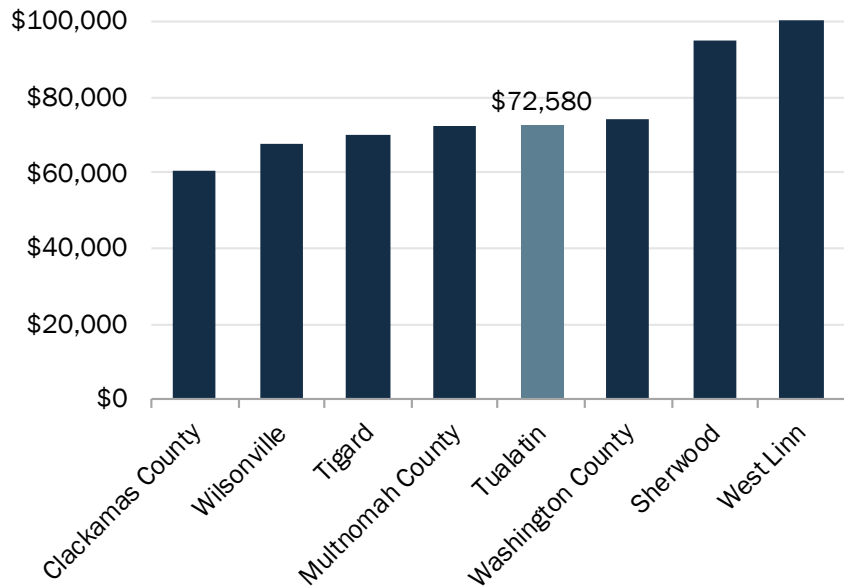
Income of Tualatin Residents

Income is one of the key determinants in housing choice and households' ability to afford housing. Income for residents living in Tualatin was lower than the Washington County median income and the state's.

Over the 2013-2017 period, Tualatin's median household income (MHI) was below that of Washington County's.

Tualatin's MHI was \$1,453 lower than Washington County's MHI (\$74,033).

Exhibit 49. Median Household Income, Tualatin, Washington County, and Comparison regions, 2013-2017



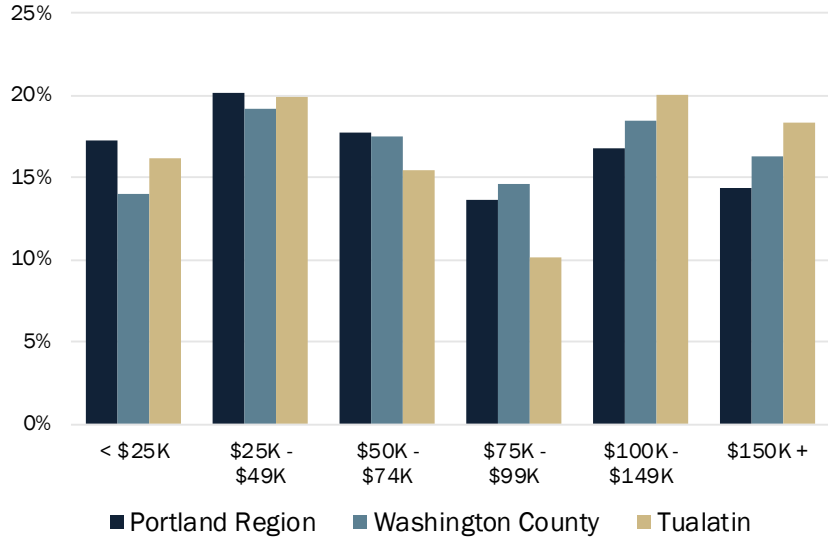
Tualatin had a larger share of higher-earning households.

About 38% of Tualatin’s households earned more than \$100,000 per year, compared to 35% of Washington County households and 31% of the Portland Region’s households.

About 36% of Tualatin’s households earned \$50,000 or less per year, compared to 33% of Washington County’s households and 37% of the Portland Region’s households.

Exhibit 50. Household Income, Tualatin, Washington County, and Portland Region, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19001.

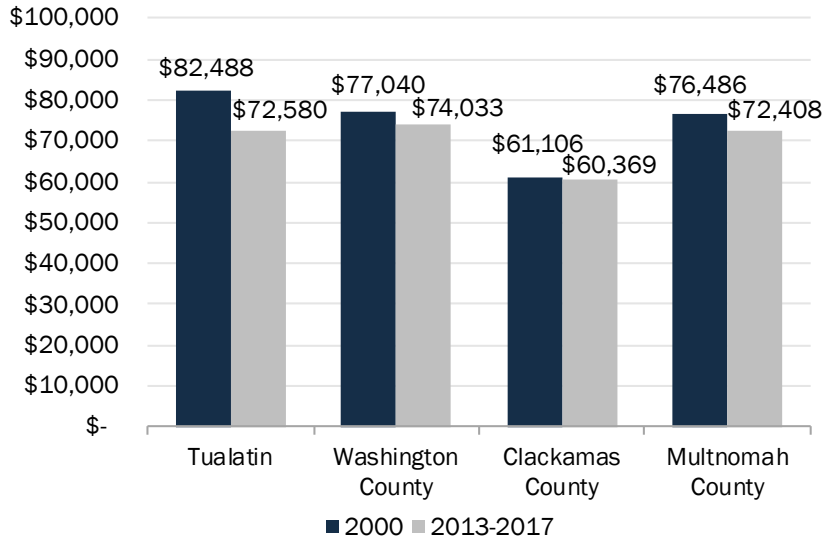


After adjusting for inflation, Tualatin’s median household income (MHI) decreased by 12%, from \$82,488 in 2000 to \$72,580 in 2013-2017.

In this same time, Washington County’s MHI decreased by 4%, Clackamas County’s MHI decreased by 1%, and Multnomah County’s MHI decreased by 5%.

Exhibit 51. Change in Median Household Income (Inflation-adjusted 2017 dollars), Tualatin, Washington County, Clackamas County, and Multnomah County, 2000 and 2013-2017

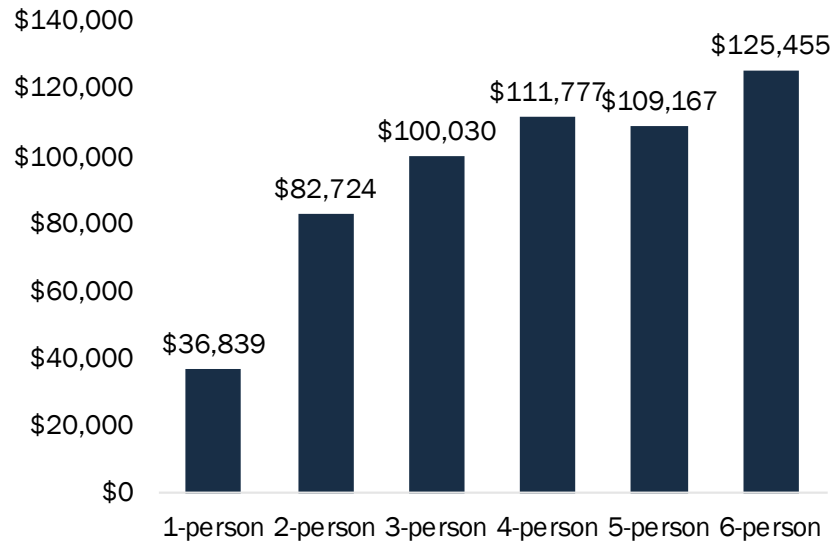
Source: U.S. Census Bureau, 2000 Decennial Census, Table HCT012; 2013-2017 ACS 5-year estimate, Table B01402.



The median household income for a 4-person household was 3x the median household income for a 1-person household.

Exhibit 52. Median Household Income by Household Size, Tualatin, 2013-2017

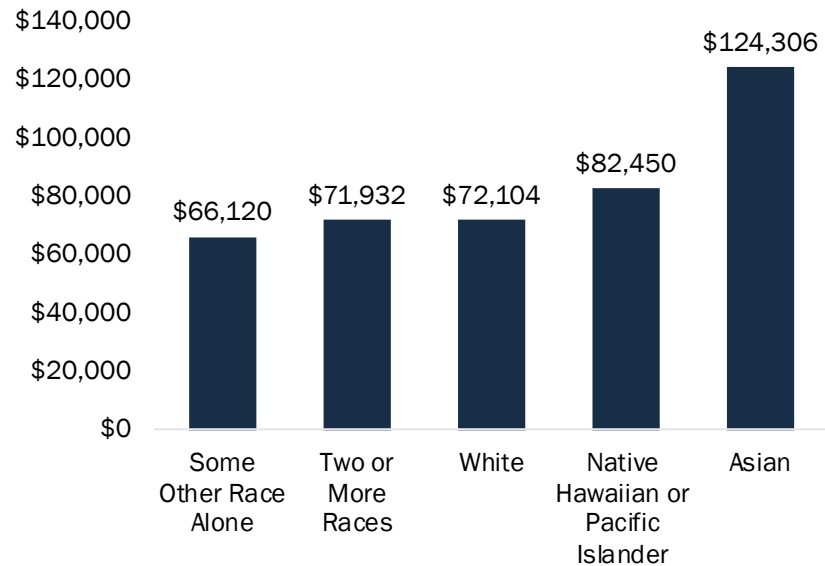
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25119.



Median household income, of households with an Asian head of household, were proportionately higher in Tualatin.

Exhibit 53. Median Household Income by Race of the Head of Household, Tualatin, 2013-2017

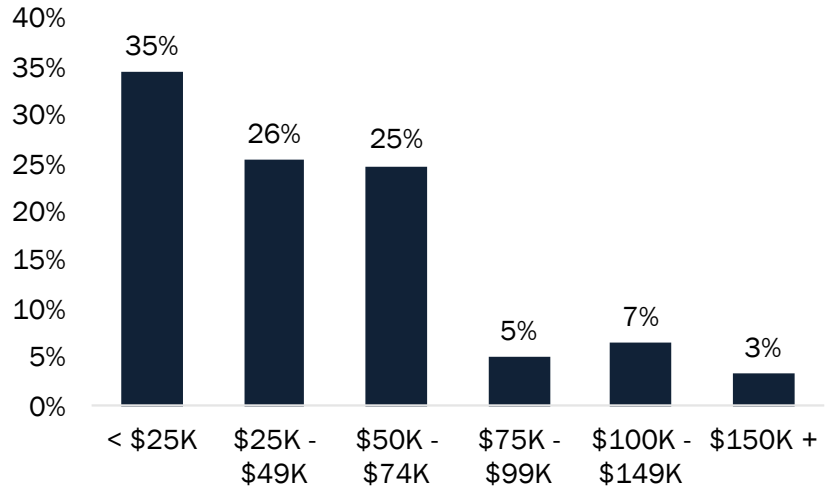
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19013A-G. Note: data was not available for heads of households identifying as a Black / African American or as American Indian and Alaska Native.



Most households with a Latinx head of household earned less than \$50,000 per year.

Exhibit 54. Household Income by Latinx Head of Household, Tualatin, 2013-2017

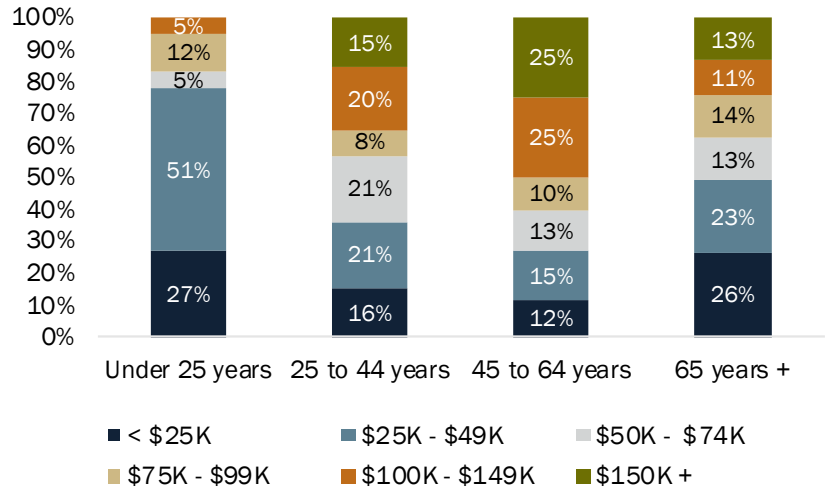
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19001I.



In the 2013-2017 period, 78% of households with a householder 25 and younger and 49% of households with a householder 65 years and older earned less than \$50,000 per year.

Exhibit 55. Household Income by Age of Householder, Tualatin, 2013-2017

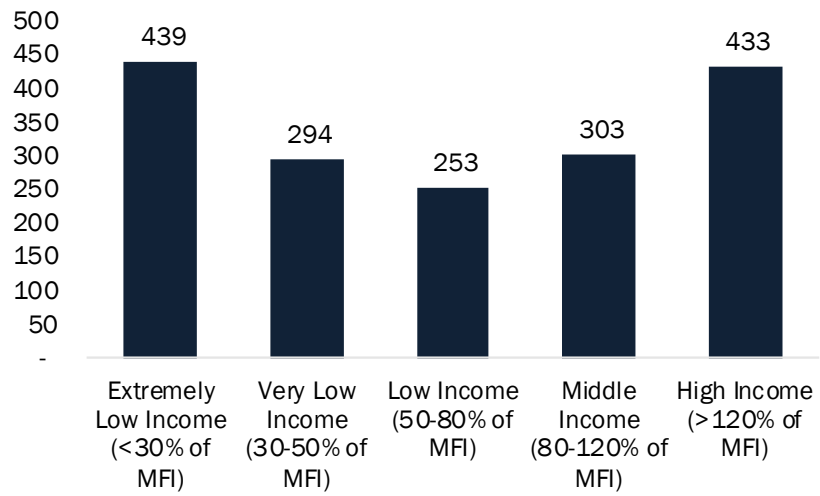
Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B19037.



About a quarter of households with a householder aged 65 years and older) were extremely low income in the 2013-2017 period. About a quarter of those households were high income.

Exhibit 56. Median Family Income (\$81,400) by Age of Householder (Aged 65 Years and Older), Tualatin, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table XXXX. Note: Median Family Income for Washington County was \$81,400 (U.S. Department of Housing and Urban Development).



Commuting Trends

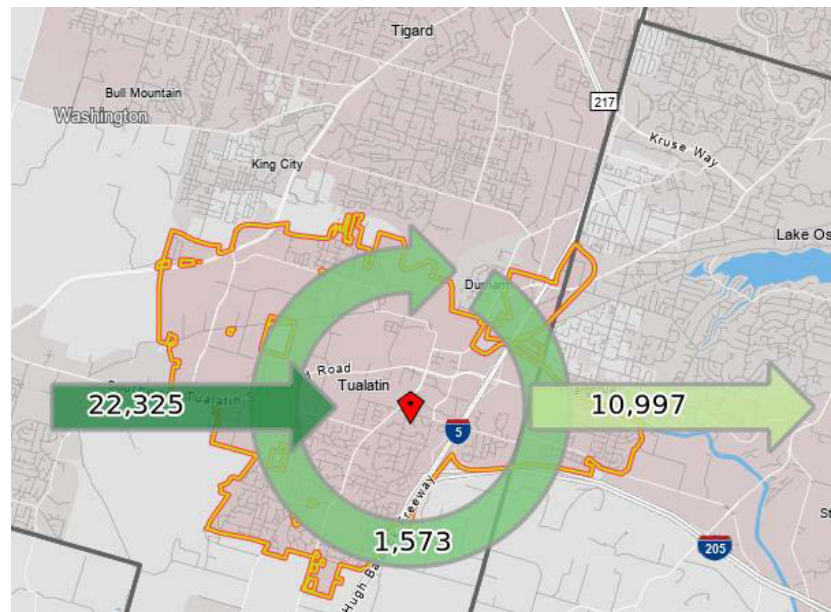
Tualatin is part of the complex, interconnected economy of the Portland Region. Of the more than 23,800 people who work in Tualatin, 93% of workers commute into Tualatin from other areas, most notably Portland, Tigard, Beaverton, and Hillsboro. Almost 11,000 residents of Tualatin commute out of the city for work, many of them to Portland.

Tualatin is part of an interconnected regional economy.

More than 22,000 people commuted into Tualatin for work, and nearly 11,000 people living in Tualatin commuted out of the city for work.

Exhibit 57. Commuting Flows, Tualatin, 2015

Source: U.S. Census Bureau, Census On the Map.



About 7% of people who worked at businesses located in Tualatin also lived in Tualatin.

The remainder commuted from Portland and other parts of the Region.

Exhibit 58. Places Where Workers at Businesses in Tualatin Live, 2015

Source: U.S. Census Bureau, Census On the Map.



About 27% of Tualatin residents worked in Portland.

A little over 12% of Tualatin residents lived and worked in Tualatin.

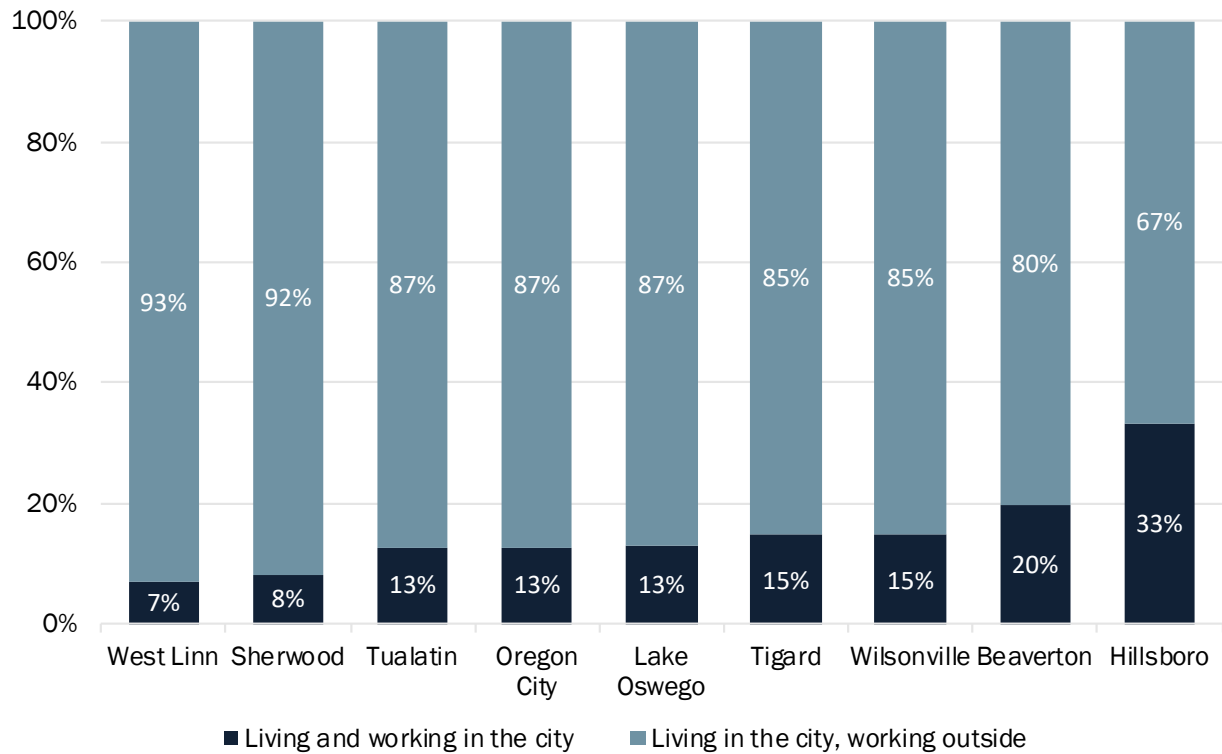
Exhibit 59. Places Where Tualatin Residents were Employed, 2015

Source: U.S. Census Bureau, Census On the Map.



Exhibit 60. Commuting Flows of Residents, Tualatin Relative to Comparison Geographies, 2015

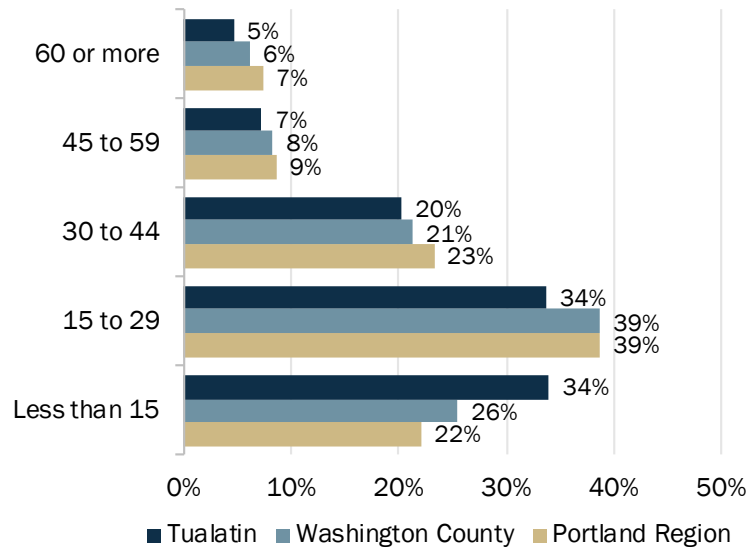
Source: U.S. Census Bureau, Census On the Map.



Most of Tualatin residents (68%) had a commute time that took less than 30 minutes.

Exhibit 61. Commute Time by Place of Residence, Tualatin, Washington County, and Portland Region, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B08303.



Regional and Local Trends Affecting Affordability in Tualatin

This section describes changes in sales prices, rents, and housing affordability in Tualatin. It uses cities in the region, as well as Washington County and Oregon, as comparisons.

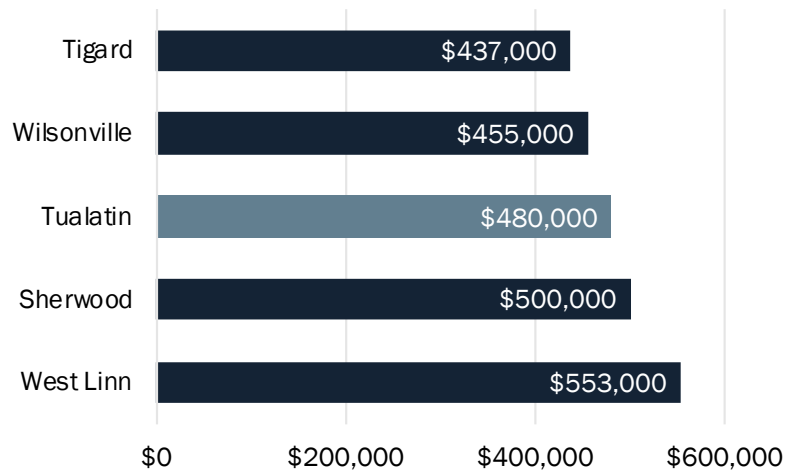
Changes in Housing Costs

With a median sale price of \$480,000 in February 2019, Tualatin’s housing sales were slightly higher than some comparison cities in this analysis, but below sale prices of other cities. Tualatin’s housing prices grew along with comparison cities over the January 2015 to February 2019 analysis period.

Tualatin’s median home sale price was within range of comparison cities.

Exhibit 62. Median Home Sale Price, Tualatin and Comparison Cities, February 2019

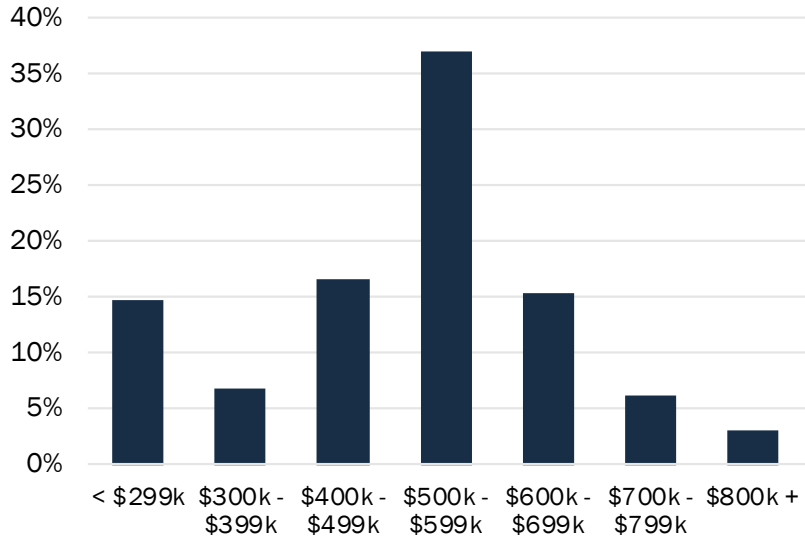
Source: Redfin.



In 2017 through 2018, more than half of the homes (62%) in Tualatin sold for more than \$500,000.

Exhibit 63. Distribution of Home Sale Prices, Tualatin, 2017–2018

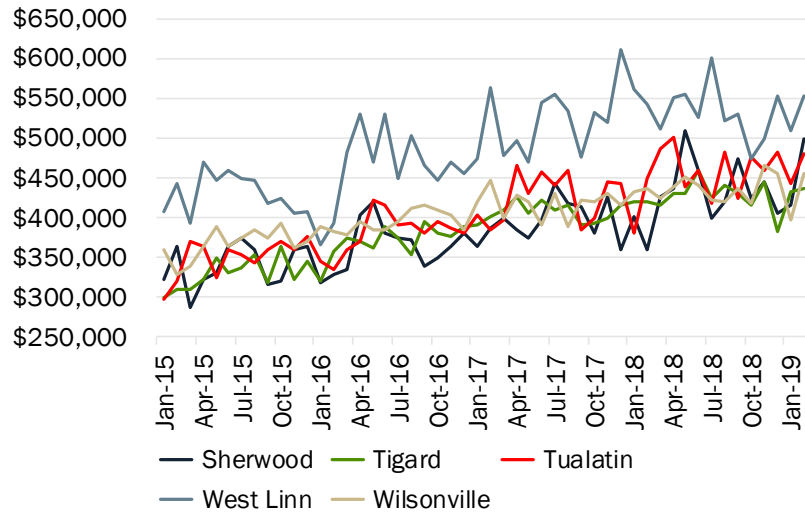
Source: RLIS.



Between January 2015 and February 2019, home sale prices in Tualatin followed similar trends to other nearby cities (with West Linn as an outlier).

Exhibit 64. Median Sale Price, Tualatin and Comparison Cities, January 2016–February 2019

Source: Redfin.



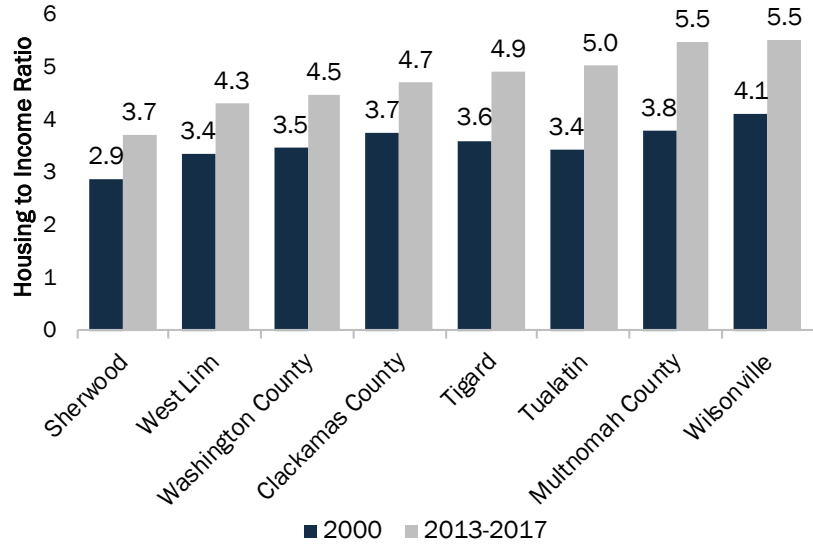
Since 2000, housing costs in Tualatin increased faster than incomes.

The household reported median value of a house in Tualatin was 3.4 times the median household income (MHI) in 2000 and 5.0 times MHI in 2016.

The decline of housing affordability was more extreme than in Washington County overall.

Exhibit 65. Ratio of Median Housing Value to Median Household Income, Tualatin, Washington County, and Comparison Jurisdictions, 2000 to 2013–2017³⁹

Source: U.S. Census Bureau, 2000 Decennial Census, Tables HCT012 and H085, and 2012–2016 ACS, Tables B19013 and B25077.



³⁹ This ratio compares the median value of housing in Tualatin (and other places) to the median household income. Inflation-adjusted median owner values in Tualatin increased from \$282,532 in 2000 to \$365,700 in 2013–2017. Over the same period, inflation-adjusted median income decreased from \$82,488 to \$72,580.

Rental Costs

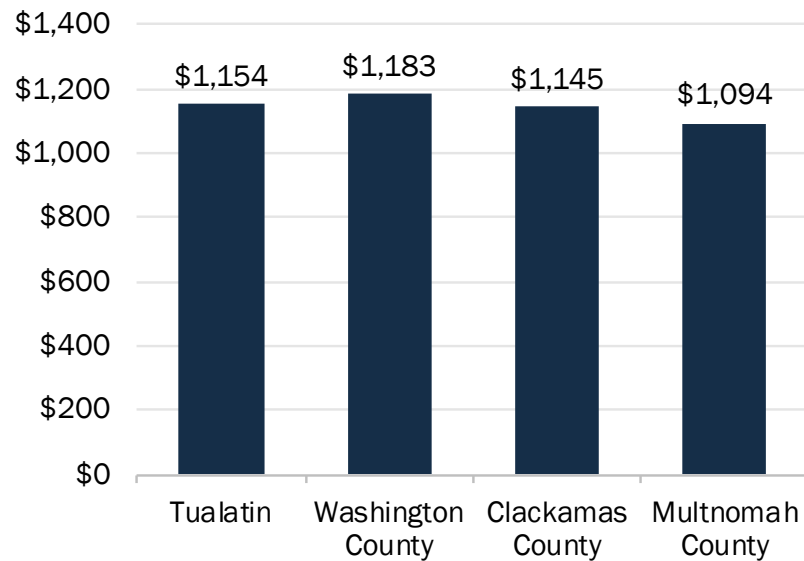
Median multifamily rents in Tualatin and Washington County are about \$1,200. The following charts show gross rent (which includes the cost of rent plus utilities) for Tualatin in comparison to Washington County and the Portland Region.

The median gross rent in Tualatin was \$1,154 in the 2013-2017 period.

Rent in Tualatin was comparable to that of comparison regions.

Exhibit 66. Median Gross Rent, Tualatin, Washington County, Clackamas County, and Multnomah County, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS 5-year estimate, Table B25064.

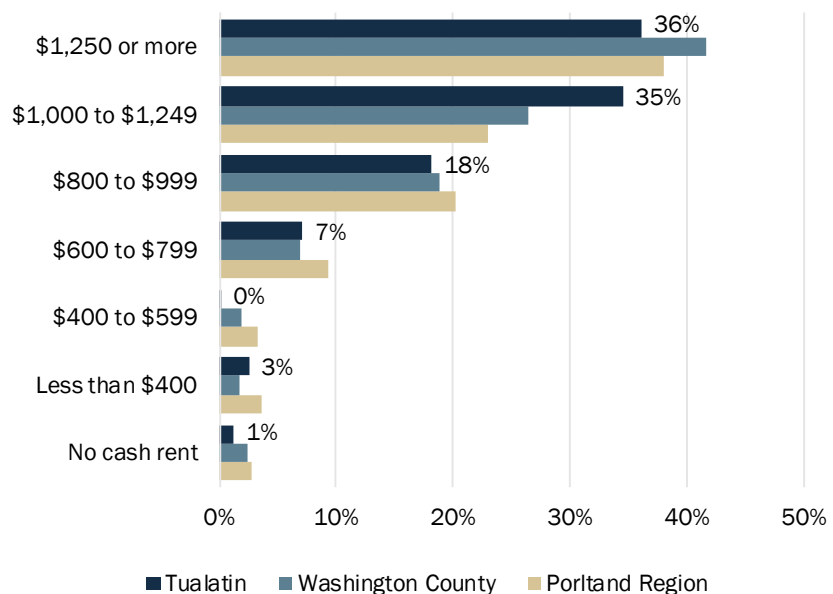


Most renters in Tualatin paid more than \$1,000 per month in rent.

About 36% of Tualatin's renters paid \$1,250 or more in gross rent per month, a smaller share than renters across Washington County (42%) and the Portland Region (38%).

Exhibit 67. Gross Rent, Tualatin, Washington County, and Portland Region, 2013-2017

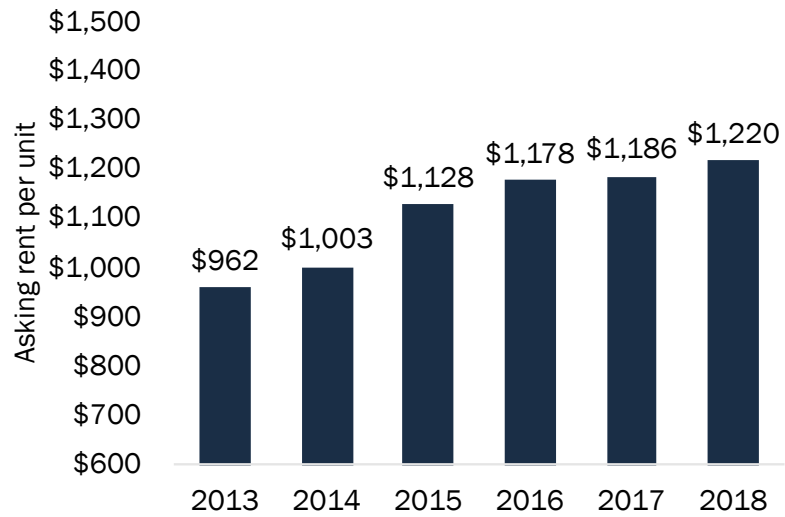
Source: U.S. Census Bureau, 2013-2017 ACS Table B25063.



Tualatin's average asking multifamily rent per unit increased by \$372, from \$848 in 2010 to \$1,220 in 2018.

Exhibit 68. Average Asking Multifamily Rent Per Unit, Tualatin, 2013 through 2018

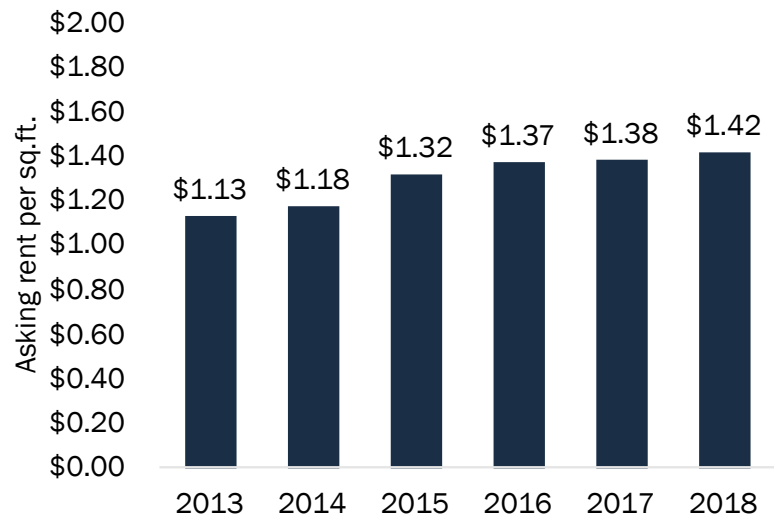
Source: CoStar.



Tualatin's average asking multifamily rent per square foot had increased since 2013.

Exhibit 69. Average Asking Multifamily Rent per Square Foot, Tualatin, 2013 through 2018

Source: CoStar.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden,” and households paying more than 50% of their income on housing experience “severe cost burden.” Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

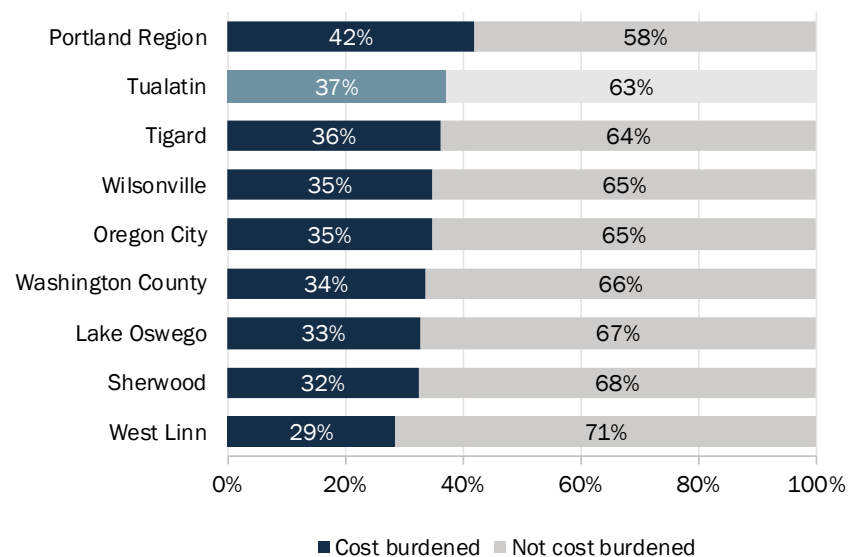
About 37% of Tualatin’s households (renters and homeowners) are cost burdened, of which 16% are severely cost burdened. About 56% of renter households (households who rent) are cost burdened, compared with 22% of homeowners (households who own their own home). Twenty-five percent of households in Tualatin are rent burdened households.⁴⁰ Overall, Tualatin has a slightly larger share of cost-burdened households than Washington County but a lower share of cost-burdened households than the Portland Region.

Overall, about 37% of all households in Tualatin were cost burdened.

In the 2013-2017 period, Tualatin had one of the highest rates of cost burdened households relative to other comparison areas.

Exhibit 70. Housing Cost Burden, Tualatin, Washington County, and Comparison Areas, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Tables B25091 and B25070.

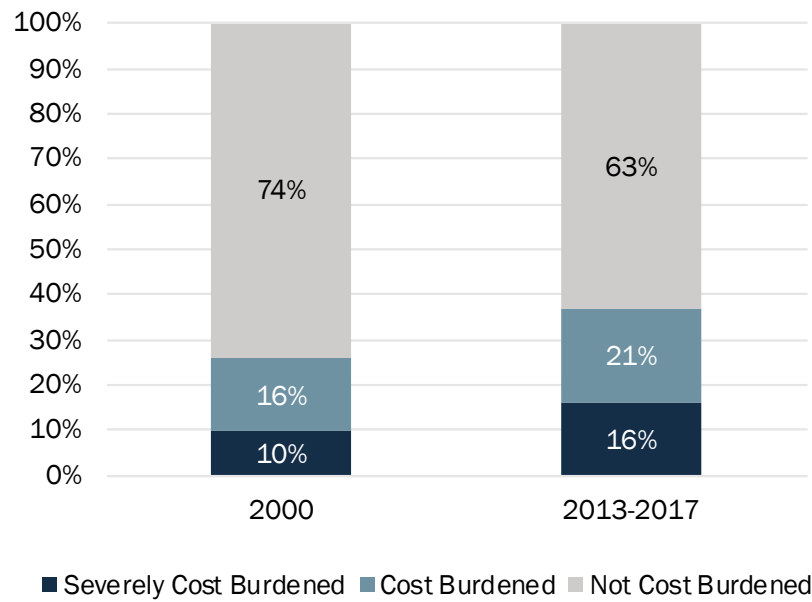


⁴⁰ Cities with populations >10,000 are required, per HB 4006, to assess “rent burden” if more than 50% of renters are cost burdened. In Tualatin as of the 2013-2017 period, 56% of total renter households were cost burdened. Upon further assessment, we find that a quarter (25%) of Tualatin’s households (renters and homeowners) were cost burdened renters (households that rent housing and pay more than 30% of their income on housing).

From 2000 to the 2013-2017 period, the share of cost burdened and severely cost burdened households in Tualatin grew by 11%.

Exhibit 71. Change in Housing Cost Burden, Tualatin, 2000 to 2013-2017

Source: U.S. Census Bureau, 2000 Decennial Census, Tables H069 and H094 and 2013-2017 ACS Tables B25091 and B25070.

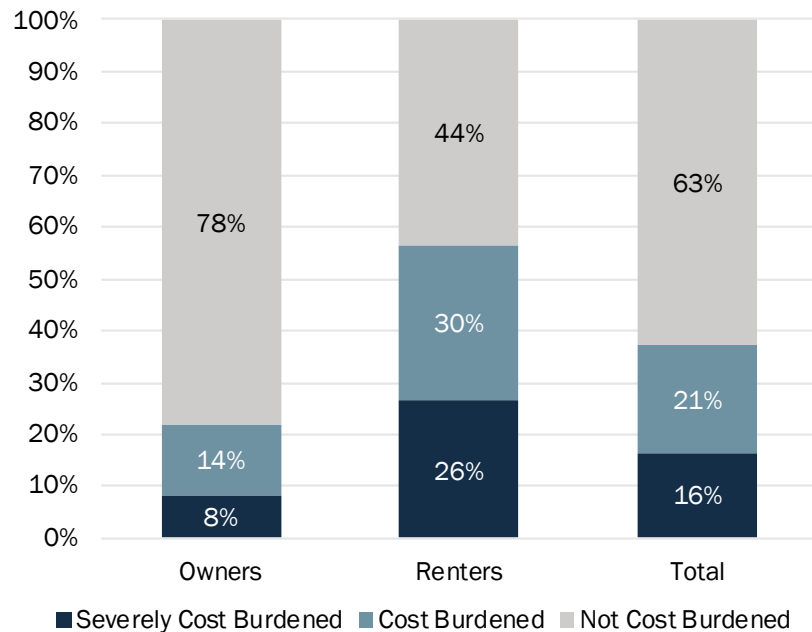


Renters were more likely to be cost burdened than homeowners.

In the 2013-2017 period, about 56% of Tualatin’s renters were cost burdened or severely cost burdened, compared to 22% of homeowners.

Exhibit 72. Housing Cost Burden by Tenure, Tualatin, 2013-2017

Source: U.S. Census Bureau, 2013-2017 ACS Tables B25091 and B25070.

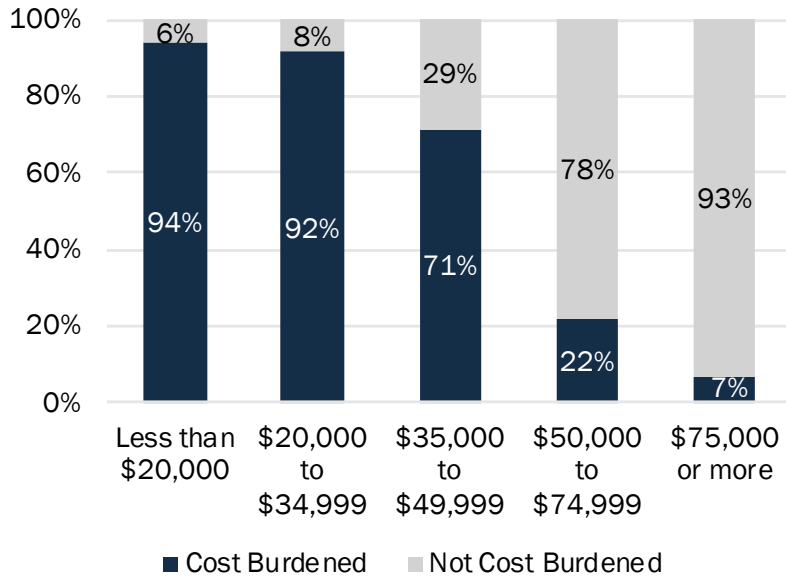


Nearly all renter households earning less than \$35,000 per year were cost burdened.

Most households earning between \$35,000 and \$50,000 per year were cost burdened.

Exhibit 73. Cost Burdened Renter Households, by Household Income, Tualatin, 2013-2017

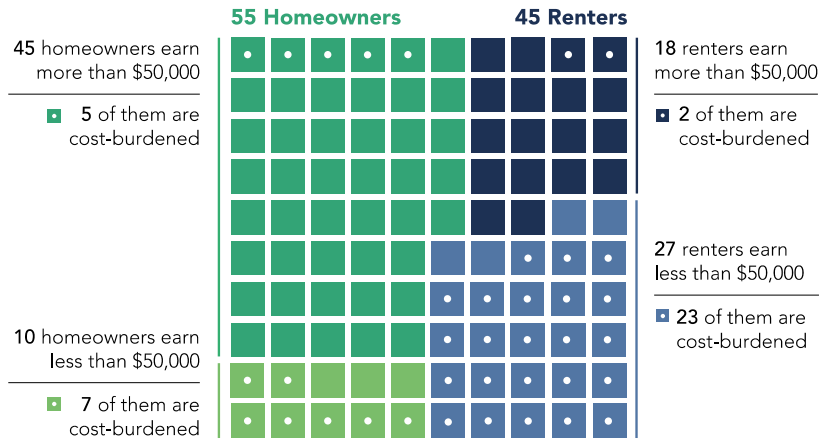
Source: U.S. Census Bureau, 2013-2017 ACS Table B25074.



If all of Tualatin's households were 100 residents, 27 households would be renters earning \$50,000 or less per year; 23 of these households (85%) would be cost burdened.

Exhibit 74. Illustration of Cost Burden: If all of Tualatin's Households were 100 Residents

Source: U.S. Census Bureau, 2013-2017 ACS Table S2503.



Another measure of cost burden is considering housing costs plus transportation costs. When examining housing and transportation cost burden, a household is considered cost burdened if they spend more than 45% of gross income on housing and transportation costs combined. Metro's 2014 *Metro Urban Growth Report* contains extensive documentation of housing and transportation cost burden.

Tualatin residents spend between 34% and 40% of their income on housing plus transportation costs.

Compared to the Metro Region, Tualatin residents spend a similar percentage of their income on housing and transportation costs.

Exhibit 75. Average Cost of Transportation and Housing as a Percent of Income, Tualatin and the Metro Region, 2010 and 2035⁴¹

Source: 2014 Metro Urban Growth Report, Appendix 12.

| | | |
|-------------|---|--|
| 2010 | 40% \$2,541 per month Tualatin | 39% \$2,300 per month Metro UGB |
| | 2035 | 34% \$2,723 per month Tualatin |

Using Metro's definition for cost burdened, about 15% of households in Tualatin are forecast to be cost burdened by 2035, comparable with the region.

Exhibit 76. Percent of Households with Housing and Transportation Cost Burden, Tualatin and the Metro Region, 2010 and 2035

Source: 2015 Metro Urban Growth Report, Appendix 12.

| | | |
|-------------|--|---|
| 2010 | 20% 2,046 households Tualatin | 17% 104,100 households Metro UGB |
| | 2035 | 15% 1,838 households Tualatin |

⁴¹ 2035 estimates use Metro's Medium Growth forecast.

While cost burden is a common measure of housing affordability, it does have some limitations. Two important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on non-discretionary expenses, such as food or medical care, and on discretionary expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household’s ability to pay for necessary non-discretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household’s accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost burden indicator.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair Market Rent for a 2-bedroom apartment in Washington County was \$1,330 in 2018.

Exhibit 77. HUD Fair Market Rent (FMR) by Unit Type, Washington County, 2018

Source: U.S. Department of Housing and Urban Development.

| | | | | |
|----------------|----------------|----------------|----------------|----------------|
| \$1,026 | \$1,132 | \$1,330 | \$1,935 | \$2,343 |
| Studio | 1-Bedroom | 2-Bedroom | 3-Bedroom | 4-Bedroom |

A household must earn at least \$25.58 per hour to afford a two-bedroom unit at Fair Market Rent (\$1,330) in Washington County.

Exhibit 78. Affordable Housing Wage, Washington County, 2018

Source: U.S. Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

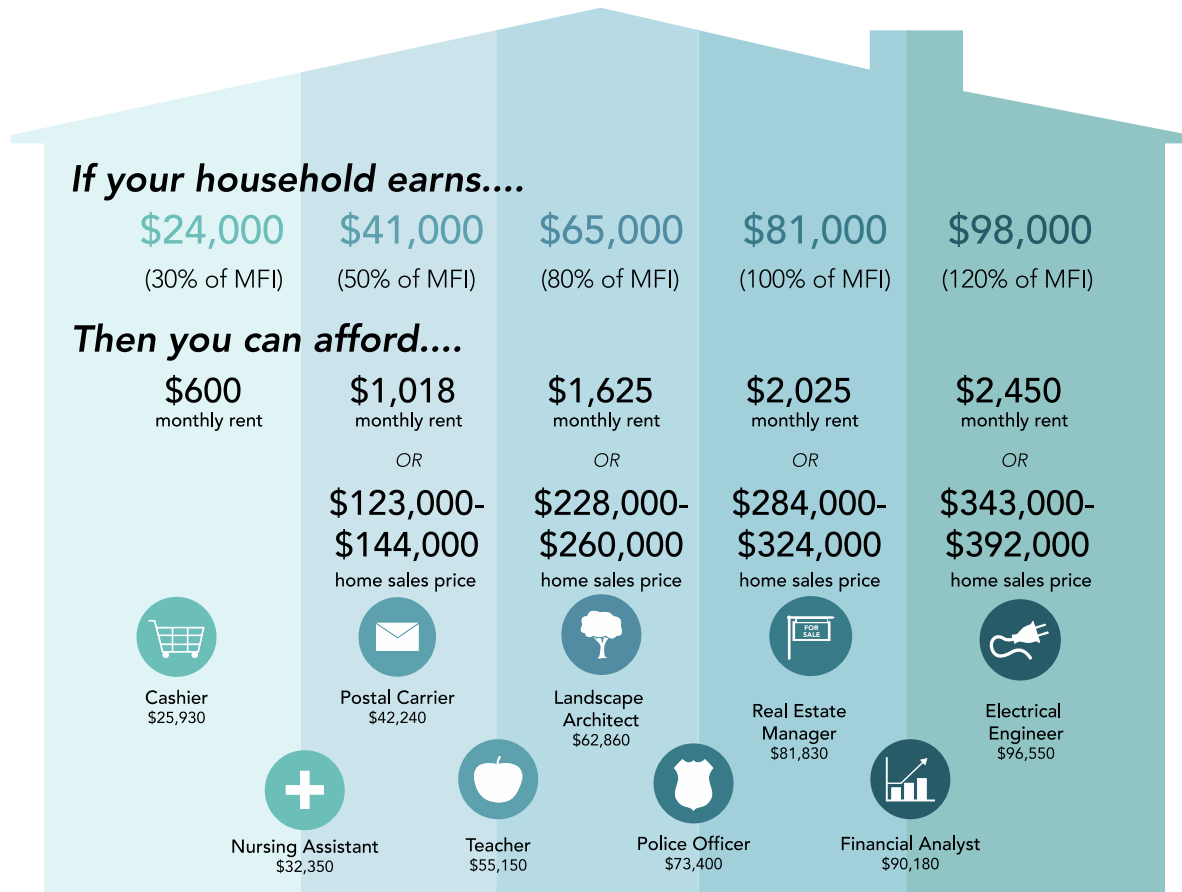
\$25.58 per hour

Affordable Housing Wage for two-bedroom Unit in Washington County

Illustrated in Exhibit 79, a household earning median family income in Washington County (about \$81,000 per year) can afford a monthly rent of about \$2,025 or a home roughly valued between \$284,000 and \$324,000.

Exhibit 79. Financially Attainable Housing, by Median Family Income (MFI) for Washington County (\$81,400), Tualatin, 2018

Source: U.S. Department of Housing and Urban Development, Washington, 2018. Bureau of Labor Services, 2017, for Portland MSA.



About 26% of Tualatin’s households had incomes less than \$41,000 and cannot afford a two-bedroom apartment at Washington County’s Fair Market Rent (FMR) of \$1,330.

Exhibit 80. Share of Households, by Median Family Income (MFI) for Washington County (\$81,400), Tualatin, 2018

Source: U.S. Department of Housing and Urban Development, Washington County, 2018. U.S. Census Bureau, 2013-2017 ACS Table 19001.

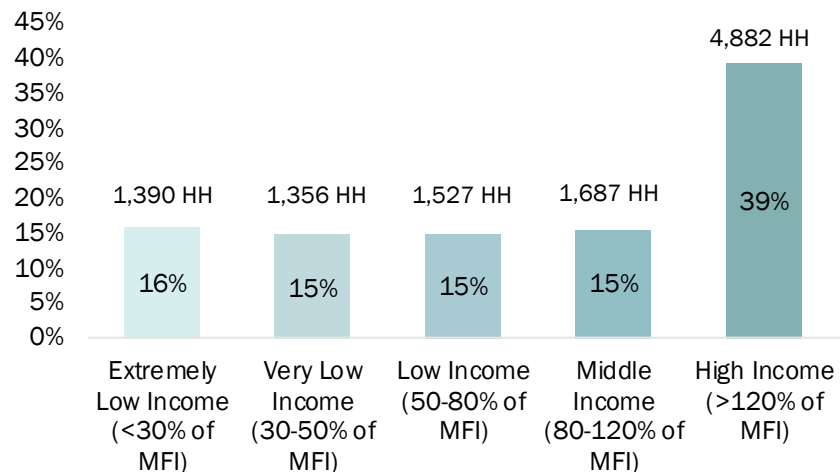
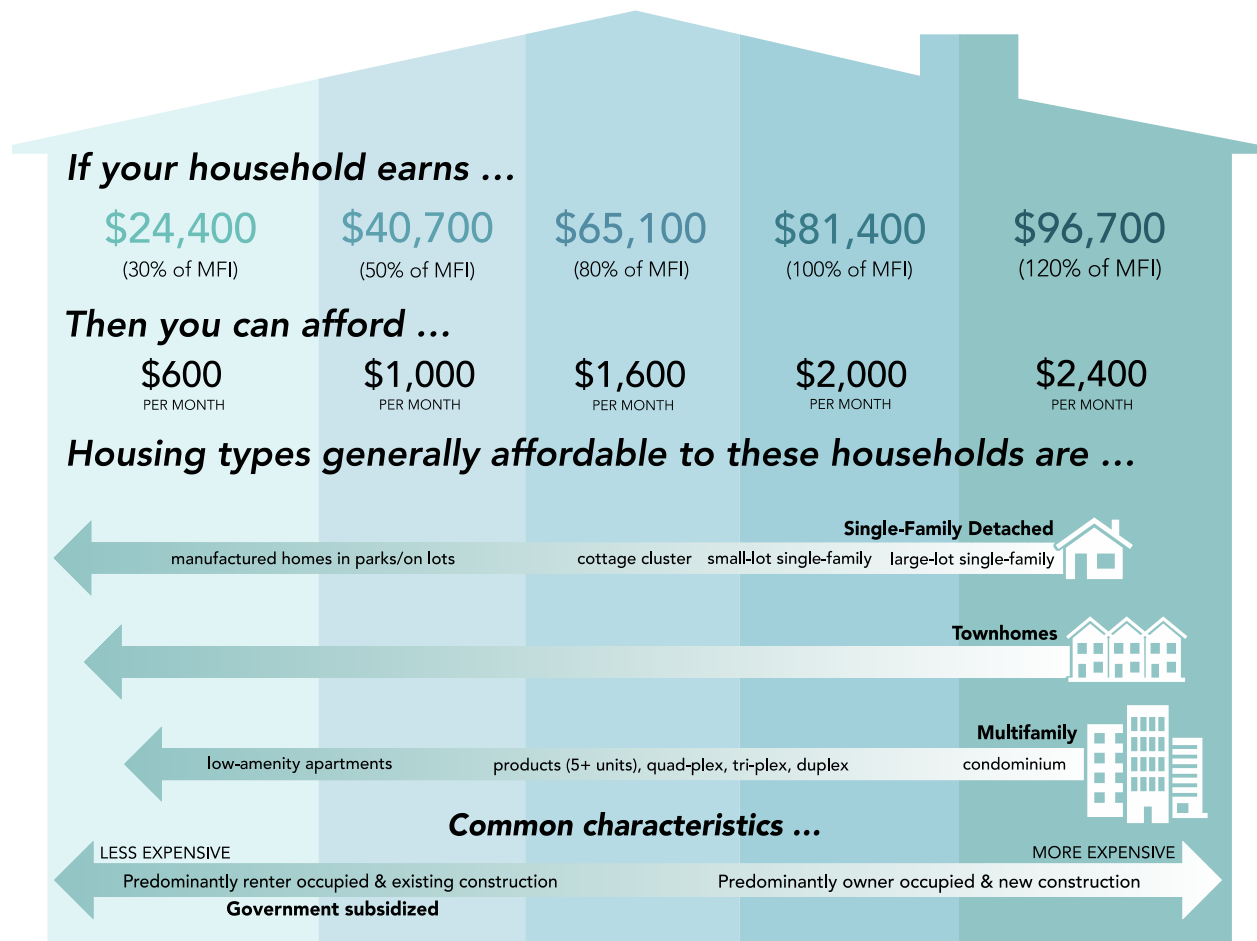


Exhibit 81 illustrates the types of financially attainable housing by income level in Washington County. Generally speaking, lower-income households will be renters occupying existing housing. Newly built housing will be a combination of renters (most likely in multifamily housing) and homeowners. The types of housing affordable for the lowest income households is limited to subsidized housing, manufactured housing, lower-cost single-family housing, and multifamily housing (apartments). The range of financially attainable housing increases with increased income.

Exhibit 81. Types of Financially Attainable Housing by Median Family Income (MFI) for Washington County (\$81,400), Tualatin, 2018

Source: U.S. Department of Housing and Urban Development, Washington County, 2018.



While Exhibit 63 presented a distribution of home sale prices in Tualatin from homes sold in 2017–2018, Exhibit 82 presents a distribution of home sale prices by affordability range for Tualatin in 2016–2018. Most housing sold in Tualatin in 2016, 2017, 2018 these years were affordable to households earning between 150% and 200% of the Median Family Income (MFI), or a household income of about \$122,100 to \$162,800. If housing prices continue to rise as they have in Exhibit 82, Tualatin may need to consider policies to support development of housing affordable for homeownership for households earning 80% to 150% of MFI, such as allowing smaller lot and smaller unit single-family detached housing or townhouses or policies to lower the costs of housing development such as SDC waivers or other financial support for development of housing affordable for homeownership.

Exhibit 82. Distribution of Home Sale Prices by Affordability Range, Tualatin, 2016, 2017, 2018

Source: RLIS. Note: 2018 data is through September 2018.

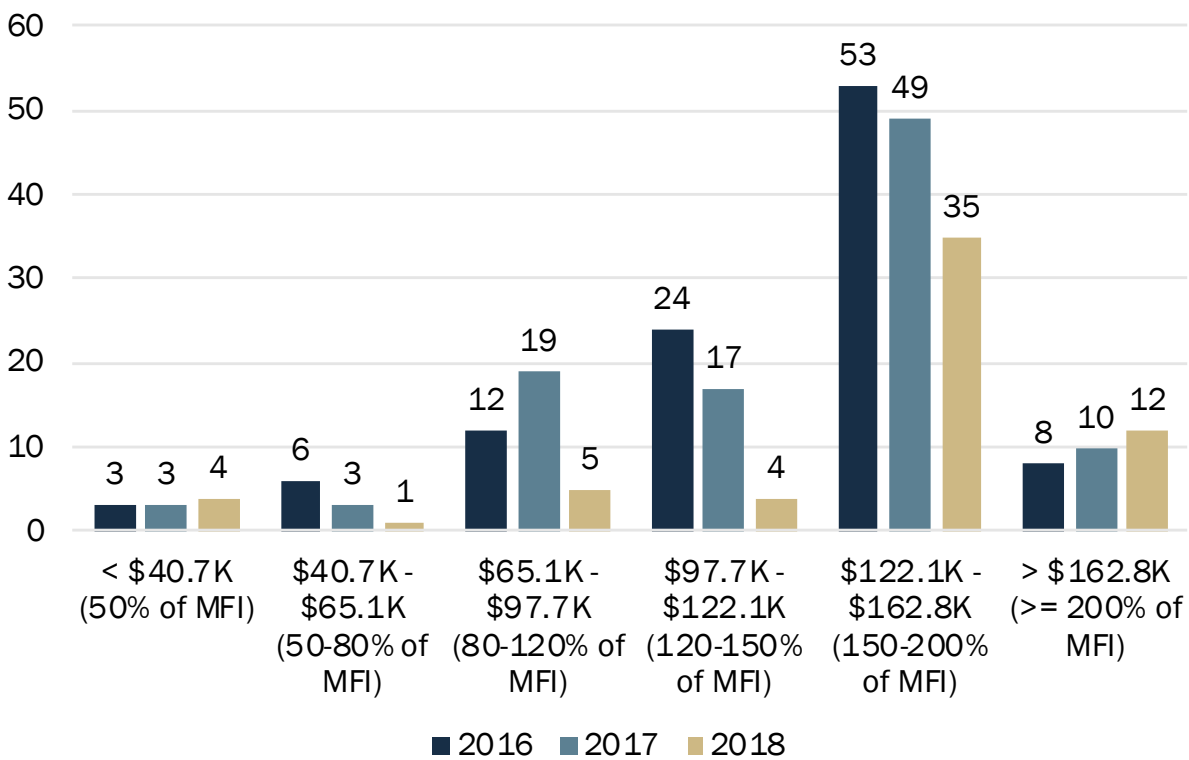
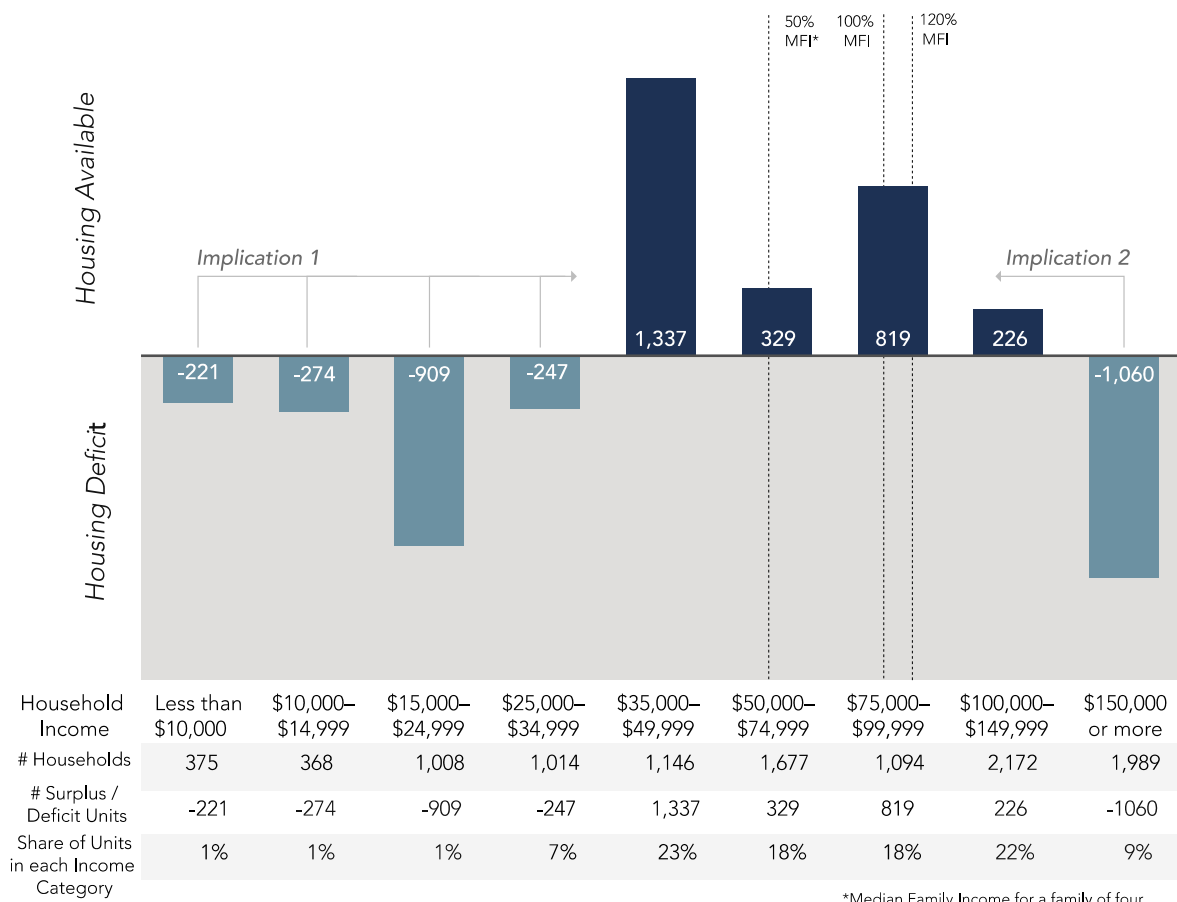


Exhibit 83 compares the number of households by income with the number of units affordable to those households in Tualatin. Tualatin currently has a deficit of housing affordable to households earning less than \$35,000. The types of housing that Tualatin has a deficit of are more affordable housing types such as: government-subsidized housing, multifamily products, and more affordable single-family homes (e.g. tiny homes, cottages, manufactured housing). Tualatin also shows a need for higher amenity housing types for households earning more than \$150,000 per year or more. Higher amenity housing types include single-family detached housing, single-family attached housing (e.g. townhomes and rowhouses), and higher-end multifamily products (including condominiums).

Exhibit 83. Affordable Housing Costs and Units by Income Level, Tualatin, 2018

Source: U.S. Census Bureau, 2013-2017 ACS. Note: MFI is Median Family Income, determined by HUD for the Portland MSA. Portland MSA's MFI in 2018 was \$81,400.



Implication 1

Some lower-income households live in housing that is more expensive than they can afford because affordable housing is not available. These households are cost burdened.

Implication 2

Some higher-income households choose housing that costs less than they can afford. This may be the result of the household's preference or it may be the result of a lack of higher-cost and higher-amenity housing that would better suit their preferences.

Exhibit 58 shows that 7% of the people who work in Tualatin also live in Tualatin. One of the key questions for Tualatin is whether people who work at businesses in Tualatin can afford housing in Tualatin.

Tualatin has 0.7 residents for every job (Exhibit 84).⁴² In comparison, Washington County has 1.6 residents for every job and the Portland Region (Clackamas, Multnomah, and Washington County) has 1.4 residents for every job. The large number of jobs relative to the number of residents in Tualatin was an important part of the discussion in the development of the Housing Needs Analysis, with concerns focusing on the impacts of commuting on Tualatin’s transportation system and negative impacts on quality of life in Tualatin (such as heavy traffic congestion).

Tualatin has more jobs per capita than Washington County and the Portland Region.

Exhibit 84. Ratio of Residents to Jobs, Tualatin, 2017

Source: Bureau of Labor Services, Quarterly Census of Employment and Wages.

| | Employees | Residents | Residents for every Job |
|--------------------------|------------------|------------------|-------------------------|
| Tualatin | 38,838 | 26,960 | 0.7 |
| Washington County | 595,860 | 337,127 | 1.6 |
| Portland Region | 1,811,860 | 1,259,773 | 1.4 |

Exhibit 85 shows affordable housing costs for workers at businesses in Tualatin. For example, a household with one individual employed in furniture manufacturing (earning about \$39,000 per year) can afford neither the average multifamily rents in Tualatin (\$1,220 per month) nor the median housing sale price in Tualatin (about \$480,000 as of February 2019) is affordable.

However, Exhibit 85 reflects housing affordability costs for one worker per household. This analysis recognizes that most multi-person households have more than one person employed, and many have dual incomes. According to Census and Oregon Employment Department data, Washington County and Tualatin both have about 1.4 jobs per household, including both full-time and part-time jobs. This shows that most multi-person households in Tualatin have more than one worker. **It is not necessarily reasonable to expect one worker to be able to afford housing costs in Tualatin alone (or any other city in the Portland region), given the prevalence of dual-income households.**

⁴² Ratios rely on population estimates from Portland State University’s Population Research Center (2017) and Bureau of Economic Analysis (2017).

Exhibit 85. Housing affordability for workers at existing jobs in Tualatin, 2017

Source: Oregon Employment Department. Note: Average multifamily rent in Tualatin is \$1,220 (Costar, 2018) and median housing price is \$480,000 (Redfin, February 2019).

| Industry / Sector | Average Wage per Employee (Tualatin) | Affordable Average Monthly Rent | Can a person in this industry afford average multifamily rent in Tualatin? | Affordable Housing Price (Approximate) | Can a person in this industry afford the median housing price in Tualatin? |
|---|--------------------------------------|---------------------------------|--|--|--|
| Agriculture, Forestry, & Mining | \$58,960 | \$1,474 | Yes | \$206,359 | No |
| Construction | \$67,726 | \$1,693 | Yes | \$237,039 | No |
| Manufacturing (Mfg.) | \$76,654 | \$1,916 | Yes | \$268,287 | No |
| Food, Beverage, & Apparel Mfg. | \$105,489 | \$2,637 | Yes | \$369,211 | No |
| Wood, Paper, & Material Product Mfg. | \$55,784 | \$1,395 | Yes | \$195,242 | No |
| Metal Mfg. | \$51,311 | \$1,283 | Yes | \$179,587 | No |
| Machinery Mfg. | \$105,837 | \$2,646 | Yes | \$370,430 | No |
| Computer & Electronic Product Mfg. | \$60,545 | \$1,514 | Yes | \$211,908 | No |
| Electrical Equipment, Appliance, & Component Mfg. | \$70,665 | \$1,767 | Yes | \$247,328 | No |
| Transportation Equipment Mfg. | \$69,047 | \$1,726 | Yes | \$241,665 | No |
| Furniture & Related Product Mfg. | \$39,324 | \$983 | No | \$137,634 | No |
| Miscellaneous Mfg. | \$59,538 | \$1,488 | Yes | \$208,384 | No |
| Wholesale Trade | \$60,767 | \$1,519 | Yes | \$212,683 | No |
| Retail Trade | \$28,260 | \$707 | No | \$98,911 | No |
| Transportation, Warehousing & Utilities | \$61,459 | \$1,536 | Yes | \$215,108 | No |
| Information | \$93,233 | \$2,331 | Yes | \$326,315 | No |
| Finance & Insurance | \$79,155 | \$1,979 | Yes | \$277,042 | No |
| Real Estate, Rental & Leasing | \$52,102 | \$1,303 | Yes | \$182,357 | No |
| Professional, Scientific, & Technical Services | \$66,277 | \$1,657 | Yes | \$231,969 | No |
| Management of Companies & Enterprises | \$73,374 | \$1,834 | Yes | \$256,808 | No |
| Administrative & Waste Management Services | \$34,561 | \$864 | No | \$120,964 | No |
| Private Educational Services | \$24,952 | \$624 | No | \$87,334 | No |
| Health Care & Social Assistance | \$62,746 | \$1,569 | Yes | \$219,610 | No |
| Arts, Entertainment, & Recreation | \$18,144 | \$454 | No | \$63,504 | No |
| Accommodation & Food Services | \$20,334 | \$508 | No | \$71,170 | No |
| Other Services, Except Public Administration | \$40,441 | \$1,011 | No | \$141,543 | No |
| Government | \$55,058 | \$1,376 | Yes | \$192,703 | No |

Exhibit 86 displays housing affordability of workers in Tualatin’s current target industries. Tualatin’s target industries were identified in their Economic Opportunities Analysis (2019). These industries may change as the Economic Opportunities Analysis is revised.

Exhibit 86. Housing Affordability for workers at target industries in Washington County, 2017

Source: Oregon Employment Department. Note1: Average multifamily rent in Tualatin is \$1,220 (Costar, 2018) and median housing price is \$480,000 (Redfin, February 2019). Note2: Advanced manufacturing uses the average wage for all manufacturing subsectors and Distribution and Electric Commerce uses the average wage for the transportation, warehousing, and utilities sector.

| Industry / Sector | Average Wage per Employee (Washington County) | Affordable Average Monthly Rent | Can a person in this industry afford average multifamily rent in Tualatin? | Affordable Housing Price | Can a person in this industry afford the median housing price in Tualatin? |
|---|---|---------------------------------|--|--------------------------|--|
| Food Processing & Manufacturing | \$66,166 | \$1,654 | Yes | \$231,581 | No |
| Furniture Manufacturing | \$44,797 | \$1,120 | No | \$156,790 | No |
| Plastics Manufacturing | \$50,725 | \$1,268 | Yes | \$177,538 | No |
| Information Technology & Analytical Instruments | \$95,907 | \$2,398 | Yes | \$335,675 | No |
| Distribution and Electronic Commerce | \$50,314 | \$1,258 | Yes | \$176,099 | No |
| Advanced Manufacturing | \$110,756 | \$2,769 | Yes | \$387,646 | No |
| Business Services | \$89,380 | \$2,235 | Yes | \$312,830 | No |

Summary of the Factors Affecting Tualatin's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice. While the number and interrelationships among these factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies, it is a crucial step to informing the types of housing that will be needed in the future.

There is no question that age affects housing type and tenure. Mobility, the ability to move freely and easily from one community to another, is substantially higher for people aged 20 to 34. People in that age group will also have, on average, less income than people who are older and they are less likely to have children. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multifamily housing.

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate; age of the household head is correlated with household size and income; household size and age of household head affect housing preferences; and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual-income, no kids), and the "empty-nesters."⁴³ Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

⁴³ See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

Still, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in Tualatin over the next 20 years:

- **Growth in housing will be driven by growth in households.** Households in Tualatin’s city limits are forecast to grow from 10,791 households to 11,362 households, an increase of 571 households between 2020 and 2040.⁴⁴ In that same time, households in Basalt Creek are forecast to grow from 203 households to 646 households, an increase of 443 households. Together, Tualatin city limits and Basalt Creek will grow by 1,014 households between 2020 and 2040. Tualatin is planning for 1,014 new dwelling units to meet the needs of its forecasted new households.
- **Housing affordability is a growing challenge in Tualatin.** It is a challenge in most of the region in general, and Tualatin is affected by these regional trends. Housing prices are increasing faster than incomes in Tualatin and Washington County, which is consistent with state and national challenges. Tualatin has a large share of multifamily housing (about 41% of the City’s housing stock), but over half of renter households are cost burdened. Tualatin’s key challenge over the next 20 years is providing opportunities for development of relatively affordable housing of all types, such as lower-cost single-family housing, townhouses and duplexes, market-rate multifamily housing, and government-subsidized affordable housing.
- **Without substantial changes in housing policy, on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that is important when trying to address demand for new housing.

The City’s residential policies can impact the amount of change in Tualatin’s housing market, to some degree. If the City adopts policies to increase opportunities to build smaller-scale single-family and multifamily housing types (particularly single-family attached that is comparatively affordable to moderate-income households), a larger percentage of new housing developed over the next 20 years in Tualatin may begin to address the city’s needs. Examples of policies that the City could adopt to achieve this outcome include: allowing a wider range of housing types (e.g., duplex or townhouses) in single-family zones, ensuring that there is sufficient land zoned to allow single-family attached and multifamily housing development, supporting development of government-assisted affordable housing, and encouraging multifamily residential development in downtown. The degree of change in Tualatin’s housing market, however, will depend on market demand for these types of housing in Washington County.

- **If the future differs from the past, it is likely to move in the direction, on average, of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for

⁴⁴ This forecast is based on Metro’s 2040 *Population Distributed Forecast* (2016) for Tualatin from 2015 (extrapolated to 2020) to 2040 period, shown in Exhibit 31.

single-family housing. This includes providing opportunities for development of smaller single-family detached homes, townhomes, and multifamily housing.

Key demographic and economic trends that will affect Tualatin's future housing needs are: (1) the aging of the Baby Boomers, (2) the aging of the Millennials, and (3) the continued growth in Latinx population.

- *The Baby Boomer's population is continuing to age.* By 2040, people 60 years and older will account for 24% of the population in Washington County (up from 20% in 2020). The changes that affect Tualatin's housing demand as the population ages are that household sizes and homeownership rates decrease. The majority of Baby Boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Tualatin.
- *Millennials will continue to form households and make a variety of housing choices.* As Millennials age and form households, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2020 and 2040, Millennials (and the generation after) will be a key driver in demand for housing for families with children. The ability to attract Millennials will depend on the City's availability of affordable renter and ownership housing. It will also depend on the location of new housing in Tualatin as many Millennials prefer to live in more urban environments.⁴⁵ The decline in homeownership among the Millennial generation has more to do with financial barriers rather than the preference to rent.⁴⁶
- *Latinx population will continue to grow.* The U.S. Census projects that by about 2040, the Latinx population will account for one-quarter of the nation's population. The share of Latinx population in the Western U.S. is likely to be higher. The Latinx population currently accounts for about 16% of Tualatin's population. In addition, the Latinx population is generally younger than the U.S. average, with many Latinx people belonging to the Millennial generation.

The Latinx population growth will be an important driver in growth of housing demand, both for owner- and renter-occupied housing. Growth in the Latinx population will drive demand for housing for families with children. Given the lower income for Latinx households, especially first-generation immigrants,

⁴⁵ Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Strohach, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

⁴⁶ Ibid.

growth in this group will also drive demand for affordable housing, both for ownership and renting.⁴⁷

In summary, an aging population, increasing housing costs (although lower than the Region), housing affordability concerns for Millennials and the Latinx populations, and other variables are factors that support the conclusion of need for a broader array of housing choices. Growth of retirees will drive demand for small single-family detached houses and townhomes for homeownership, townhome and multifamily rentals, age-restricted housing, and assisted-living facilities. Growth in Millennials and Latinx populations will drive demand for affordable housing types, including demand for affordable single-family units (many of which may be ownership units), for affordable multifamily units (many of which may be rental units), and for dwellings with a larger number of bedrooms.

- **No amount of analysis is likely to make the distant future completely certain: the purpose of the housing forecasting in this study is to get an approximate idea about the future (so policy choices can be made today).** Economic forecasters regard any economic forecast more than three (or at most five) years out as highly speculative. At one year, one is protected from being disastrously wrong by the sheer inertia of the economic machine. A variety of factors or events could, however, cause growth forecasts to be substantially different.

⁴⁷ The following articles describe housing preferences and household income trends for Latinx families, including differences in income levels for first, second, and third generation households. In short, Latinx households have lower median incomes than the national averages. First and second generation Latinx households have median incomes below the average for all Latinx households. Latinx households have a strong preference for homeownership, but availability of mortgages and availability of affordable housing are key barriers to homeownership for this group.

Pew Research Center. *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*, February 7, 2012.

National Association of Hispanic Real Estate Professionals. *2014 State of Hispanic Homeownership Report*, 2014.

5. Housing Need in Tualatin

Project New Housing Units Needed in the Next 20 Years

The results of the housing needs analysis are based on: (1) Metro’s official household forecast for growth in Tualatin over the 20-year planning period, (2) information about Tualatin’s housing market relative to Washington County and the Portland Region, and (3) the demographic composition of Tualatin’s existing population and expected long-term changes in the demographics of Washington County.

Forecast for Housing Growth

A 20-year household forecast (in this instance for 2020 to 2040) is the foundation for estimating needed new dwelling units. The forecast for Tualatin is based on Metro’s 2040 Household Distributed Forecast, 2016 and Metro’s 2040 TAZ Forecast for households, 2015. Tualatin city limits will grow from 10,994 households in 2020⁴⁸ to 12,008 households in 2040, an increase of 1,014 households.⁴⁹

To accommodate new households, Exhibit 87 shows that Tualatin will have demand for 1,014 new dwelling units over the 20-year period, with an annual average of 51 dwelling units.

Exhibit 87. Forecast of demand for new dwelling units, Tualatin Planning Area (city limits and Basalt Creek), 2020 to 2040

Source: Metro’s 2040 Household Distributed Forecast, July 12, 2016. Metro’s 2040 TAZ Forecast for households, November 6, 2015. Calculations by ECONorthwest. Note: DU is dwelling unit.

| Variable | New DU City Limits | New DU Basalt Creek | New DU Tualatin Planning Area |
|---|-----------------------|------------------------|-------------------------------------|
| Household Forecast 2020 | 10,791 | 203 | 10,994 |
| Household Forecast 2040 | 11,362 | 646 | 12,008 |
| Total New Dwelling Units (2020-2040) | 571 | 443 | 1,014 |
| Annual Average of New Dwelling Units | 29 | 22 | 51 |

⁴⁸ Metro’s 2040 Household Distributed Forecast shows that in 2015, the Tualatin city limits had 10,653 households. The Metro forecast shows Tualatin growing to 11,362 households in 2040, an average annual growth rate of 0.26% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2020 (10,791 households).

In addition, ECONorthwest included the forecast for new households in the Basalt Creek Planning Area. The forecast for households in Basalt Creek derive from Metro’s 2040 TAZ Forecast for households (TAZ 980 and 981). The Metro forecast shows Basalt Creek growing to 646 households in 2040, an average annual growth rate of 5.96% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast from 2015 (152 households) to 2020 (203 households).

⁴⁹ This forecast is based on Tualatin city limits’ official household forecast from Metro for the 2020 to 2040 period.

Housing Units Needed Over the Next 20 Years

Exhibit 87 presents a forecast of new housing in Tualatin for the 2020 to 2040 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in Tualatin.

Exhibit 89 shows that over the next 20-years, the need for new housing developed in Tualatin will generally include a wider range of housing types across the affordability spectrum. This conclusion is consistent with housing need in other in the Portland Region and most cities across the State. This conclusion is based on the following information, found in Chapter 3 and 4 of this report.

- Tualatin’s housing mix is predominately single-family detached and multifamily. In the 2013-2017 period, 53% of Tualatin’s housing was single-family detached, 41% was multifamily, and 6% was single-family attached. In comparison, the mix of housing for the entire Portland Region was 63% single-family detached, 32% multifamily, and 5% single-family attached.
- Demographic changes across the Portland Region (and in Tualatin) suggest increases in demand for single-family attached housing and multifamily housing. The key demographic trends that will affect Tualatin’s future housing needs are the aging of the Baby Boomers, household formation of Millennial households, and growth of Latinx households.
- Tualatin households have incomes about the same as those for the Portland Region. Tualatin’s median household income was \$72,580, about \$1,500 lower than Washington County’s median. Approximately 36% of Tualatin households earn less than \$50,000 per year, compared to 33% in Washington County and 37% in the Portland Region.
- About 37% of Tualatin’s households are cost burdened (paying 30% or more of their household income on housing costs), compared to 42% of households in the Portland Region and 34% in Washington County.⁵⁰ About 56% of Tualatin’s renters are cost burdened and about 22% of Tualatin’s homeowners are cost burdened.
- About 45% of Tualatin’s households are renters, 82% of whom live in multifamily housing. Median rents in Tualatin are \$1,154 per month, compared to the \$1,183 median rent for Washington County as a whole.

A household earning 60% of Tualatin’s median household income (\$43,548) could afford about \$1,089 per month in rent. A household with median income in Tualatin (\$72,580) could afford \$1,815 rent per month, compared with the median gross rent of \$1,154. About 41% of Tualatin’s housing stock is multifamily, compared to 32% of the housing in the Portland Region.

⁵⁰ The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden,” and households paying more than 50% of their income on housing experience “severe cost burden.”

- Housing sales prices increased in Tualatin over the last four years. From February 2015 to February 2019, the median housing sale price increased by \$160,000 (50%), from \$320,000 to \$480,000. A household would need to earn \$120,000 to \$160,000 to afford the median sales price in Tualatin. About 36% of Tualatin's households have incomes at or above this amount.
- Tualatin needs more affordable housing types for homeowners and renters. A household earning 100% of Tualatin's median household income of \$72,580 could afford about \$1,815 per month in rent, compared with the median gross rent of about \$1,154. This household could afford to own a home roughly valued between \$254,000 and \$290,000, which is less than the median home sales price of about \$480,000 in Tualatin.⁵¹

While a household could begin to afford Tualatin's median rents at about 65% of Tualatin's median household income, the rates of cost burden among renters suggest that Tualatin does not have a sufficient number of affordable rental units. A household can start to afford median home sale prices at about 190% of Tualatin's median household income.

These factors suggest that Tualatin needs a broader range of housing types with a wider range of price points than are currently available in Tualatin's housing stock. This includes providing opportunity for development of housing types such as: single-family detached housing (e.g., small homes like cottages or small-lot detached units, traditional detached homes, and high-amenity detached homes), townhouses, and multifamily products (duplexes, triplexes, quadplexes, and apartments and condominiums).

Tualatin evaluated several scenarios to forecast housing growth (Exhibit 88). The scenario selected, and described below, was a combination between Scenario 2 and Scenario 3 (referred to here as Scenario 4). Scenario 4 was 40% single-family detached, 15% multifamily, and 45% multifamily.

⁵¹ In 2016, 2017, and 2018, 19 homes in Tualatin sold within the \$254,000 and \$290,000 price range (out of 268 homes).

Exhibit 88. Forecast of demand for new dwelling units, Tualatin Planning Area (city limits and Basalt Creek), 2020 to 2040

Source: Calculations by ECONorthwest. Note: DU is dwelling unit.

| Variable | Mix of New Dwelling Units (2020-2040) | | | |
|--|--|--------------|--------------|--------------|
| | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 |
| Needed new dwelling units (2020-2040) | 1,014 | 1,014 | 1,014 | 1,014 |
| Dwelling units by structure type | | | | |
| Single-family detached | | | | |
| Percent single-family detached DU | 50% | 45% | 35% | 40% |
| equals Total new single-family detached DU | 507 | 456 | 355 | 406 |
| Single-family attached | | | | |
| Percent single-family attached DU | 9% | 10% | 15% | 15% |
| equals Total new single-family attached DU | 91 | 102 | 152 | 152 |
| Multifamily | | | | |
| Percent multifamily | 41% | 45% | 50% | 45% |
| Total new multifamily | 416 | 456 | 507 | 456 |
| equals Total new dwelling units (2020-2040) | 1,014 | 1,014 | 1,014 | 1,014 |

Exhibit 89 shows the final forecast for housing growth in the Tualatin city limits during the 2020 to 2040 period. The projection is based on the following assumptions:

- Tualatin’s official forecast for population growth shows that the city will add 1,014 households over the 20-year period. Exhibit 89 shows Metro’s forecast for growth of 1,014 new dwelling units over the 20-year planning period.
- The assumptions about the mix of housing in Exhibit 89 are consistent with the requirements of OAR 660-007⁵²:
 - **About 40% of new housing will be single-family detached**, a category which includes manufactured housing. In 2013-2017, 53% of Tualatin’s housing was single-family detached.
 - **Nearly 15% of new housing will be single-family attached**. In 2013-2017, 6% of Tualatin’s housing was single-family attached.
 - **About 45% of new housing will be multifamily**. In 2013-2017, 41% of Tualatin’s housing was multifamily.

⁵² OAR 660-007-0030(1) requires that most Metro cities “...provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing...”

Tualatin will have demand for 1,014 new dwelling units over the 20-year period, 40% of which will be single-family detached housing.

Exhibit 89. Forecast of demand for new dwelling units, Tualatin Planning Area, 2020 to 2040

Source: Calculations by ECONorthwest.

| Variable | Mix of New Dwelling Units (2020-2040) |
|--|---------------------------------------|
| Needed new dwelling units (2020-2040) | 1,014 |
| Dwelling units by structure type | |
| Single-family detached | |
| Percent single-family detached DU | 40% |
| equals Total new single-family detached DU | 406 |
| Single-family attached | |
| Percent single-family attached DU | 15% |
| equals Total new single-family attached DU | 152 |
| Multifamily | |
| Percent multifamily | 45% |
| Total new multifamily | 456 |
| equals Total new dwelling units (2020-2040) | 1,014 |

The forecast of new units does not include dwellings that will be demolished and replaced. This analysis does not factor those units in; however, it assumes they will be replaced at the same site and will not create additional demand for residential land.

Exhibit 90 allocates needed housing to Plan Designations in Tualatin. The allocation is based, in part, on the types of housing allowed in the zoning designations in each Plan Designation.

Exhibit 90 shows:

- **Low Residential (RL)** land will accommodate single-family detached housing, including manufactured houses. Low density will also accommodate duplexes, triplexes, quadplexes, cottage clusters, and townhouses based on the requirements of House Bill 2001.
- **Medium Low Residential (RML)** land will accommodate duplexes, townhomes (or rowhouses), and manufactured homes in manufactured housing parks. For consistency with the housing types allowed in Low Residential, this analysis assumes that RML will also allow triplexes and quadplexes.
- **Medium High Residential (RMH)** land will accommodate duplexes, townhomes (or rowhouses), and multifamily housing.
- **High Density Residential (RH)** land will accommodate duplexes, townhomes (or rowhouses), and multifamily housing.
- **High Density High Rise Residential (RH-HR)** land will accommodate duplexes, townhomes (or rowhouses), and multifamily housing.

Exhibit 90. Allocation of needed housing by housing type and Plan Designation, Tualatin Planning Area, 2020 to 2040

Source: ECONorthwest.

| Housing Type | Residential Plan Designations | | | | | Total |
|------------------------|-------------------------------|--------------------|---------------------|--------------|----------------|-------|
| | Low Density | Medium Low Density | Medium High Density | High Density | High High-Rise | |
| Dwelling Units | | | | | | |
| Single-family detached | 406 | - | - | - | - | 406 |
| Single-family attached | 30 | 41 | 20 | 61 | - | 152 |
| Multifamily | 30 | 30 | 102 | 193 | 101 | 456 |
| Total | 466 | 71 | 122 | 254 | 101 | 1,014 |
| Percent of Units | | | | | | |
| Single-family detached | 40% | 0% | 0% | 0% | 0% | 40% |
| Single-family attached | 3% | 4% | 2% | 6% | 0% | 15% |
| Multifamily | 3% | 3% | 10% | 19% | 10% | 45% |
| Total | 46% | 7% | 12% | 25% | 10% | 100% |

Exhibit 91 presents assumptions about future housing density based on historical densities in Tualatin shown in Exhibit 18. Exhibit 91 converts between net acres and gross acres⁵³ to account for land needed for rights-of-way by Plan Designation in Tualatin, based on Metro’s methodology of existing rights-of-way.⁵⁴

- **Low Residential (RL):** Average density in this Plan Designation was historically 5.7 dwelling units per gross acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 5.1 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 4.6 dwelling units per gross acre.
- **Medium Low Residential (RML):** Average density in this Plan Designation was historically 11.7 dwelling units per gross acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 10.5 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 9.5 dwelling units per gross acre.
- **Medium High Residential (RMH):** Average density in this Plan Designation was historically 16.1 dwelling units per gross acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38

⁵³ OAR 660-024-0010(6) uses the following definition of net buildable acre. “Net Buildable Acre” “...consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.” While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

⁵⁴ Metro’s methodology about net-to-gross assumptions are that: (1) tax lots under 3/8 acre assume 0% set aside for future streets; (2) tax lots between 3/8 acre and 1 acre assume a 10% set aside for future streets; and (3) tax lots greater than an acre assumes an 18.5% set aside for future streets. The analysis assumes an 18.5% assumption for future streets.

and 1.0 acres the future density will be 14.5 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 13.1 dwelling units per gross acre.

- **High Density Residential (RH):** Average density in this Plan Designation was historically 20.5 dwelling units per gross acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 18.4 dwelling units per gross acre and, for lots larger than 1.0 acres the future density will be 16.7 dwelling units per gross acre.
- **High Density High Rise Residential (RH-HR):** Average density in this Plan Designation was historically 28.0 dwelling units per gross acre in tax lots smaller than 0.38 acres and no land is needed for rights-of-ways based on Metro’s assumptions. For lots between 0.38 and 1.0 acres the future density will be 15.2 dwelling units per gross acre, and for lots larger than 1.0 acres the future density will be 22.8 dwelling units per gross acre.

Exhibit 91. Assumed future density of housing built in the Tualatin Planning Area, 2020 to 2040

Source: ECONorthwest. Note: DU is dwelling unit.

| Residential Plan Designations | Tax Lots Smaller than 0.38 acre | | | Tax Lots > 0.38 and < 1.0 acre | | | Tax Lots larger than 1.0 acre | | |
|-------------------------------|---------------------------------|---------------------|-------------------------------|--------------------------------|---------------------|-------------------------------|-------------------------------|---------------------|-------------------------------|
| | Net Density (DU/net acre) | % for Rights-of-Way | Gross Density (DU/gross acre) | Net Density (DU/net acre) | % for Rights-of-Way | Gross Density (DU/gross acre) | Net Density (DU/net acre) | % for Rights-of-Way | Gross Density (DU/gross acre) |
| Low Density | 5.7 | 0% | 5.7 | 5.7 | 10% | 5.1 | 5.7 | 18.5% | 4.6 |
| Medium Low Density | 11.7 | 0% | 11.7 | 11.7 | 10% | 10.5 | 11.7 | 18.5% | 9.5 |
| Medium High Density | 16.1 | 0% | 16.1 | 16.1 | 10% | 14.5 | 16.1 | 18.5% | 13.1 |
| High Density | 20.5 | 0% | 20.5 | 20.5 | 10% | 18.4 | 20.5 | 18.5% | 16.7 |
| High Density / High-Rise | 28.0 | 0% | 28.0 | 28.0 | 10% | 25.2 | 28.0 | 18.5% | 22.8 |

Through the Housing Strategy, Tualatin may consider increasing densities in specific zones. For example, the City may consider increasing the allowed densities in High Density / High-Rise (and adjusting related zoning standards, such as building heights) to allow higher density multifamily housing than is currently allowed in Tualatin.

Needed Housing by Income Level

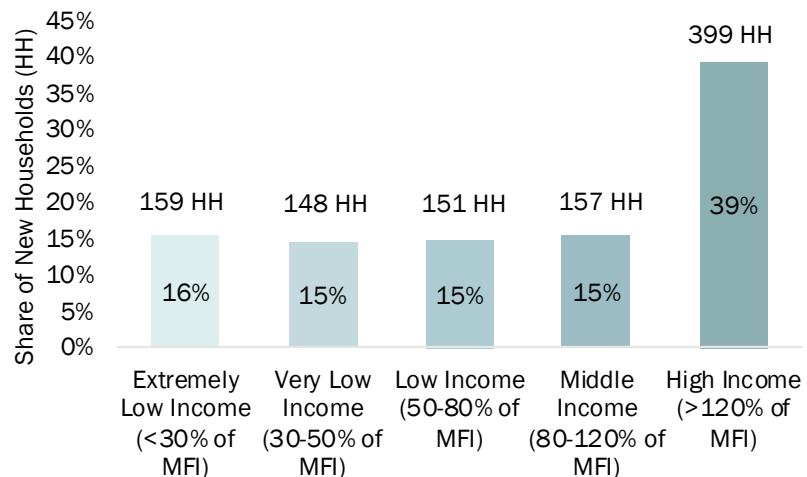
The next step in the housing needs analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on (1) secondary data from the Census, and (2) analysis by ECONorthwest.

The analysis in Exhibit 92 is based on American Community Survey data about income levels for existing households in Tualatin. Income is categorized into market segments consistent with HUD income level categories, using Washington County’s 2018 Median Family Income (MFI) of \$81,400. The Exhibit is based on existing household income distribution, assuming that approximately the same percentage of households will be in each market segment in the future.

About a third of Tualatin’s future households are forecast to be extremely or very low income and nearly 40% are forecast to have high incomes.

Exhibit 92. Future (New) Households, by Median Family Income (MFI) for Washington County (\$69,600), Tualatin Planning Area, 2018

Source: U.S. Department of Housing and Urban Development, Washington County, 2018. U.S. Census Bureau, 2013-2017 ACS Table 19001.



Need for Government-Assisted and Manufactured Housing

ORS 197.303, 197.307, 197.312, and 197.314 requires cities to plan for government-assisted housing, manufactured housing on lots, and manufactured housing in parks.

- **Government-assisted housing.** Government subsidies can apply to all housing types (e.g., single-family detached, apartments, etc.). Tualatin allows development of government-assisted housing in all residential Plan Designations, with the same development standards for market-rate housing. This analysis assumes that Tualatin will continue to allow government housing in all of its residential Plan Designations. Because government assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can apply to all housing types and the City allows development of farmworker housing in all residential Plan Designations, with the same development standards as market-rate housing. This analysis assumes that Tualatin will continue to allow this housing in all of its residential Plan Designations. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured housing on lots.** Tualatin allows manufactured homes on lots in Low Density Residential zones.
- **Manufactured housing in parks.** Tualatin allows manufactured homes in parks in Medium Low Density zones. According to the Oregon Housing and Community Services' Manufactured Dwelling Park Directory,⁵⁵ Tualatin has two manufactured home parks with 178 spaces.
- ORS 197.480(2) requires Tualatin to project need for mobile home or manufactured dwelling parks based on: (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high density residential.
 - Exhibit 87 shows that Tualatin will grow by 1,014 dwelling units over the 2020 to 2040 period.
 - Analysis of housing affordability shows that about 31% of Tualatin's new households will be considered very low or extremely low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.

⁵⁵ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

- Manufactured homes in manufactured housing parks accounts for about 2% (about 178 dwelling units) of Tualatin’s current housing stock.
- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.
- The households most likely to live in manufactured homes in parks are those with incomes between \$24,420 and \$40,700 (30% to 50% of MFI), which include 15% of Tualatin’s households. However, households in other income categories may live in manufactured homes in parks.

Manufactured home subdivision development is an allowed use in the Medium Low Density Plan Designation. The national and state trends of closure of manufactured home parks, and the fact that no new manufactured home parks have opened in Oregon in over the last 15 years, demonstrate that development of new manufactured home parks or subdivisions in Tualatin is unlikely.

Our conclusion from this analysis is that development of new manufactured home parks or subdivisions in Tualatin over the 2020 to 2040 planning period is unlikely, although manufactured homes may continue to locate on lots in the Low Density Plan Designation. The forecast of housing assumes that no new manufactured home parks will be opened in Tualatin over the 2020 to 2040 period. The forecast for new dwelling units includes new manufactured homes on lots in the category of single-family detached housing.

- Over the next 20 years (or longer) one or both of Tualatin’s manufactured housing parks may close. This may be a result of the manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.

While there is statewide regulation of the closure of manufactured home parks designed to lessen the financial difficulties of this closure for park residents,⁵⁶ the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City’s primary roles are to ensure that there is sufficient land zoned for new multifamily housing and to reduce barriers to residential

⁵⁶ ORS 90.645 regulates rules about closure of manufactured dwelling parks. It requires that the landlord must do the following for manufactured dwelling park tenants before closure of the park: give at least one year’s notice of park closure, pay the tenant between \$5,000 to \$9,000 for each manufactured dwelling park space, and cannot charge tenants for demolition costs of abandoned manufactured homes.

development to allow for development of new, relatively affordable housing (i.e. housing affordable to households earning less than 80% of MFI and especially those earning less than 60% of MFI). The City may use a range of policies to encourage development of relatively affordable housing, such as allowing a wider range of moderate density housing (e.g., duplexes or cottages) in Low Density Plan Designation, removing barriers to multifamily housing development, using tax credits to support affordable housing production, developing an inclusionary zoning policy, or partnering with a developer of government-subsidized affordable housing.

6. Residential Land Sufficiency within Tualatin

This chapter presents an evaluation of the sufficiency of vacant residential land in Tualatin to accommodate expected residential growth over the 2020 to 2040 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Tualatin’s ability to accommodate needed new housing units for the 2020 to 2040 period, based on the analysis in the housing needs analysis. The chapter ends with a discussion of the conclusions and recommendations for the housing needs analysis.

Capacity Analysis

The buildable lands inventory summarized in Chapter 2 (and presented in full in Appendix A) provides a *supply* analysis (buildable land by type), and Chapter 5 provided a *demand* analysis (population and growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

There are two ways to calculate estimates of supply and demand into common units of measurement to allow their comparison: (1) housing demand can be converted into acres, or (2) residential land supply can be converted into dwelling units. A complication of either approach is that not all land has the same characteristics. Factors such as zone, slope, parcel size, and shape can affect the ability of land to accommodate housing. Methods that recognize this fact are more robust and produce more realistic results. This analysis uses the second approach: it estimates the ability of vacant residential lands within the UGB to accommodate new housing. This analysis, sometimes called a “capacity analysis,”⁵⁷ can be used to evaluate different ways that vacant residential land may build out by applying different assumptions.

⁵⁷ There is ambiguity in the term *capacity analysis*. It would not be unreasonable for one to say that the “capacity” of vacant land is the maximum number of dwellings that could be built based on density limits defined legally by plan designation or zoning, and that development usually occurs—for physical and market reasons—at something less than full capacity. For that reason, we have used the longer phrase to describe our analysis: “estimating how many new dwelling units the vacant residential land in the UGB is likely to accommodate.” That phrase is, however, cumbersome, and it is common in Oregon and elsewhere to refer to that type of analysis as “capacity analysis,” so we use that shorthand occasionally in this memorandum.

Tualatin Capacity Analysis Results

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities shown in Exhibit 91. Exhibit 95 shows that **Tualatin city limit's (Exhibit 93) and Basalt Creek's (Exhibit 94) buildable land has capacity to accommodate approximately 1,207 new dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in residential Plan Designations, per the buildable lands inventory, for city limits. It starts with the number of buildable acres in residential Plan Designations, per the Basalt Creek Concept Plan, for Basalt Creek.
- **Needed densities.** The capacity analysis assumes development will occur at assumed future densities. Those densities were derived from the densities shown in Exhibit 91.
- **Average net density.** Exhibit 93 shows capacity and densities in gross acres. OAR 660-007 requires that Tualatin provide opportunity for development of housing at an overall average density of eight dwelling units per net acre. The average density of dwelling units in Exhibit 93 is 7.9 dwelling units per net acre and 6.7 dwelling units per gross acre. The average net density of dwelling units in Exhibit 95 is approximately 7.9 dwelling units per net acres and 6.6 dwelling units per gross acre.

Exhibit 93. Estimate of residential capacity on unconstrained vacant and partially vacant buildable land, Tualatin City Limits, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

| Residential Plan Designations | Tax Lots Smaller than 0.38 acre | | | Tax Lots > 0.38 and < 1.0 acre | | | Tax Lots larger than 1.0 acre | | | Total, combined | |
|-------------------------------|---------------------------------|------------------------------------|---------------------------|--------------------------------|------------------------------------|---------------------------|-------------------------------|------------------------------------|---------------------------|-----------------|---------------------------|
| | Buildable Acres | Density Assumption (DU/gross acre) | Capacity (Dwelling Units) | Buildable Acres | Density Assumption (DU/gross acre) | Capacity (Dwelling Units) | Buildable Acres | Density Assumption (DU/gross acre) | Capacity (Dwelling Units) | Buildable Acres | Capacity (Dwelling Units) |
| Low Density | 18 | 5.7 | 100 | 17 | 5.1 | 85 | 44 | 4.6 | 204 | 79 | 389 |
| Medium Low Density | 0 | 11.7 | 5 | 1 | 10.5 | 7 | 0 | 9.5 | - | 1 | 12 |
| Medium High Density | 0 | 16.1 | - | 0 | 14.5 | - | 1 | 13.1 | 13 | 1 | 13 |
| High Density | 0 | 20.5 | 6 | 0 | 18.4 | 7 | 12 | 16.7 | 205 | 13 | 218 |
| High High-Rise | 0 | 28.0 | - | 0 | 25.2 | - | 0 | 22.8 | - | 0 | - |
| Total | 18 | - | 111 | 18 | - | 99 | 58 | - | 422 | 94 | 632 |

Exhibit 94. Estimate of residential capacity on unconstrained vacant and partially vacant buildable land, Basalt Creek, 2018

Source: Basalt Creek Concept Plan. Note: this table uses the Basalt Creek Concept Plan's estimate for capacity and of buildable land; it does not rely on historic net densities by Plan Designation to calculate capacity on buildable lands. Historic net densities in Basalt Creek were not increased as they were in the estimate of capacity for Tualatin city limits. The amount of buildable land in Exhibit 90 is based on the Basalt Creek Concept Plan and is different than the amount of buildable land shown in Exhibit 7 of the Buildable Lands Inventory.

| Residential Plan Designations | Dwelling Units | Buildable Acres from Basalt Creek Concept Plan | Density Assumption (DU per Gross Acre) |
|-------------------------------|----------------|--|--|
| Low Density | 134 | 24.8 | 5.4 |
| Medium Low Density | 374 | 59.8 | 6.3 |
| High Density | 67 | 3.4 | 19.9 |
| Total | 575 | 88 | 6.5 |

Exhibit 95. Estimate of residential capacity on unconstrained vacant and partially vacant buildable land, Tualatin Planning Area, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note1: DU is dwelling unit. Note2: Capacity in Basalt Creek uses the Basalt Creek Concept Plan's estimate of capacity (Exhibit 94).

| Residential Plan Designations | Dwelling Units | | |
|-------------------------------|---------------------------|---|------------------|
| | Capacity (in City Limits) | Capacity (in Basalt Creek Concept Plan) | Capacity (Total) |
| Low Density | 389 | 134 | 523 |
| Medium Low Density | 12 | 374 | 386 |
| Medium High Density | 13 | - | 13 |
| High Density | 218 | 67 | 285 |
| High Density / High-Rise | - | - | - |
| Total | 632 | 575 | 1,207 |

The amount of buildable land in Basalt Creek in the BLI (Exhibit 7) is more than the amount of buildable land from the Basalt Creek Concept Plan (Exhibit 94). The reason for the difference in capacity is primarily differences in assumptions about land constraints to development of vacant land. The Concept Plan assumed that more land would have soft constraints (that would decrease development capacity) and be unbuildable than the buildable lands inventory for this analysis.

Exhibit 96 shows an estimate of the additional capacity for development in Basalt Creek, if buildout occurs at densities consistent with development in Tualatin (the densities shown in Exhibit 91) and the amount of buildable land is consistent with the buildable lands inventory in this report (Exhibit 7). Under those conditions, Basalt Creek has capacity for 1,339 dwelling units, which is 764 dwelling units beyond the capacity in the Basalt Creek Concept Plan.

Exhibit 96. Estimate of additional residential capacity on unconstrained vacant and partially vacant buildable land, Basalt Creek, 2018

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

| Residential Plan Designations | Capacity for Dwelling Units (using BLI) | Capacity for Dwelling Units (using Concept Plan) | Additional Capacity Potentially Available |
|-------------------------------|---|--|---|
| Low Density | 433 | 134 | 299 |
| Medium Low Density | 804 | 374 | 430 |
| High Density | 102 | 67 | 35 |
| Total | 1,339 | 575 | 764 |

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Tualatin is to compare the demand for housing by Plan Designation (Exhibit 90) with the capacity of land by Plan Designation (Exhibit 95), which does **not** include the potential additional capacity in Basalt Creek discussed in Exhibit 96.

Exhibit 97 shows that Tualatin has sufficient land to accommodate development in the Low Density Plan Designation, Medium Low Density Plan Designation, and High Density Plan Designation – with a surplus of capacity for 57 dwelling units, 315 dwelling units, and 31 dwelling units respectively. Tualatin has a deficit of capacity for 109 dwelling units in the Medium High Plan Designation and a deficit of capacity for 101 dwelling units in the High Density High-Rise Plan Designation. **The land sufficiency results are inclusive of capacity of land in Basalt Creek but are not inclusive of capacity which may become available as redevelopment occurs.**

Exhibit 97. Comparison of capacity of existing residential land with demand for new dwelling units and land surplus or deficit, Tualatin City Limits and Basalt Creek, 2020 to 2040

Source: Buildable Lands Inventory; Calculations by ECONorthwest. Note: DU is dwelling unit.

| Residential Plan Designations | Capacity (Dwelling Units) | Demand for New Housing | Remaining Capacity (Supply minus Demand) | Land Surplus or (Deficit) Gross Acres |
|-------------------------------|---------------------------|------------------------|--|---------------------------------------|
| Low Density | 523 | 466 | 57 | 10 |
| Medium Low Density | 386 | 71 | 315 | 27 |
| Medium High Density | 13 | 122 | (109) | (7) |
| High Density | 285 | 254 | 31 | 2 |
| High Density High-Rise | - | 101 | (101) | (4) |

Tualatin’s surplus of Low Density Residential capacity (57 dwelling units) means that the City has an approximate surplus of 10 gross acres of Low Density land (at 5.7 dwelling units per gross acre). Tualatin’s surplus of Medium Low Density Residential capacity (315 dwelling units) means that the City has an approximate surplus of 27 gross acres of Medium Low Density land (at 11.7 dwelling units per gross acre).⁵⁸ Tualatin’s surplus of High Density Residential capacity (31 dwelling units) means that the City has an approximate surplus of two gross acres of High Density Land (at 20.5 dwelling units per gross acre).

This estimate of capacity does **not** include the potential additional capacity in Basalt Creek, shown in Exhibit 96. If Basalt Creek builds out with more housing than shown in the Concept Plan (shown in Exhibit 94), then Tualatin has about 764 dwelling units of additional capacity, all in Low Density, Medium Low Density, and High Density Plan Designations.

⁵⁸ This estimate of land is approximate, as densities in Medium Low Density may range from 11.7 to 9.5 dwelling units per gross acre depending on parcel size, as shown in Exhibit 91.

Conclusions and Recommendations

The key findings of the Tualatin Housing Needs Analysis are that:

- **Growth in housing will be driven by growth in households.** Households in Tualatin’s city limits is forecast to grow from 10,791 households to 11,362 households, an increase of 571 households between 2020 and 2040. In that same time, households in Basalt Creek are forecast to grow from 203 households to 646 households, an increase of 443 households.
- **To accommodate households in Tualatin city limits and Basalt Creek, Tualatin is planning for 1,014 new dwelling units.** To accommodate the 1,014 dwelling units over the 20-year planning period, Tualatin will average 51 new dwelling units annually.
- **Tualatin will plan for more single-family attached and multifamily dwelling units in the future to meet the City’s housing needs.** Historically, about 53% of Tualatin’s housing was single-family detached. New housing in Tualatin is forecast to be 40% single-family detached, 15% single-family attached, and 45% multifamily.
 - The factors driving the shift in types of housing needed in Tualatin include changes in demographics and decreases in housing affordability. The aging of senior populations and the household formation of young adults will drive demand for renter- and owner-occupied housing, such as small single-family detached housing, townhouses, duplexes, and apartments / condominiums. Both groups may prefer housing in walkable neighborhoods, with access to services.
 - Tualatin’s existing deficit of housing that is affordable for low- and high-income households indicates a need for a wider range of housing types, for renters and homeowners. About 37% of Tualatin’s households have affordability problems, including a cost burden rate of 56% for renter households.
 - Without diversification of housing types, lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. Under the current conditions, 307 of the forecasted new households will have incomes of \$40,700 (in 2018 dollars) or less (50% of MFI income or less). These households cannot afford market rate housing without government subsidy. Another 151 new households will have incomes between \$40,700 and \$65,120 (50% to 80% of MFI). These households will all need access to affordable housing, such as the housing types described above.
- **Tualatin cannot accommodate all of its housing needs.** Tualatin has a deficit of land in the Medium High Density and High Density High Rise Plan Designations, of 7 acres and 4 acres respectively. The deficits shown in Exhibit 97 may be addressed in multiple ways, such as by re-zoning land, increasing densities allowed in Plan Designations with deficits, or by accommodating housing in Plan Designations with surpluses.

- **Tualatin will need to meet the requirements of House Bill 2001.** The Legislature passed House Bill 2001 in the 2019 Legislative session. The bill requires cities within the Metro UGB to allow “middle” housing types in low-density residential zones. The bill defines middle housing types as: duplexes, triplexes, quadplexes, cottage clusters, and townhouses. To comply with House Bill 2001, Tualatin will need to:
 - Allow cottage cluster as a housing type in the Residential Low Density zone. Tualatin may want to allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones. Tualatin will also need to include development standards in the Tualatin Development Code.
 - Allow duplexes, townhouses, and multifamily housing as a permitted use in the Residential Low Density zone.

Following is a summary of ECONorthwest’s recommendations to Tualatin based on the analysis and conclusions in this report. The *Tualatin Housing Strategy* memorandum presents the full list of recommendations for Tualatin.

- **Ensure an adequate supply of land that is available and serviceable.** Tualatin should evaluate opportunities to increase residential development densities by modifying the Development Code, such as increasing densities and height limits in higher density zones. Tualatin should identify opportunities to re-zone land, from lower density usage to higher density usage, to provide additional opportunities for multifamily housing development. Tualatin should plan for long-term development of housing in Tualatin through 2040 and beyond by working with Metro on upcoming Growth Management reports.
- **Encourage development of a wider variety of housing types.** Tualatin should allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density zone and allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones (which already allow for the other housing types mentioned). These changes should be made in a way that makes the City’s zoning code compliant with House Bill 2001.
- **Support development and preservation of housing that is affordable for all households.** The City should develop policies to support development of housing affordable to people who live and work in Tualatin. The City should identify opportunities to leverage resources (including funding) from the Metro Bond to support development of housing affordable to households earning less than 60% of Median Family Income in Washington County (\$48,900 for a household size of four people). The City should develop policies to prevent and address homelessness, as well as to prevent and mitigate residential displacement resulting from redevelopment and increases in housing costs. These actions will require Tualatin to evaluate adoption of a wide variety of housing policies such as creative financing opportunities for systems development charges, evaluating tax exemption programs, participating in a land bank, and other approaches to supporting development of housing affordable at all income levels.

- **Identify funding tools to support residential development.** The City should evaluate tools such as establishing a new Urban Renewal District and evaluate establishing a construction excise tax.
- **Identify redevelopment opportunities.** The City should identify districts within Tualatin with opportunities for redevelopment for both housing and employment uses, as well as supporting redevelopment of underutilized commercial buildings for housing.
- **Ensure there are connections between planning for housing and other community planning.** Throughout the project, stakeholders emphasized the need to coordinate housing planning with economic development planning, transportation planning, and other community planning. Updates to the Tualatin Transportation System Plan should be coordinated with planning for housing growth. A key approach to accommodating new residential development is redevelopment that results in mixed-use districts, providing opportunities for more housing affordable to people working at businesses in Tualatin and living closer to work (thus reducing transportation issues). In addition, stakeholders would like to see the incorporation of services needed to meet daily needs of residents of neighborhoods without driving.

The *Tualatin Housing Strategy* memorandum presents more details about each of these topics and recommendations for specific actions to implement these recommendations.

Appendix A – Residential Buildable Lands Inventory

The general structure of the standard method BLI analysis is based on the DLCD HB 2709 workbook “*Planning for Residential Growth – A Workbook for Oregon’s Urban Areas*,” which specifically addresses residential lands.⁵⁹ The steps and sub-steps in the supply inventory are:

1. Calculate the gross vacant acres by plan designation, including fully vacant and partially vacant parcels.
2. Calculate gross buildable vacant acres by plan designation by subtracting unbuildable acres from total acres.
3. Calculate net buildable acres by plan designation, subtracting land for future public facilities from gross buildable vacant acres.
4. Calculate total net buildable acres by plan designation by adding redevelopable acres to net buildable acres.

The methods used for this study are consistent with many others completed by ECONorthwest that have been acknowledged by DLCD and LCDC.

Overview of the Methodology

The BLI for Tualatin is based on the data and methods used by Metro. In addition, ECONorthwest’s approach updated Metro’s results to account for new development (the Metro 2018 UGR is based on 2016 data) and other potential local conditions, such as unique environmental constraints.

Study Area

The BLI for Tualatin includes all residential land designated in the comprehensive plans within city limits and designated planning areas (referred to as Tualatin Planning Area). ECONorthwest used the most recent tax lot shapefile from Metro’s Regional Land Information System (RLIS) for the analysis.

Inventory Steps

The BLI consisted of several steps:

1. Generating UGB “land base”
2. Classifying land by development status

⁵⁹ We note that Newberg is not required to comply with ORS 197.296.

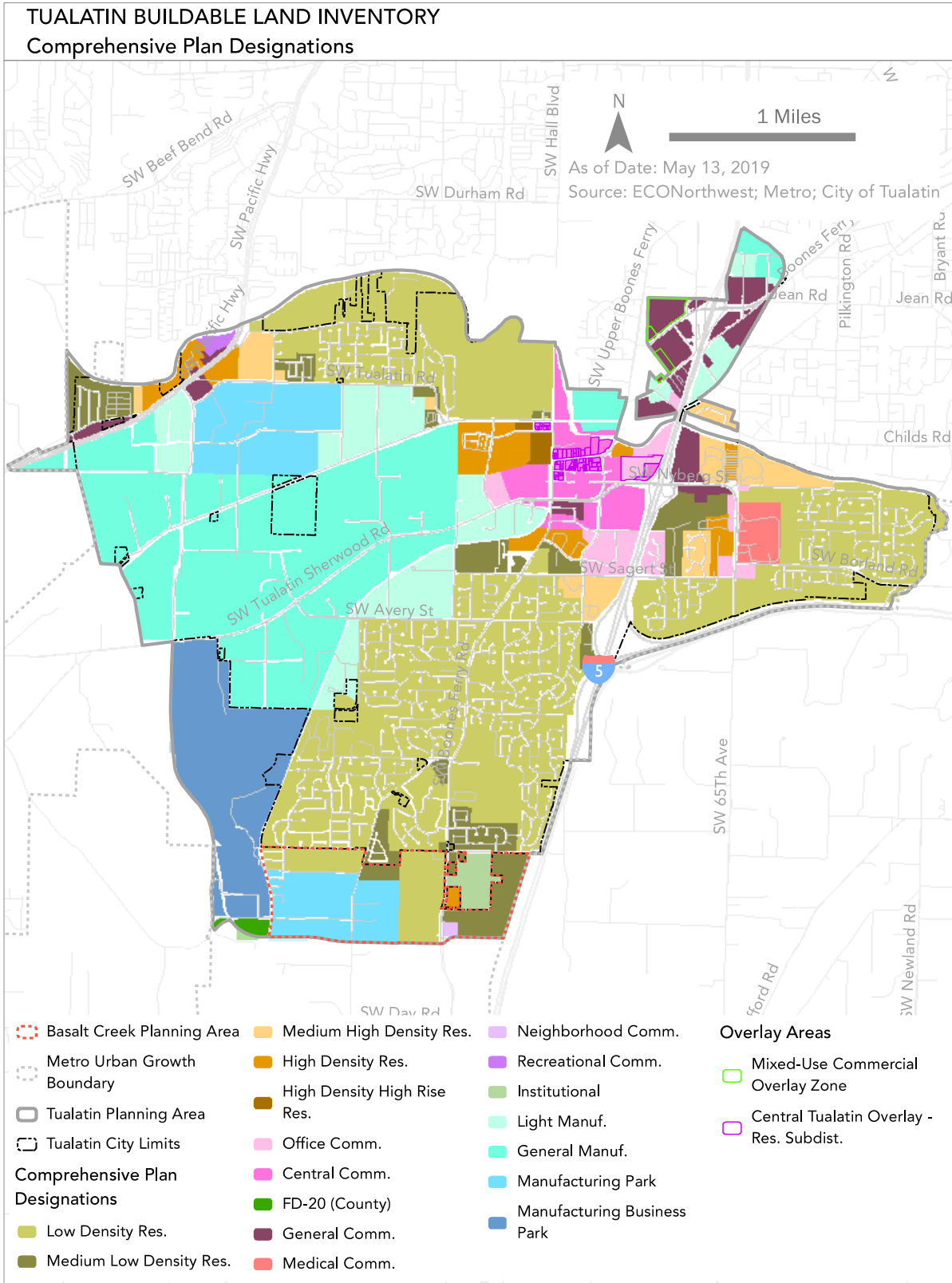
3. Identify constraints
4. Verify inventory results
5. Tabulate and map results

Step 1: Generate “land base.”

Per Goal 10 this involves selecting all of the tax lots with residential and other non-employment Plan Designations where residential uses are planned for and allowed by the implementing zones. The City provided ECO with their Comprehensive Plan GIS files and indicated what designations should be included within the inventory.

Exhibit 98 (on the following page) shows Comprehensive Plan designations for the City of Tualatin. This BLI includes lands in the Low Density Residential, Medium Low Density Residential, Medium High Density Residential, High Density Residential, and High Density High Rise Residential Plan Designations. The BLI also includes areas that allow residential use in the Basalt Creek Planning Area, Mixed-Use Commercial Overlay Zone, and Central Tualatin Overlay.

Exhibit 98. Comprehensive Plan Designations, Tualatin Planning Area, 2019



Step 2: Classify lands.

In this step, ECONorthwest classified each tax lot with a plan designation that allows residential uses into one of four mutually exclusive categories based on development status:

- Vacant
- Partially Vacant
- Public or Exempt
- Developed

ECONorthwest used the classification determined through Metro’s model: Vacant, Ignore, and Developed. In addition, ECO included a new classification for partially vacant lots. The definitions for each classification are listed below.

| Development Status | Definition | Statutory Authority |
|--------------------------------|--|--|
| Vacant | Tax lots designated as vacant by Metro based on the following criteria: 1) Fully vacant based on Metro aerial photo 2) Tax lots with less than 2,000 square feet developed AND developed area is less than 10% of lot 3) Lots 95% or more vacant from GIS vacant land inventory | OAR 660-008-0006(2) “Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. |
| Partially Vacant | Single-family tax lots that are 2.5 times larger than the minimum lot size and a building value less than \$300,000 or lots that are 5 times larger than the minimum lots size (no threshold for building value). These lots are considered to still have residential capacity. For this analysis, we are classifying these lots as Partially Vacant. We assume that 0.25 acres of the lot is developed, and the remaining land is available for development, less constraints. | OAR 660-008-0006(2) |
| Ignore (Public or Exempt uses) | Lands in public or semi-public ownership are considered unavailable for residential development. This includes lands in Federal, State, County, or City ownership as well as lands owned by churches and other semi-public organizations and properties with conservation easements. These lands are identified using the Metro’s definitions and categories. | OAR 660-008-0005(2) - Publicly owned land is generally not considered available for residential uses. |
| Developed | Lands not classified as vacant, partially vacant, or public/exempt are considered developed. Developed land includes lots with redevelopment capacity, which are also included in BLI. The unit capacity of developed but redevelopable lots is based on Metro’s estimates. | OAR 660-008-0006(2) “Buildable Land” means residentially designated land within the urban growth boundary, including both vacant and developed land likely to be redeveloped, that is suitable, available and necessary for residential uses. |

Step 3: Identify constraints

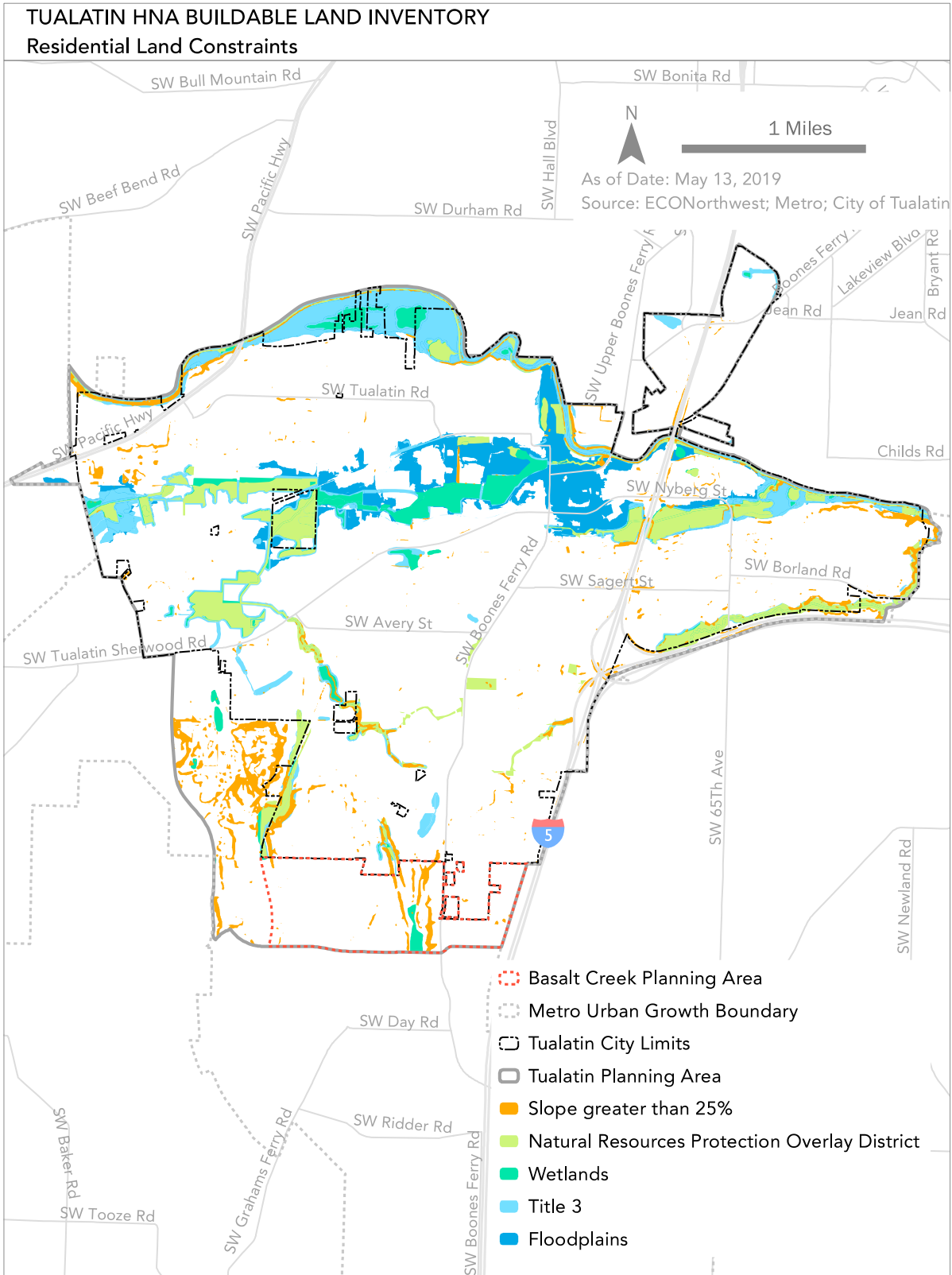
Consistent with OAR 660-008-0005(2) guidance on residential buildable lands inventories, ECO deducted certain lands with development constraints from vacant lands. We used some of the constraints established in Metro’s methodology, with modifications to fit local considerations in Tualatin. These constraints are summarized in the table below.

| Constraint | Statutory Authority | Threshold |
|---|---------------------|---|
| Goal 5 Natural Resource Constraints | | |
| Natural Resources Protection Overlay District | OAR 660-008-0005(2) | Areas in the NRPOD |
| Riparian Corridors | OAR 660-015-0000(5) | Areas protected by the Stream and Floodplain Plan |
| Wetlands | | |
| Natural Hazard Constraints | | |
| 100 Year Floodplain | OAR 660-008-0005(2) | Lands within FEMA FIRM 100-year floodplain |
| Steep Slopes | OAR 660-008-0005(2) | Slopes greater than 25% |

The lack of access to water, sewer, power, road or other key infrastructure cannot be considered a prohibitive constraint unless it is an extreme condition. This is because tax lots that are currently unserviced could potentially become serviced over the 20-year planning period.

Exhibit 99 maps the development constraints used for the residential BLI.

Exhibit 99. Development Constraints, Tualatin Planning Area, 2019



Step 4: Verification

ECO used a multi-step verification process. The first verification step will included a “rapid visual assessment” of land classifications using GIS and recent aerial photos. The rapid visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECO reviewed all tax lots included in the inventory using the rapid visual assessment methodology. The second round of verification involved City staff verifying the rapid visual assessment output. ECO amended the BLI based on City staff review and comments, particularly related to vacant land developed since 2016.

Step 5: Tabulation and mapping

The results are presented in tabular and map format. The Tualatin Residential BLI includes all residential land designated in the Comprehensive Plan within the Tualatin Planning Area. From a practical perspective, this means that ECONorthwest inventoried all lands within tax lots identified by Metro that fall within the Tualatin Planning Area. The inventory then builds from the tax lot-level database to estimates of buildable land by Plan Designation.

DATE: December 4, 2019
TO: Tualatin Housing Needs Analysis Project Advisory Committees
CC: Karen Perl Fox, Steve Koper, and Jonathan Taylor
FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
SUBJECT: FINAL: TUALATIN HOUSING STRATEGY

The City of Tualatin contracted ECONorthwest to develop a Housing Needs Analysis and a Housing Strategy for Tualatin. The Housing Needs Analysis (HNA) will determine whether the City of Tualatin has enough land to accommodate twenty years of population and housing growth. It will characterize housing affordability problems and identify gaps in housing affordability in Tualatin. The HNA will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as for the development of an action plan to implement the housing policies (i.e., the Housing Strategy).

The HNA uses a planning period of 2020–2040. Tualatin is planning for minimum growth of 1,014 new dwelling units within the Tualatin city limits and the Basalt Creek area over the 2020–2040 planning period. Tualatin's vacant unconstrained buildable land has capacity for development of 1,207 new dwelling units at full build-out, not including redevelopment capacity. Build-out of Tualatin's vacant land could occur within the 2020–2040 period, or it could take longer. While the HNA works with the forecasted growth of 1,014 new dwelling units through 2040, the City may consider potential residential growth beyond this forecast in its housing policies, including build-out of all vacant land and redevelopment resulting in additional housing

The results of the HNA show that Tualatin has a deficit of land designated for housing in the Medium High Density Residential and the High Density / High-Rise Residential comprehensive plan designations. The City will need to develop policies to meet this deficit, such as redevelopment or rezoning land to meet these housing needs.

A key objective of the HNA and accompanying 2020 Housing Strategy is to identify options for changes to the City's Comprehensive Plan and land use regulations needed to address housing and residential land needs. This memorandum presents a housing strategy for Tualatin, based on the results of the HNA and discussions with the Community Advisory Committee (CAC) and Technical Advisory Committee (TAC). This Housing Strategy presents a comprehensive package of interrelated policy changes that the CAC recommends the City address.

This Housing Strategy recognizes that the City does not build housing. The strategy focuses on land use tools to ensure there is adequate land planned and zoned to meet the range of housing needs and opportunities for a variety of housing types, whether they be priced at market rate or subsidized. To the extent possible, this strategy strives to provide opportunities for lower-cost market-rate housing to achieve more housing affordability without complete reliance on subsidies and to include subsidized housing as an important tool to meet the need at the lower end of the income spectrum (low, very low, and extremely low) in the mix of strategies.

The Housing Strategy addresses the needs of households with middle, low, very low, or extremely low income. The following describes these households, based on information from the Tualatin Housing Needs Analysis.

- **Very low-income and extremely low-income households** are those who have an income of 50% or less of Washington County’s median family income (MFI)¹ which is an annual household income of about \$41,000 or less for a family of four. About 31% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,018 or less.² Development of housing affordable to households at this income level is generally accomplished through development of income-restricted housing.
- **Low-income households** are those who have an income between 50% and 80% of Washington County’s MFI, or an income between \$41,000 and \$65,000 for a family of four. About 15% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,018 to \$1,625. Households with an income below 60% of MFI typically qualify for some types of income-restricted housing. The private housing market often struggles to develop housing affordable to households in this group, especially for the lower-income households in the group.
- **Middle-income households** are those who have an income between 80% and 120% of Washington County’s MFI, or an income between \$65,000 and \$98,000 for a family of four. About 15% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,625 to \$2,400. The private housing market may develop housing affordable to households in this group.

Through the technical analysis of the HNA and input from the CAC and TAC, the City identified six strategic priorities to meet housing needs identified in the HNA. Strategic priorities are described in greater detail in the section below. Appendix A presents the full text of Tualatin’s existing Comprehensive Plan policies for housing. Appendix B presents the information provided to the CAC in the memorandum “Housing Policy Tools to Address Needs” (May 16, 2019).

Tualatin’s Housing Strategy

The Tualatin Housing Strategy is organized around six broad strategic priorities: (1) ensure an adequate supply of land that is available and serviceable; (2) encourage development of a wider variety of housing types; (3) identify strategies to support affordable housing; (4) evaluate funding tools to support residential development; (5) identify redevelopment opportunities; and (6) ensure there are connections between planning for housing and other planning (such as transportation planning, water and wastewater planning, or economic development planning). The broad goal of the Tualatin Housing Strategy is to help the City manage the land within the

¹ Median family income is determined by the U.S. Department of Housing and Urban Development. In 2018, Washington County’s MFI was \$81,400.

² This assumes that households pay less than 30% of their gross income on housing costs, including rent or mortgage, utilities, home insurance, and property taxes.

Tualatin planning area to meet current and future housing needs while maintaining the character and quality of life in Tualatin and protecting public interests such as housing affordability, health, safety, and municipal revenues.

The Tualatin CAC convened seven times between March 2019 and September 2019. The CAC discussed housing at the meetings in March, May, August, and September. The Tualatin TAC met four times between April 2019 and September 2019 and discussed housing at all four meetings (while some meetings included discussions of other topics, as well). The CAC and TAC provided input into the development of the Housing Strategy through discussions at meetings and opportunities for input on written documents.

The recommendations from the CAC in this strategy consider key findings from the HNA, such as the following examples. The City has a long-term deficit of residential land. The housing market is not building enough housing that is affordable to households with annual incomes less than \$35,000 based on U.S. Census American Community Survey data. The housing market in Tualatin also has a deficit of housing affordable to households earning more than \$150,000.³ The composition of Tualatin's population is becoming older and more diverse. This document presents a comprehensive strategy that provides a variety of opportunities to meet the housing needs of Tualatin's residents at all income levels.

Many of the actions described in the Tualatin Housing Strategy will require legislative amendments to the City's Comprehensive Plan and/or Development Code. These actions will be subject to standard notification and hearing procedures. After the Housing Needs Analysis is completed, the Planning Commission and City Council will prioritize the actions suggested in this memorandum, along with other actions suggested for Tualatin through 2040. Implementation of high priority actions will begin in 2020, based on City Council direction.

³ This analysis is based on Exhibit 79 in the Tualatin Housing Needs Analysis.

Summary of Actions

The table below summarizes the strategies, actions, and recommendations made by the CAC. The priority shown in the table is based on discussions with the CAC about the actions they view to be in need of prompt attention. Low-priority actions represent actions that the CAC thinks are important but that may be executed later in the Tualatin 2040 process. At some level, all of the actions in this strategy are a high priority for the CAC.

| Strategies, Actions, and Recommendations | Priority |
|---|----------|
| Strategy 1: Ensure an adequate supply of land that is available and serviceable. | |
| <p>Action 1.1. Evaluate opportunities to increase development densities within Tualatin’s existing zones by modifying the Development Code.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.1a: Evaluate increasing densities in the Residential High and Residential High Density / High Rise residential designations by allowing buildings that are five to eight stories tall. ▪ Recommendation 1.1b: Conduct an audit of the City’s Development Code to identify barriers to residential development (e.g., lot size, setbacks, and lot coverage ratio) and identify alternatives for lowering or eliminating the barriers. ▪ Recommendation 1.1c: Evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements, especially for housing developed for groups who have fewer cars. ▪ Recommendation 1.1d: Adopt a Planned Unit Development (PUD) ordinance to allow flexibility in both development standards and housing types. | High |
| <p>Action 1.2. Evaluate opportunities to rezone land to provide additional opportunities for multifamily housing development.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.2a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes employment and residential uses. ▪ Recommendation 1.2b: Evaluate opportunities to re-zone Residential Low Density and Residential Medium Low Density residential land for higher-density housing. ▪ Recommendation 1.2c: Evaluate merging High Density zone and the High Density / High Rise zone into one zone and evaluate increasing the maximum density and maximum height limit allowed. | High |
| <p>Action 1.3. Plan for infrastructure development to support residential development, consistent with Strategy 6.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.3a: Identify opportunities to increase coordination between transportation planning and residential growth to manage congestion from growth. ▪ Recommendation 1.3b: Identify opportunities to increase transit service. | Medium |
| <p>Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.4a: Actively work with Metro staff on upcoming Regional Growth Management reports. Coordinate Tualatin’s planning with regional plans. ▪ Recommendation 1.4b: Develop and implement a system to monitor the supply of residential land every two years. ▪ Recommendation 1.4c: Reevaluate Tualatin’s housing needs and land sufficiency on a schedule tied to the Metro Growth Management cycle. ▪ Recommendation 1.4d: When needed in the future, work with Metro on potential expansion of the Metro UGB to include the Stafford area. | High |

| Strategies, Actions, and Recommendations | Priority |
|--|----------|
| Strategy 2: Encourage development of a wider variety of housing types. | |
| <p>Action 2.1. Allow and encourage development of duplexes, cottage housing, townhomes, row houses, and triplexes and quadplexes in lower-density residential zones.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.1a: Allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density residential zone. ▪ Recommendation 2.1b: Allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones, at densities appropriate for the zones. | Medium |
| <p>Action 2.2. Identify opportunities to increase development of commercial and residential mixed-use development.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.2a: Identify opportunities for more mixed-use development. | Medium |
| <p>Action 2.3. Identify opportunities to allow and support development of additional innovative housing types.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.3a: Evaluate allowing and supporting development of other housing types in Tualatin, such as single-room occupancy (more than four unrelated living in the same dwelling with shared kitchen and bathrooms); reuse of cargo containers for housing; tiny homes (dwelling units between 100 and 500 square feet); and higher-amenity housing on larger lots. | Low |
| Strategy 3: Support development and preservation of housing that is affordable for all households. | |
| <p>Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of the median family income in Washington County (\$48,900 or less for a household size of four people).</p> <ul style="list-style-type: none"> ▪ Recommendation 3.1a: Develop policies to support development of housing affordable to households with incomes below 60% of MFI as part of the City's program to leverage funds from the Metro Housing Bond. | High |
| <p>Action 3.2. Develop policies to support development of housing affordable to people who have income between 60% and 120% of MFI (\$48,900 to \$98,000 for a household of four in Washington County) and live and work in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.2a: Emphasize growth of jobs that pay at or above average wages, as part of the City's economic development strategy. ▪ Recommendation 3.2b: Identify opportunities to partner with or support employers who are interested in developing an employer-assisted housing program. | Medium |
| <p>Action 3.3. Develop policies to prevent and address homelessness.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.3a: Develop policies to prevent and address homelessness. | Low |
| <p>Action 3.4. Develop policies to prevent or mitigate residential displacement resulting from redevelopment and increases in housing costs in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.4a: Develop policies to prevent displacement of existing residents. ▪ Recommendation 3.4b: Develop policies to prevent loss of existing affordable housing. | Low |
| <p>Action 3.5. Partner with organizations to establish a land bank or land trust.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.5a: Determine whether to participate in a land bank or land trust, such as the Proud Ground Community Land Trust. | Low |
| <p>Action 3.6. Evaluate creative system development charge financing opportunities.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.6a: Evaluate options for potential changes to SDCs and TDTs to support development of affordable housing. | Medium |
| <p>Action 3.7. Evaluate establishment of a tax exemption program to support development of affordable housing.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.7a: Evaluate tax exemption options to support development of affordable housing or mixed-use housing. | Medium |

| Strategies, Actions, and Recommendations | Priority |
|---|----------|
| <p>Action 3.8. Ensure that Tualatin has sufficient staff capacity to implement the housing program priorities set by the City Council.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.8a: Determine whether the City will need to add staff to implement the policies in the housing strategy. | Low |
| Strategy 4: Identify funding tools to support residential development. | |
| <p>Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.1a: Evaluate opportunities, such as housing development incentives (in Strategy 3), to use leveraged funding from the Metro Housing Bond to support the development of affordable housing. | High |
| <p>Action 4.2. Evaluate establishing an urban renewal district.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.2a: Continue the evaluation of establishing a new urban renewal district and consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of MFI. | High |
| <p>Action 4.3. Evaluate implementation of a construction excise tax.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.3a: Evaluate implementation of a CET, starting with an analysis of the financial capacity of a CET. | Medium |
| Strategy 5: Identify redevelopment opportunities. | |
| <p>Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 5.1a: Identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment. | High |
| <p>Action 5.2. Support redevelopment of underutilized commercial buildings for housing.</p> <ul style="list-style-type: none"> ▪ Recommendation 5.2a: Identify underutilized commercial areas that are ripe for redevelopment and work with landowners and developers to support redevelopment. | Medium |
| Strategy 6: Ensure there are connections between planning for housing and other community planning. | |
| <p>Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth.</p> <ul style="list-style-type: none"> ▪ Recommendation 6.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for housing. ▪ Recommendation 6.1b: Evaluate opportunities to expand transit and improve transportation connectivity in Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin's Town Center. ▪ Recommendation 6.1c: Evaluate opportunities for planning transit-oriented development. ▪ Recommendation 6.1d: Develop a bicycle and pedestrian plan for Tualatin to increase connectivity within Tualatin. | High |
| <p>Action 6.2. Coordinate planning for economic development planning with housing planning.</p> <ul style="list-style-type: none"> ▪ Recommendation 6.2a: Ensure the City includes housing planning for housing that is affordable to people who work at businesses in Tualatin. | Medium |
| <p>Action 6.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 6.3a: Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life. | Low |
| <p>Action 6.4. Support sustainable development practices.</p> <ul style="list-style-type: none"> ▪ Recommendation 6.4a: Evaluate sustainable building practices, including certifications, to determine whether the City should offer incentives for certification or require certification of new buildings as sustainable. | Low |

Strategy 1: Ensure an Adequate Supply of Land that is Available and Serviceable

This strategy is about ensuring an adequate land supply — not only a twenty-year supply (as Goal 10 requires) but also a pipeline of serviced land that is available for immediate development. The following recommended strategies and actions are intended to ensure an adequate supply of residential land through a combination of changes to the Tualatin Development Code, rezoning land, and long-term regional planning for housing. Efficient use of Tualatin’s residential land is key to ensuring that Tualatin has adequate opportunities to grow from 2020 to 2040, and beyond.

Issue Statement

Tualatin’s vacant unconstrained residential land can accommodate about 1,900 new dwelling units, including land within the city limits and Basalt Creek. Development of all of Tualatin’s vacant unconstrained land may occur over a period longer than the twenty-year planning period of this project. The forecast for housing growth over the 2020 to 2040 period is 1,041 new dwelling units.

The results of the HNA show that Tualatin has a surplus of capacity for new housing in the Low Density Residential, Medium Low Density Residential, and High Density Residential Plan Designations but a deficit in the Medium High Density Residential and High Density / High-Rise Residential plan designations. Tualatin has a deficit of 109 dwelling units (about 7 gross acres of land) in the Medium High Density Residential designation and a deficit of 101 dwelling units (about 4 gross acres of land) in the High Density / High-Rise Residential designation.

Tualatin has enough land within its planning area to accommodate the forecast for new housing. The existing zoning, however, leads to deficits of land in the Medium High Density Residential and High Density / High-Rise Residential Plan Designations. Oregon’s statewide planning system requires cities that do not have enough land within their urban growth boundary (UGB) or in selected plan designations to evaluate and implement policies to increase land use efficiently, expand the UGB, or both.

Tualatin is part of the Metro UGB and cannot expand its planning area on its own. However, Tualatin can increase land use efficiency within its planning area by increasing allowable development densities, rezoning land, or planning for redevelopment to meet the needs in the Medium High Density Residential and High Density / High-Rise Residential plan designations. In addition, Tualatin can monitor growth to ensure that the city continues to have sufficient land for residential growth, and it can work with Metro and other regional partners on future expansions of the Metro UGB to accommodate additional residential development in Tualatin.

Tualatin needs land that is vacant with urban services that support residential development, such as municipal water service, sewer and wastewater service, stormwater management systems, and transportation connections with adequate capacity to accommodate growth.

Goal

Ensure that sufficient land is designated and has urban services to support development so the supply is adequate for all needed housing types at the needed densities. Consider the development-ready residential land supply as part of ongoing functional planning efforts to provide necessary urban services in support of residential development.

Recommended Actions

Action 1.1. Evaluate opportunities to increase development densities within Tualatin's existing zones by modifying the Development Code.

This approach seeks to increase housing capacity by increasing allowable density in residential zones. In short, it gives developers the option of building to higher densities. Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development, add tax revenue that benefits the City (as more units can be built), and make the provision of services more cost effective.

This action will look at increasing allowed densities in the Comprehensive Plan and decreasing minimum lot size standards and/or allowable densities in all residential zones.

Tualatin could modify the density ranges outlined in the Tualatin Development Code. These are currently:

- Residential Low-Density (RL): 1–6.4 dwelling units per acre
- Residential Medium Low–Density (RML): 6–10 dwelling units per acre
- Residential Medium High–Density (RMH): 11–15 dwelling units per acre
- Residential High-Density (RH): 16–25 dwelling units per acre
- Residential High-Density/High-Rise (RH/HR): 26–30 dwelling units per acre

With respect to zoning, Tualatin presently has the following zoning standards:

- P is permitted, C is conditional, and N is not permitted
- Minimum Lot size is in square feet and maximum density is in dwelling units per acre (du/ac)

| Zone | Single-Family Detached | Manufactured Home on a Lot | Accessory Dwelling Unit | Manufactured Home Park | Duplex | Townhouse | Multi-family |
|-----------------------------|------------------------|----------------------------|-------------------------|------------------------|--------|-----------|--------------|
| Residential Low (RL) | | | | | | | |
| Allowed Uses | P | P | P | N | C | C | C |
| Minimum Lot Size | 6,500 average | 6,500 average | - | | 6,000 | 6,000 | 6,000 |

| Zone | Single-Family Detached | Manufactured Home on a Lot | Accessory Dwelling Unit | Manufactured Home Park | Duplex | Townhouse | Multi-family |
|---|------------------------|----------------------------|--|------------------------|-----------|-----------|--------------|
| Maximum Density | 6.4 du/ac | 6.4 du/ac | Accessory to lot with single family dwelling | | 6.4 du/ac | 6.4 du/ac | 6.4 du/ac |
| Residential Medium Low-Density (RML) | | | | | | | |
| Allowed Uses | C | N | P | P | P | P | P |
| Minimum Lot Size | 4,500 | | | | 4,356* | 1,400 | 4,356* |
| Maximum Density | 10 du/ac | | | 12 du/ac | 10 du/ac | 10 du/ac | 10 du/ac |
| Residential Medium High-Density (RMH) | | | | | | | |
| Allowed uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 2,904* | 1,400 | 2,904* |
| Maximum Density | | | | | 15 du/ac | 15 du/ac | 15 du/ac |
| Residential High-Density (RH) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 1,742* | 1,400 | 1,742* |
| Maximum Density | | | | | 25 du/ac | 25 du/ac | 25 du/ac |
| Residential High-Density/High-Rise (RH/HR) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 1,452 | 1,452 | 1,452* |
| Maximum Density | | | | | 30 du/ac | 30 du/ac | 30 du/ac |
| Mixed-Use Commercial Overlay Zone (MUCOD) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | None | None | None |
| Maximum Density | | | | | 50 du/ac | 50 du/ac | 50 du/ac |
| Central Tualatin Overlay Zone (RH/HR) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size (Core Area) | | | | | 5,000 | 5,000 | 5,000 |
| Minimum Lot Size (Noncore Area) | | | | | 25,000 | 25,000 | 25,000 |
| Maximum Density | | | | | 25 du/ac | 25 du/ac | 25 du/ac |

*Note: The lot sizes for duplex and multifamily units are based on development on more than one acre. Development on less than one acre has a different standard for minimum lot size.

Changes to lot size standards are legislative changes to the Comprehensive Plan and/or zoning code. As such, this process should be initiated with the Planning Commission and include opportunities for public input.

Recommendation 1.1a: Tualatin should evaluate increasing densities in the residential High and Residential High Density / High Rise designations by allowing buildings that are five to eight stories tall (or higher). The City could increase densities to 60 to 100 dwelling units per acre. Alternatively, the City could allow the zoning standards to dictate the number of new dwelling units, based on standards such as building height limitations, parking requirements per unit, lot coverage ratios, setback requirements, and other zoning standards.

Recommendation 1.1b: Tualatin should conduct an audit of the City's Development Code to identify barriers to residential development (e.g., lot size, setbacks, and lot coverage ratio) and identify alternatives for lowering or eliminating the barriers. For example, the code audit could include these evaluating dimensional standards in all zones to understand the potential impact of development of vacant land (especially smaller or irregularly shaped lots) to identify barriers to infill development.

Recommendation 1.1c: Tualatin should evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements, especially for housing developed for groups who have fewer cars, such as seniors or low-income affordable housing, close proximity to transit stop, and/or additional provision of bicycle parking. The City could consider changes that allow for alternative ways to meet parking requirements or reduce (or eliminate) parking requirements:

- Requiring off-street parking, but not necessarily requiring parking garages.
- Allowing some on-street parking within a set distance of the development to account for some off-street parking requirements.
- Requiring less off-street parking when close (such as within ¼ mile) of a transit stop.
- Requiring additional provision of bicycle parking to reduce parking requirements for the building.

Recommendation 1.1d: Adopt a (Planned Unit Development) PUD ordinance to allow flexibility in both development standards and housing types (subject to a maximum density) in exchange for provision of protected open space through a land use application process; this would require a hearing on the proposed development with the Planning Commission.

Action 1.2. Evaluate opportunities to rezone land to provide additional opportunities for multifamily housing development.⁴

The community desires rezoning to promote the opportunity of housing redevelopment and development. This action seeks to address the deficit of land in the Medium High Density Residential designation (about 7 gross acres of land) and in the High Density / High-Rise Residential designation (about 4 gross acres of land). The action also seeks to provide additional opportunities for the development of multifamily housing; this may contribute, to providing more opportunities for people who work at businesses in Tualatin to also live in Tualatin.

Recommendation 1.2a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes employment and residential uses. The City should exclude industrial sanctuary land (i.e., land in the Southwest Tualatin Concept Plan area) from this evaluation, as this land has been identified as regionally significant industrial areas.

Recommendation 1.2b: Evaluate opportunities to rezone Residential Low Density and Residential Medium Low Density residential land for higher-density housing.

Recommendation 1.2c: Evaluate merging the High Density zone and the High Density / High Rise zones into one zone, and evaluate increasing the maximum density and maximum height limit allowed in the revised zone, consistent with Action 1.1.

Action 1.3. Plan for infrastructure development to support residential development, consistent with Strategy 6.

The City already coordinates land use planning with the Capital Improvement Plan to ensure that infrastructure is available to support residential development, especially in newly urbanizing areas and areas identified as high priority for development. Some types of infrastructure development, especially transportation and transit infrastructure, have lagged behind growth in Tualatin and in the broader region, resulting in automotive congestion and insufficient transit service, as discussed in Strategy 6.

Recommendation 1.3a: Identify opportunities to increase coordination between transportation planning and residential growth to manage and reduce congestion resulting from new growth.

Recommendation 1.3b: Identify opportunities to increase transit service between Tualatin and other cities within the Portland region (such as the ongoing planning for the Southwest Corridor) and transit within Tualatin.

⁴ An alternative to this strategy suggested by a committee member was revising the City's zoning system to the following categories of land use: Suburban Residential (replaces the RL and RML zones) with a maximum of 10 dwelling unit per acre and maximum building height of 45 feet; Urban Residential (replaces the RMH and RH zones) with a minimum density of 15 dwelling units per acre and maximum building height of 65 feet; and Urban II (includes the RH/HR zone) with a minimum density of 30 dwelling units per acre and maximum building height of 100 feet.

Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond.

The Housing Needs Analysis plans for the 2020 to 2040 period. It is based on Metro's current forecasts for household growth in Tualatin. The Economic Opportunities Analysis shows that employment will continue to grow in Tualatin at a substantially faster pace than households over the next twenty years.

Tualatin has capacity for residential development beyond the forecasted growth over the next twenty years and may be planning for additional capacity for residential growth through policies to increase multifamily building height and density standards (Action 1.1), increased mixed-use development, (Action 1.2) and redevelopment (Action 5.1). Even so, if Tualatin wants to provide more opportunities for development of housing to allow people to live and work in Tualatin, the City will need to identify additional opportunities for residential development beyond the Tualatin planning area.

A key part of this planning is working with Metro on regional planning for housing and employment in and around Tualatin. The City would be well served by having information to share with Metro about new development, the City's planning efforts to provide opportunities for people to work and live in Tualatin, and economic development plans.

[Recommendation 1.4a:](#) Actively work with Metro staff on upcoming Regional Growth Management reports to ensure that Tualatin's population and employment forecasts are planned for similar growth rates. Coordinate Tualatin's planning with regional plans.

[Recommendation 1.4b:](#) Develop and implement a system to monitor the supply of residential land every two years. This includes monitoring residential development (through permits) as well as land consumption (e.g., development on vacant or land for redevelopment). The reports resulting from growth monitoring can be used for working with Metro to better understand Tualatin's opportunities for growth.

[Recommendation 1.4c:](#) Reevaluate Tualatin's housing needs and land sufficiency on a regular basis tied to the Metro Growth Management cycle (i.e., every six years), as part of the City's coordination with Metro. This recommendation is consistent with new requirements in ORS 197.296 (2)(a)(B)(ii), which was updated through House Bill 2003 to require Metro cities to update their housing needs analysis every six years.

[Recommendation 1.4d:](#) As Tualatin continues to grow and eventually cannot accommodate residential growth within the City, work with Metro on potential expansion of the Metro UGB to include the Stafford area.

Strategy 2: Encourage Development of a Wider Variety of Housing Types

This strategy focuses on actions that are intended to ensure new residential structures developed in Tualatin are diverse and include missing middle, workforce housing, low to moderate-income senior housing and other housing products to achieve housing affordability for households and to meet Tualatin's twenty-year housing needs.

Issue Statement

Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing, single-family attached housing, and compact single-family detached housing). To the extent that denser housing types are more affordable than larger housing types (i.e., single-family detached units on larger lots, such as 2,500 square foot dwelling units on lots larger than 5,000 square feet), continued increases in housing costs will increase demand for denser housing.

Tualatin's housing mix in the 2013–2017 period⁵ was 53% single-family detached, 6% single-family attached and 41% multifamily. Of the multifamily housing, about 5% are low-density multifamily housing types such as duplexes, triplexes, and quadplexes. The HNA assumes that the housing mix of new dwelling units in Tualatin will be about 40% single-family detached, 15% single-family attached and 45% multifamily.

To achieve this mix, Tualatin will need to implement policies that allow a wider variety of middle-density housing types (e.g., cottage clusters, townhouses, duplexes, triplexes, and quadplexes), as well as higher-density housing types (e.g., apartment buildings taller than four stories and mixed-use buildings).

In addition, Tualatin will allow for development of housing that is affordable to workers in Tualatin⁶ and is located in proximity to employment opportunities to attract needed labor force for its industrial and commercial zones and mixed-use overlay zones. These types of housing include (but are not limited to) live-work units, "skinny" single-family detached housing, townhouses, cottage housing, duplexes and triplexes, and less costly types of multifamily housing.

Goal

Allow and encourage the development of a broader diversity of housing types, including middle-density housing types and higher-density housing types.

⁵ Based on 2013–2017 ACS five-year estimates for Tualatin.

⁶ The average wage in Tualatin was \$57,300 in 2017. Housing that is affordable to a worker with that wage would have a housing cost of no more than \$1,430 per month. Some workers make less than the average wage and would require housing affordable to lower incomes, as described in Strategy 3.

A single worker with a job paying the average wage could afford a dwelling with a sales price of no more than \$230,000. Given that the average sales price in Tualatin in early 2019 was \$480,000, housing affordable at the average wage in Tualatin is likely to be rental housing. If the household has two full-time workers with jobs paying the average wage, the household may be able to purchase a dwelling in Tualatin.

Recommended Actions

Action 2.1. Allow and encourage development of duplexes, cottage housing, townhomes, row houses, and triplexes and quadplexes in lower-density residential zones.

Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types.

This approach could be implemented through the local zoning or development code. These housing types would be listed as outright allowable uses in appropriate residential zones. These housing types may provide additional affordability and allow more residential units than would be achieved by detached homes alone.

The City has already partially implemented this strategy. The City already allows one accessory dwelling unit for existing single-family units. Tualatin allows duplexes, townhouses, and multifamily housing as a conditional use in the Residential Low Density residential zone. Tualatin allows duplexes, townhouses, and multifamily housing as a permitted use in the Medium-Low Density and Medium-High Density residential zones.

This strategy would move Tualatin toward compliance with the potential requirements of House Bill 2001, which passed during the 2019 legislative session. The bill requires cities within the Metro UGB to allow middle housing types in low-density residential zones. The bill defines middle housing types as:

- (A) duplexes,
- (B) triplexes,
- (C) quadplexes,
- (D) cottage clusters, and
- (E) townhouses.

To comply with House Bill 2001, Tualatin will need to:

- Allow cottage cluster as a housing type in the Residential Low Density residential zone. Tualatin may want to allow cottage cluster housing in the Medium-Low Density and Medium-High Density residential zones. Tualatin will also need to include development standards in the Tualatin Development Code.
- Allow duplexes, townhouses, and multifamily housing as a permitted use in the Residential Low Density residential zone.

[Recommendations 2.1a: Allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density residential zone.](#) Tualatin will also need to revise the Development Code to include development standards for these housing types. As part of implementation of House Bill 2001, the Oregon Department of Land Conservation and Development (DLCD) will be developing a model code for cities to accommodate these housing types. Given that the model code may not be available before December 2020 and the deadline for adoption of policies to meet the requirement

of House Bill 2001 is June 30, 2022, Tualatin should begin the process to identify changes necessary to implement House Bill 2001 before the model code is available.

[Recommendations 2.1b:](#) Allow cottage cluster housing in the Medium-Low Density and Medium-High Density residential zones, at densities appropriate for the zones.

Action 2.2. Identify opportunities to increase development of commercial and residential mixed-use development.

One way to provide additional opportunities for housing development, especially multifamily housing development, is through planning for mixed-use development. Tualatin defines mixed-use development as “a tract of land or building or structure with two or more different uses such as, but not limited to residential, office, retail, manufacturing, public or entertainment, in a compact urban form.”

The Economic Opportunities Analysis shows that Tualatin has a small amount of vacant unconstrained commercial land (11 acres). Strategy 5 (redevelopment) recommends identifying opportunities for redevelopment, especially for mixed-use development. Both the Economic Opportunities Analysis and Housing Needs Analysis document the fact that most people who work in Tualatin live elsewhere and that there are relatively few opportunities for housing for people who want to live and work in Tualatin.

One way to increase opportunities for this type of housing is to increase the overall amount of housing affordable to people who work at jobs in Tualatin, much of which will be multifamily housing and should be located near employment centers in Tualatin. Increasing opportunities for mixed-use development can address both of these issues.

[Recommendation 2.2a:](#) Identify opportunities for more mixed-use development, either through rezoning land to a mixed-use zone and/or through redevelopment (consistent with Action 5.1).

Action 2.3. Identify opportunities to allow and support development of innovative housing types.

Some housing types have traditionally not been present in Tualatin, either because they are not allowed or because the market is not developing them. Some innovative housing types may include single-room occupancy (more than four unrelated living in the same dwelling with shared kitchen and bathrooms); reuse of cargo containers for housing; tiny homes (dwelling units between 100 and 500 square feet); and other innovative housing types.

In addition, growth of seniors is increasing demand for single-level single-family detached units to allow seniors to remain in Tualatin as they age. While this type of unit is allowed in Tualatin, little of this housing has been developed over recent years.

Tualatin's land base does not provide opportunity for development of higher-amenity housing on larger lots. This type of housing generally appeals to households with higher incomes. When Tualatin is evaluating opportunities for UGB expansion, there may be opportunities for development of this type of housing in areas where developing higher-density housing is challenging or undesirable, such as on hillsides.

[Recommendation 2.3a: Evaluate allowing and supporting development of other housing types in Tualatin, such as single-room occupancy \(more than four unrelated living in the same dwelling with shared kitchen and bathrooms\); reuse of cargo containers for housing; tiny homes \(dwelling units between 100 and 500 square feet\); and higher amenity housing on larger lots.](#)

Strategy 3: Support development and preservation of housing that is affordable for all households

The following recommended strategy and actions are intended to use a deliberate set of mandates and incentives to support the development of new affordable housing and preserve existing affordable housing.

Issue Statement

Availability of housing that is affordable to households at all income levels is a key issue in Tualatin. For the purposes of this strategy, affordable housing is defined as 1) housing for very low-income and extremely low-income households at 50% or below the median family income (MFI)⁷ (\$41,000 in 2018); 2) housing for low-income households with incomes between 50% and 80% of the MFI (\$41,000 to \$65,000 in 2018); and 3) housing for middle-income households with incomes between 80% and 120% of the MFI (\$65,000 to \$98,000 in 2018).

The City's policy options for providing opportunities to build housing, especially affordable housing (both market-rate and government-subsidized affordable housing) are limited. The most substantial ways the City can encourage development of housing is through ensuring that

⁷ Based on U.S. Department of Housing and Urban Development Median Family Income of \$81,400 for Washington County in 2018.

enough land is zoned for residential development, in addition to assembling and purchasing land for affordable housing development, eliminating barriers to residential development where possible, and providing infrastructure in a cost-effective way.

Based on the actions identified below and the priorities set by decision makers, the City should develop a comprehensive housing strategy that supports the development of long-term (30–60 years) affordable housing that is government-subsidized which is developed by nonprofits, private developers, and/or in partnership between any of the following: public, nonprofit, and/or private developers. The Tualatin Housing Program will use a variety of tools, such as those described in this memorandum, to lower barriers to and encourage affordable housing development.

Goal

The goal of this strategy is to promote more lower-cost housing, with a focus on low and middle-income housing, creating mixed-income neighborhoods. This focus is to ensure that there is housing that is affordable to workers at businesses in Tualatin.

Recommended Actions

Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of the median family income in Washington County (\$48,900 or less for a household size of four people).

Evaluate policies to support development of low-income housing that would be affordable to households earning less than 80% of the MFI in Washington County (\$65,000 for a household size of four people), many of whom may be eligible for income-restricted housing, which is commonly known as low-income housing. These policies will leverage funds from the Metro Housing Bond (discussed in Strategy 4). Some examples of support include:

- Reducing or waiving systems development charges (SDCs) and Transportation Development Tax (TDT) fees (see Action 3.6).
- Evaluating adoption of a tax exemption program (see Action 3.7).
- Providing density bonuses for development of housing affordable to households with incomes below 60% of the MFI.
- Participating in a land bank for housing affordable to households with incomes below 60% of the MFI (see Action 3.5).
- Evaluating adoption of an inclusionary zoning program to require market-rate development to include some housing affordable to households with incomes below 80% of the MFI.
- Developing an expedited review process for development of affordable housing projects that target housing affordability at 60% of the MFI.

- Partnering with Washington County Housing Services and Oregon Housing and Community Services (OHCS) to identify resources for developing additional housing affordable for household with incomes of below 60% of the MFI.

[Recommendation 3.1a: Develop policies to support development of housing affordable to households with incomes below 60% of the MFI, as part of the City’s program to leverage funds from the Metro Housing Bond.](#)

Action 3.2 Develop policies to support development of housing affordable to people who have incomes between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four in Washington County) and live and work in Tualatin.

Workforce housing is housing that is affordable to households earning between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four in Washington County). An important part of this action is coordinating with economic development planning. In 2017, the average wage for jobs in Tualatin was \$57,300.

Action 3.1 includes housing policies for households earning between 60% and 120% of the MFI. Some additional ways that the City may support development of housing affordable to households with incomes between 60% and 120% of the MFI are:

- Coordinating planning for economic development with planning for residential development to emphasize the growth of jobs that pay at or above Tualatin’s average wage (\$57,300 in 2017).
- Supporting and potentially partnering with employers who are interested in developing an employer-assisted housing program to provide grants or loans to support rehabilitation or new housing development.
- Partnering with Washington County Housing Services and Oregon Housing and Community Services (OHCS) to identify resources for developing additional housing affordable for household with incomes between 80% and 120% of the MFI.
- Participating in a land bank for housing affordable to households with incomes between 80% and 120% of the MFI (see Action 3.5).

[Recommendation 3.2a: Emphasize growth of jobs that pay at or above average wages, as part of the City’s Economic Development Strategy.](#)

[Recommendation 3.2b: Identify opportunities to partner with or support employers who are interested in developing an employer-assisted housing program.](#)

Action 3.3. Develop policies to prevent and address homelessness.

Households earning less than 30% of the MFI (\$24,000 or less for a family of four) are at risk of becoming homeless. They can afford monthly rent of \$600 or less. About 16% of households in Tualatin currently fit into this income category. Tualatin has a deficit of about 1,400 units affordable to households with incomes of \$25,000 or less.

Tualatin can use approaches similar to those in Action 3.1 to support development of housing affordable to these households, including using funds from the Metro Housing Bond. Tualatin can also take the following actions to prevent and address homelessness:

- Develop a strategic plan to address homelessness and strengthen partnerships between the City and service providers who assist people experiencing homelessness.
- Partner with service providers to expand rapid rehousing and permanent supportive housing programs.
- Partner with service providers to support the creation of overnight shelters that provide safe sleeping options for people who are unsheltered. Work with service providers to explore alternatives to congregate shelters.

There are many other actions that Tualatin can take to prevent and address homelessness, such as expansion of transportation options, increasing outreach to the homeless population, partnering with service providers of mental health services, supporting a crisis intervention team, and other services.

[Recommendation 3.3a: Develop policies to prevent and address homelessness.](#)

Action 3.4. Develop policies to prevent or mitigate residential displacement resulting from redevelopment and increases in housing costs in Tualatin.

Redevelopment and development of new housing can increase housing costs and displace existing residents. Housing that is currently affordable to households, such as those earning below 60% of the MFI (less than \$48,900 for a household of four) or between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four), can become unaffordable as a result of redevelopment and overall increases in housing costs in Tualatin, making it harder for existing residents of Tualatin and people working at businesses in Tualatin to afford to live in Tualatin.

- Identify funding to allocate to housing programs that prevent and alleviate the risk of displacement, such as the funding sources identified in Strategy 4, to fund programs such as the ones below.
- Evaluate the feasibility of developing a housing preservation and development program to assist with capital repairs, façade improvements, or weatherization. Tualatin may consider criteria for funding, such as the property must be regulated affordable or at risk of converting to market rate. Tualatin could consider offering funds to low-cost market-rate properties in need of major structural repairs (in return for the property owner maintaining existing rent levels).
- Partner with organizations to support programs that preserve market-rate housing and affordable housing. These partnerships can include programs such as provision of grants or low-interest loans to support rehabilitation of existing, older single-family detached homes in poor condition, and/or extending existing Low Income Housing Tax Credit projects for an additional term or converting to long-term affordable housing
- Limit condominium conversions. Develop and evaluate requirements for multifamily building owners who want to convert the apartment units to condominiums. Limitations may restrict the conditions under which conversion is allowed, (e.g., based on vacancy rates or tenant consent). Limitations could require that tenants be offered a right of first refusal to purchase their unit, should the owner want to convert their property to a condominium.
- Work with agencies who offer Fair Housing education and enforcement. Provide landlords and tenants with education of rights and responsibilities under Fair Housing Act and provide resources for enforcement actions where Fair Housing law has been violated. Tualatin could provide resources/information about the Housing Choice Voucher Program to reduce the extent to which landlords discriminate against voucher recipients in Tualatin.

[Recommendation 3.4a: Develop policies to prevent displacement of existing residents.](#)

[Recommendation 3.4b: Develop policies to prevent loss of existing affordable housing.](#)

Action 3.5. Partner with organizations to establish a land bank or land trust.

A land bank supports housing affordability by reducing or eliminating land or acquisition costs from a developer's total development budget. Land banks take several forms, but many are administered by a nonprofit or government entity with a mission of managing a portfolio of properties to support a public or community purpose over many years or decades. The land banking process involves key procedural steps, including (1) strategic land and property acquisition, (2) restoration of the property (e.g., clear blight, clear title), and (3) resale to a buyer.

A land trust is similar to land banking in that they participate in strategic land and property acquisition and restoration of the property (e.g., clear blight, clear title). Though instead of ultimately selling the property (land and buildings), the land trust holds the land in perpetuity and sells or leases the buildings. A land trust is typically a private or nonprofit organization that leases or sells the buildings (e.g., dwelling units) sited on the land but owns and manages the land permanently. A land trust can support housing affordability by leasing the dwelling units on their land to income-qualified renters. If the land trust prefers to pursue homeownership objectives, they can enact a deed covenant prior to selling the dwelling units to safeguard lasting affordability for homeowners.

The City's role in a land bank or land trust may include:

- Identifying opportunities to assist with assembly of land into a single tax lot or multiple adjacent tax lots in certain cases (i.e., mixed-use development with more than one developer involved) to support development of affordable housing.
- Identifying surplus publicly-owned properties that could be used for affordable housing and partner with developers of affordable housing (consistent with Actions 3.1 or 3.2).

[Recommendation 3.5a: Determine whether to participate in a land bank or land trust, such as the Proud Ground Community Land Trust, and determine the City's role in the land banking process.](#)

Action 3.6. Evaluate creative system development charge financing opportunities.

Opportunities to change the way that the City collects system development charges (SDC) and the Transportation Development Tax (TDT) include (1) reducing or waiving system development charges for residential development that meets Tualatin's housing needs or goals (such as the development of housing affordable to households earning less than 60% of the MFI [\$48,900 for a household of four]); (2) implementing an SDC financing credit program to incentivize needed housing types; (3) developing a sliding scale of SDC based on the size of the units, charging lower SDC for smaller units; (4) implementing a sole source system development charge program; (5) vesting SDC rates on submission of the complete land use review application to determine the SDC early in the development process; and (6) collecting SDC at completion of construction (prior to issuance of a certificate of occupancy) rather than at issuance of the building permit.

[Recommendation 3.6a: Review options for potential changes to SDC and TDT to determine if one or more of the options above is appropriate for Tualatin and implement changes to SDCs and the TDT, as appropriate.](#)

Action 3.7. Evaluate establishment of a tax exemption program to support development of affordable housing.

Tax exemption programs typically provide exemptions from property taxes for ten years, and for some, up to twenty years. Tax exemption programs include the following:

| Program | Vertical Housing Development Zones (VHDZs) | Multiunit Housing (a.k.a. MUPTe) | Low-Income Rental Housing/Nonprofit Corporation Low-Income Housing | Tax Exemption for Newly Rehabilitated or Constructed Multiunit Rental Housing |
|---|--|--|--|---|
| Eligible Projects/ Properties | Must include at least one “equalized floor” of residential; at least 50% of the street-facing ground floor area must be committed to nonresidential use. Can be new construction or rehabilitation. City can add other criteria. | Housing subject to a housing assistance contract with a public agency; OR housing that meets City-established criteria for design elements benefitting the general public and number of units. May be new construction, addition of units, or conversion of an existing building to residential use. | New rental housing exclusively for low-income households (at or below 60% MFI); rental housing for low-income persons (at or below 60% MFI) that is owned, being purchased, and/or operated by a nonprofit; or land held for affordable housing development. | Newly rehabilitated or constructed multiunit rental housing. Rental units affordable to households with an annual income at or below 120% of MFI. |
| Eligible Areas | Within designated areas. City may designate any area it chooses. ⁸ | Within designated areas. City may designate core areas. Alternatively, the City can designate the entire city and limit the program to affordable housing. | Anywhere in the city | Anywhere in the city |
| Duration of Tax Exemption/ Abatement | Exemption is for 10 years (this is set in statute, not by the City). | Exemption is for up to 10 years, except for low-income housing, exemption can be extended for as long as the housing is subject to the public assistance contract. | For the low-income rental housing program, exemption lasts 20 years. | City must establish a schedule that provides longer exemptions for projects with more qualifying units, with a maximum of 10 years. |
| Best Suited for | Encouraging mixed-use development in locations where ground floor commercial uses are essential to the vision and mixed-use is not economically feasible yet. | Encouraging multifamily housing in strategic locations or supporting development of housing affordable households with income of 80% of MFI or lower. | Reducing operating costs for regulated affordable housing affordable at 60% MFI or below. | Incentivizing market-rate/moderate-income multifamily housing development citywide. |

Recommendation 3.7a: Review tax exemption options to support development of affordable housing or mixed-use housing to determine if one or more of the options

⁸ The prior statutes governing the VHDZ program specified certain types of areas where VHDZs could be designated. The current version of the statute leaves this decision entirely up to the City. However, logically, the zoning would need to allow both residential and nonresidential uses in order to allow development that could be eligible for VHDZ tax abatement.

above is appropriate for Tualatin and implement the tax exemption program(s) identified as appropriate for Tualatin.

Action 3.8. Ensure that Tualatin has sufficient staff capacity to implement the housing program priorities set by the City Council.

The Housing Strategy presented in this memorandum, and especially the actions presented in Strategy 3 and Strategy 4, will take substantial staff time to evaluate and implement. The City may need additional staffing to implement the Housing Strategy.

Recommendation 3.8a: As the City Council sets priorities for implementation of the Housing Strategy, the Council should work with the City Manager and Community Development Director to determine whether the City will need to add staff to implement the policies in the Housing Strategy.

Strategy 4: Identify Funding Tools to Support Residential Development

The following recommended strategy and actions are intended to consider a range of funding tools that Tualatin may implement and use to support residential development.

Issue Statement

Funding for affordable housing and the infrastructure that serves residential land is becoming increasingly difficult. Cities have adopted a broad range of tools to support affordable housing. The nature of those tools is dependent on local factors: tax base, council support, competing priorities, etc.

Funding affordable housing programs from existing revenue sources may be challenging. Supplemental tools will be necessary if the City wants to support residential development.

Goal

Explore creative and sound ways to support development of affordable housing and infrastructure development.

Recommended Actions

Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing.

Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing. The Metro Housing Bond is for \$652.8 million, the majority of it will support development of at least 3,900 new affordable units. Most of the new units will be affordable to households with income below 60% of the MFI (\$48,600 for a family of four) or less. Funds from the bond measure can be used for building new affordable units, housing purchase and rehabilitating existing housing, buying land for new affordable housing, and producing affordable homeownership units.

Washington County has been allocated \$118.9 million from the bond. The County's draft Local Implementation Strategy allocates Tualatin \$17.5 million for new construction of about 175 units

of housing affordable for individuals and families. In addition, the County anticipates \$30.6 million in additional funds for Tualatin to support this housing development from sources such as Low Income Housing Tax Credits (LIHTC), private resources such as loans from private banks, property tax exemptions, Washington County HOME Partnership Investment Program funds, Washing County Housing Production Opportunity Fund, and resources from partner jurisdictions (such as fee waivers or exemptions, donated or discounted land, grants, or other resources).

The programs discussed in Strategy 3 (especially in Actions 3.1, 3.4, and 3.7) are ways that the City can support and leverage funding from the Metro Housing Bond. In addition, Actions 4.2 (Urban Renewal) and 4.3 (CET) can also leverage funding from the Metro Housing Bond.

[Recommendation 4.1a: Evaluate opportunities, such as housing development incentives \(from Strategy 3\), to use leveraged funding from the Metro Housing Bond to support the development of affordable housing.](#)

Action 4.2. Evaluate establishing an urban renewal district.

As the City evaluates establishing a new urban renewal district (which is currently an ongoing process within the City), evaluate opportunities to support development of affordable housing programs (Strategy 3) funded through urban renewal. The City should also evaluate development of infrastructure (Strategy 1) and redevelopment opportunities (Strategy 5) to support residential development.

Tax increment finance revenues (TIFs) are generated by the increase in total assessed value in an urban renewal district (from the time the district is first established). As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off the bonds. Over the long term (most districts are established for a period of twenty or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:

- Redevelopment projects, such as mixed-use or infill housing developments
- Economic development strategies, such as capital improvement loans for small or start-up businesses that can be linked to family-wage jobs
- Streetscape improvements, including new lighting, trees, and sidewalks
- Land assembly for public as well as private reuse
- Transportation enhancements, including intersection improvements
- Historic preservation projects
- Parks and open spaces

As the City continues its ongoing evaluation of establishing a new urban renewal district, the City should consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of the MFI (\$48,600 for a household of four). Cities primarily use urban renewal funds to support the development of affordable housing by purchasing land and accepting development proposals on that land. Cities typically require some percentage of housing to be affordable, or they make the inclusion of affordable housing a criterion for the evaluation of development proposals.

In addition, cities use urban renewal funds to directly invest in infrastructure projects that benefit housing development.

[Recommendation 4.2a](#): As the City continues its ongoing evaluation of establishing a new urban renewal district, the City should consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of the MFI.

Action 4.3. Evaluate implementation of a construction excise tax.

The construction excise tax (CET) is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533, which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction.

The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:

- 50% must be used for developer incentives (e.g., fee and SDC waivers, tax abatements, etc.).
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives, while the remaining 50% is unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.

[Recommendation 4.3a](#): Evaluate implementation of a CET, starting with an analysis of the financial capacity of a CET based on historical construction rates and the amount of the CET. The fiscal potential will provide a foundation that (1) helps determine whether a CET would generate enough revenue to make an impact, and (2) helps focus discussion on how the City could generate the best return on investment of CET funds.

Strategy 5: Identify Redevelopment Opportunities

This strategy focuses on actions that are intended to identify redevelopment opportunities in areas where housing would be appropriate.

Issue Statement

Tualatin has a deficit of land for housing, a deficit of 109 dwelling units in the Medium High Density Residential designation and a deficit of 101 dwelling units in the High Density / High-Rise Residential designation. Some (or perhaps all) of this deficit could be accommodated through redevelopment of existing areas within Tualatin, where there are opportunities to increase the intensity of land uses. Redevelopment may also provide opportunities for the development of mixed-use areas that are more walkable, have amenities that households frequently access (e.g., schools, medical facilities, parks, retail, restaurants, and other services), and have access to transit, consistent with the actions in Strategy 6.

Redevelopment may require actions from other strategies, such as increasing allowable densities, up-zoning, density bonuses for affordable housing, land assembly, reduced parking requirements, tax abatement programs to support housing development, and funding support such as an urban renewal district.

As the City plans for redevelopment, it should be sensitive to the potential for displacement of existing residents. Action 3.4 includes measures to mitigate displacement resulting from redevelopment.

Goal

Redevelop selected areas of Tualatin to create vibrant mixed-use districts that include new housing opportunities.

Recommended Actions

Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

A key finding of the Housing Needs Analysis is that Tualatin has limited land for development of multifamily housing and projects deficits of land to accommodate new housing in the Medium High Density and High Density / High Rise plan designations. The Economic Opportunities Analysis finds that Tualatin has limited land for commercial development and projects a substantial deficit of land to accommodate new housing.

The City should identify three to four areas within Tualatin for redevelopment into mixed-use areas, with a mixture of higher-density housing and employment uses such as retail, office, and commercial services. For example, some areas that may be appropriate for redevelopment include the Commons, areas near key transit stops, and the area west of 6th Street/east of 90th Street/north of Sagert Street. In selecting areas ripe for redevelopment, the City should consider whether economic conditions support redevelopment and landowner attitudes to redevelopment, and it should also set criteria based on transportation and transit connections and proximity to existing employment centers.

The City should engage the community in developing a vision for redeveloping the selected areas. The planning to implement this vision could be developed through redevelopment plans that show how the property will be redeveloped into a vibrant area with a mixture of uses, connections with Tualatin's automotive and pedestrian/bicycle transportation networks, and a variety of housing types. The redevelopment plans should include working with landowners to ensure they are supportive of the plans, as well as involving stakeholder and citizen input into the vision for the district and development of the redevelopment plans.

The City should consider opportunities to support redevelopment, such as urban renewal (Action 4.2), to address infrastructure deficiencies or to support development of affordable housing, funding from the Metro Housing Bond (Action 4.1) for affordable housing development, land banking (Action 3.5), opportunities to reduce SDCs (Action 3.6), and property tax exemptions (Action 3.7) to support housing development.

[Recommendation 5.1a: Initiate a process to identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment.](#)

Action 5.2. Support redevelopment of underutilized commercial buildings for housing.

Tualatin has several underutilized commercial buildings, such as stores that have closed, that may be appropriate for redevelopment. The City should work with landowners to evaluate opportunities for redeveloping vacant buildings for new housing.

The City should consider opportunities to support redevelopment of underutilized commercial buildings, such as urban renewal, to address infrastructure deficiencies or support development of affordable housing, such as the Metro Housing Bond (Action 4.1) or property tax abatements (Action 3.7).

[Recommendation 5.2a: Identify underutilized commercial areas that are ripe for redevelopment and work with landowners and developers to support redevelopment.](#)

Strategy 6: Ensure There are Connections between Planning for Housing and Other Community Planning

This strategy focuses on actions that are intended to ensure coordination between planning for housing and other community planning, such as transportation planning or neighborhood planning.

Issue Statement

Discussions of residential development led to discussions of the design of neighborhoods and connectivity in Tualatin and a desire for more deliberate planning of new residential development to integrate multiple modes of transportation, access to parks and schools, and retail and services in or near neighborhoods. Given that large parts of Tualatin are already built out, this type of planning will need to consider long-term redevelopment opportunities to retrofit the existing built environment into neighborhoods with these characteristics.

This type of planning should occur with attention paid to equity issues, ensuring that neighborhoods with these characteristics are developed in a way that does not displace existing households and provides opportunity for housing for all residents of Tualatin, regardless of income, age, or race/ethnicity. This implies development of neighborhoods with a mixture of incomes, homeowners and renters, and a mixture of housing types (i.e., both single-family detached housing and attached or multifamily housing).

Goal

Ensure that Tualatin develops as a walkable and complete community with amenities that are easily accessible to people who live in Tualatin.

Recommended Actions

Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth

The next update to the Transportation System Plan (TSP) should coordinate planning for housing, as well as employment growth, with transportation planning, providing for opportunities for more intensive multifamily development where there is sufficient capacity for automotive and transit capacity. The redevelopment areas (Action 5.1) should be planned for in areas where there is higher capacity for automotive and transit, as well as being connected by pedestrian and bicycle trails.

The update to the TSP ensures there are additional opportunities to decrease dependence on automotive transportation, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit). The TSP update should also identify opportunities to address capacity issues on Tualatin's roads to ease congestion and make traveling by car within and outside of Tualatin easier.

[Recommendation 6.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for housing, such as increased focus on development in](#)

walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit).

[Recommendation 6.1b:](#) Evaluate opportunities to expand transit and improve transportation connectivity in Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin’s Town Center and vital services, and out to the neighborhoods.

[Recommendation 6.1c:](#) Evaluate opportunities for planning transit-oriented development as transit becomes more available in Tualatin, consistent with redevelopment planning.

[Recommendation 6.1d:](#) Develop a bicycle and pedestrian plan for Tualatin to increase connectivity within Tualatin.

Action 6.2. Coordinate planning for economic development with housing planning.

Tualatin has a jobs-housing imbalance, with more jobs than residents in Tualatin. The other strategies in this memorandum are intended to support development of housing that is affordable to people who work at businesses in Tualatin (the average wage was \$57,300 in 2017), such as Action 3.2. The City should evaluate opportunities to support development of housing that is affordable to workers at businesses in Tualatin to ensure that people who work in Tualatin have the opportunity to live in Tualatin. As part of this evaluation, the City should identify opportunities for residential development closer to jobs in Tualatin, to make it easier for people to walk, bicycle, or use transit to get to work. These opportunities are parts of the strategies throughout this memorandum.

[Recommendation 6.2a:](#) Ensure the City includes housing planning for housing that is affordable to people who work at businesses in Tualatin.

Action 6.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses.

The City should develop a framework for development of mixed-use neighborhoods that results in neighborhoods where residents have easy, convenient access to many of the places and services they use daily without relying heavily on a car. The framework would include the following elements: walkable neighborhoods with access to transit, nearby parks (i.e., within one-quarter mile), neighborhood retail and restaurants, and near schools. The neighborhood would have higher concentrations of people and would be complete with sidewalks, bike lanes, and bus routes that support a variety of transportation options. The design of the neighborhood should integrate design standards that promote public safety. In larger cities, these are referred to as “twenty-minute neighborhoods,” but given Tualatin’s smaller size, the scale might be more like “ten-minute neighborhoods.”

[Recommendation 6.3a:](#) Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life.

Action 6.4. Support sustainable development practices.

Sustainable development practices are environmentally responsible and resource-efficient building practices that range from building design, building construction, and building operations and maintenance. Examples of sustainable building practices include certification programs such as Leadership in Energy and Environmental Design (LEED) or National Green Building Standard.

The City could support sustainable development practices by offering incentives for certified buildings, or the City could require that new buildings adhere to specified sustainable building practices.

The trade-off with some types of sustainable building practices is that they can increase development costs (especially over the short run) and may make it more difficult to develop housing affordable for middle and lower-income households. Over the long run, some sustainable building practices pay for themselves with decreased operational costs (such as energy-efficient features that reduce heating and cooling costs).

[Recommendation 6.4a: Evaluate sustainable building practices, including certifications, to determine whether the City should offer incentives for certification or require certification of new buildings as sustainable.](#)

Appendix A: Tualatin's Existing Comprehensive Plan Policies

Section 4.050 General Growth Objectives.

The following are general objectives used as a guide to formulate the Plan. The objectives are positive statements to describe the Plan's intent to:

- (1) Provide a plan that will accommodate a population range of 22,000 to 29,000 people.
- (2) Cooperate with the Metropolitan Service District to reach regional consensus on population growth projections within the Tualatin area.
- (3) Conform to Metropolitan Service District (Metro) procedures for initiating amendments to the Metro Urban Growth Boundary.
- (4) Provide a plan that will create an environment for the orderly and efficient transition from rural to urban land uses.
- (5) Convert agricultural land only if needed for urban uses.
- (6) Arrange the various land uses so as to minimize land use conflicts and maximize the use of public facilities as growth occurs.
- (7) Prepare a balanced plan meeting, as closely as possible, the specific objectives and assumptions of each individual plan element.
- (8) Define the urban growth boundary.
- (9) Prepare a plan providing a variety of living and working environments.
- (10) Encourage the highest quality physical design for future development.
- (11) Coordinate development plans with regional, state, and federal agencies to assure consistency with statutes, rules, and standards concerning air, noise, water quality, and solid waste. Cooperate with the U.S. Fish and Wildlife Service to minimize adverse impacts to the Tualatin River National Wildlife Refuge from development in adjacent areas of Tualatin.
- (12) Adopt measures protecting life and property from natural hazards such as flooding, high groundwater, weak foundation soils and steep slopes.
- (13) Develop regulations to control sedimentation of creeks and streams caused by erosion during development of property.
- (14) Develop a separate growth program that controls the rate of community growth and is acceptable to the Land Conservation and Development Commission.
- (15) Arrange the various land uses in a manner that is energy efficient.

- (16) Encourage energy conservation by arranging land uses in a manner compatible with public transportation objectives.
- (17) Maintain for as long a period as possible a physical separation of non-urban land around the City so as to maintain its physical and emotional identity within urban areas of the region.
- (18) Fully develop the industrial area located in Washington County west of the City only when adequate transportation facilities are available and the area has been annexed to the City and served with water and sewer services.
- (19) Cooperate with Washington County to study the methods available for providing transportation, water and sewer service to the industrial area west of the City, designating this area as a special study area.
- (20) Initiate annexation of property within the Urban Growth Boundary planned for residential development only when petitioned to do so by owners of the affected property, including cases involving unincorporated "islands" of property surrounded by land annexed previously.
- (21) Territories to be annexed shall be in the Metro Urban Growth Boundary.
- (22) Address [Metro's Urban Growth Management Functional Plan, Title 13](#), Nature in Neighborhoods, through the conservation, protection and restoration of fish and wildlife habitat, including Metro's Regionally Significant Fish and Wildlife Habitat, through the Tualatin Basin Natural Resource Coordinating Committee and the Tualatin Basin Program.

(a) Support and implement the elements of the Tualatin Basin Program to:

- (i) Develop and adopt local policies and regulations to implement the provisions of the Tualatin Basin Program.
- (ii) Adopt low impact development (LID) provisions to reduce environmental impacts of new development and remove barriers to their utilization.
- (iii) Coordinate with Clean Water Services (CWS) to implement their Healthy Streams Action Plan and other programs such as their Stormwater Management Plan and Design and Construction Standards.
- (iv) Coordinate with CWS, Metro and others to develop and support the funding, voluntary and educational components of the Tualatin Basin Program.
- (v) Coordinate with CWS, Metro and others to develop and support the monitoring and adaptive management components of the Tualatin Basin Program.

(b) Continue active participation in the Tualatin Basin Natural Resources Coordinating Committee and the Steering Committee to support and implement the Tualatin Basin Program.

(c) Coordinate with CWS and Metro to update Metro's Regionally Significant Fish and Wildlife Habitat Inventory Map. Changes to the Inventory Map will be on-going as on-site inventories are conducted as part of private and public construction projects.

(d) Support and implement provisions allowing public access to planned public facilities.

Section 5.030 General Objectives.

The following are general objectives used to guide the development of the residential housing element of the Plan. They describe the Plan's intent to:

- (1) Provide for the housing needs of existing and future City residents.
- (2) Provide housing opportunities for residents with varied income levels and tastes that are esthetically and functionally compatible with the existing community housing stock.
- (3) Cooperate with the Housing Authority of Washington County and the Housing Division of Clackamas County to identify sites, projects and developers to provide the City's fair share of assisted housing units for low and moderate income households, and participate in the region's Housing Opportunity Plan.
- (4) Locate higher density development where it is convenient to the City's commercial core, near schools, adjacent to arterial and collector streets and, as much as possible, in areas with existing multi-family housing and provide residential opportunities in selected commercial areas through the Mixed Use Commercial Overlay District.
- (5) Provide areas that are suitable for manufactured dwelling parks and areas that are suitable for subdivisions that will accommodate manufactured homes.
- (6) Provide areas that will accommodate small-lot subdivisions.
- (7) Develop specific and enforceable design standards for multi-family developments, town-houses, manufactured homes, manufactured dwelling parks and small-lot subdivisions.
- (8) Encourage owner occupancy of multi-family developments and other housing units within the City.
- (9) Encourage subdividers and other residential developers to consider the need for solar access on residential construction sites.

(10) Provide for the raising of agricultural animals and agricultural structures in areas that are presently used for this purpose and that are not buildable due to their location in the 100-year flood plain.

(11) Require that all residential development adjacent to Expressways be buffered from the noise of such Expressways through the use of soundproofing devices such as walls, berms or distance. Density transfer to accommodate these techniques is acceptable.

(12) Encourage the development of attached housing in accordance with the RML Planning District in the area of the Norwood Expressway/Boones Ferry Road intersection.

(13) Provide truck routes for industrial traffic that provide for efficient movement of goods while protecting the quality of residential areas.

(14) Protect residential, commercial, and sensitive industrial uses from the adverse environmental impacts of adjacent industrial use.

(15) Protect adjacent land uses from noise impacts by adopting industrial noise standards.

(16) Protect the Tonquin Scablands from adverse impacts of adjacent development. This includes the main Scabland area in the vicinity of the Burlington Northern Railroad tracks which is preserved through the use of the Wetlands Protection District and the Greenway and Riverbank Protection District. This also includes other elements of the Scabland formations found farther to the east. These latter areas will be preserved on a case-by-case basis as development occurs through preservation in their natural state, allowing residential density transfer through the small lot subdivision, common wall housing, and condominium conditional use processes.

(17) Protect wooded areas identified on the Natural Features Map found in the Technical Memorandum by requiring their preservation in a natural state, by integrating the major trees into the design of the parking lots, buildings, or landscaping areas of multi-family complexes and non-residential uses, or in low density areas through the small lot, common wall, or condominium conditional use. If it is necessary to remove a portion or all of the trees, the replacement landscape features shall be subject to approval through the Architectural Review process, except for conventional single family subdivisions.

Appendix B: Housing Policy Tools to Address Needs

This appendix presents the information provided to the CAC in the memorandum Housing Policy Tools to Address Needs (dated May 16, 2019).

The City of Tualatin contracted ECONorthwest to develop a Housing Needs Analysis and a Housing Strategy for Tualatin. The Housing Needs Analysis will determine whether the City of Tualatin has enough land to accommodate 20-years of population and housing growth. It will characterize housing affordability problems and identify gaps in housing affordability in Tualatin. The Housing Needs Analysis will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as development of an action plan to implement the housing policies (i.e. the Housing Strategy).

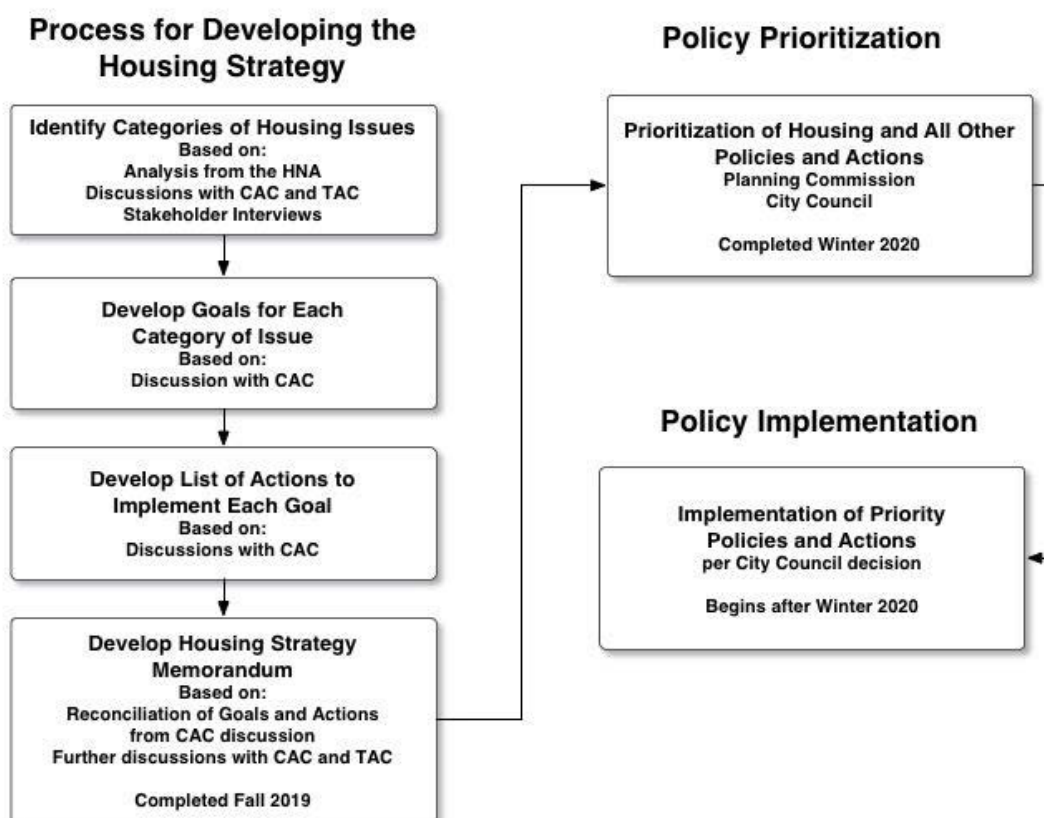
This memorandum provides a range of housing policy options for the City of Tualatin to consider as it addresses its housing needs. These policy options are commonly used by cities in Oregon and other states. Policy options are categorized as follows:

- Land Use Regulations
- Increase Housing Types
- Financial Assistance to Homeowners and Renters
- Lower Development or Operational Costs
- Funding Sources to Support Residential Development

The intention of this memorandum is to provide a toolbox of potential policies and actions that the City can use to address strategic issues. Exhibit 1 illustrates the process for developing the housing strategy and incorporating the strategy into the broader Tualatin 2040 process. Through this project, the CAC and TAC will provide feedback and recommendations that will be used to develop the Tualatin Housing Strategy. The May 23 CAC meeting will begin this process with the following steps: (1) identify categories of housing issues, (2) develop goal(s) to address each category of issue, and (3) developing a list of actions to implement each goal. At a subsequent CAC meeting, we will discuss one or more drafts of the Housing Strategy memorandum, which will document the housing issues, goals, and actions.

After the conclusion of this project, the Housing Strategy will be combined with other policies and actions and will be prioritized by the Tualatin Planning Commission and City Council. The policies and actions will be implemented per the Tualatin City Council's direction once prioritization is completed.

Exhibit 1. Process for developing and implementing the housing strategy



Options for Housing Policy Tools

This memorandum provides the City with information about potential policies that could be implemented in Tualatin to address the City’s housing needs. Implementing some of the strategies in this memorandum may be beyond Tualatin’s current staff or financial resources.

For many of the policy tools described below, we give an approximate scale of impact. **The purpose of the scale of impact is to provide some context for whether the policy tool generally results in a little or a lot of change in the housing market.** The scale of impact depends on conditions in the City, such as other the City’s other existing (or newly implemented) housing policies, the land supply, and housing market conditions. We define the scale of impact as follows:

- A **small** impact may not directly result in development of new housing or it may result in development of a small amount of new housing, such as 1% to 3% of the needed housing (which is 10 to 30 dwelling units for Tualatin). In terms of housing affordability, a small impact may not improve housing affordability in and of itself. A policy with a small impact may be necessary but not sufficient to increase housing affordability.
- A **moderate** impact is likely to directly result in development of new housing, such as 3% to 5% of needed housing (which is 30 to 50 dwelling units for Tualatin). In terms of

housing affordability, a moderate impact may not improve housing affordability in and of itself. A policy with a moderate impact may be necessary but not sufficient to increase housing affordability.

- A **large** impact is likely to directly result in development of new housing, such as 5% to 10% (or more) of needed housing (which is 50 to 100 dwelling units for Tualatin). In terms of housing affordability, a **large** impact may improve housing affordability in and of itself. A policy with a large impact may still need to work with other policies to increase housing affordability.

Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes, and those which increase the land available for housing.

| Strategy Name | Description | Scale of Impact |
|---|---|--|
| Regulatory Changes | | |
| Administrative and Procedural Reforms | <p>Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications. However, complicated projects frequently require additional analysis such as traffic impact studies, etc.</p> <p>A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.</p> | <p>Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to the city's procedures. Streamlining procedures may be necessary but not sufficient to increase housing production on its own.</p> |
| Expedited / Fast-tracked Building Permit | <p>Expedite building permits for pre-approved development types or building characteristics (e.g. green buildings).</p> <p>City of Bend offers expedited review and permitting for affordable housing. Any residential or mixed-use development that receives local, state or federal affordable housing funding is eligible to receive a written decision by the Planning Department within two weeks of the date of submittal. For projects that require more complex planning review, a decision will be written or the first public hearing will be held within six weeks of the date of submittal.</p> | <p>Scale of Impact - Small. Expedited permit processing will benefit a limited number of projects. It may be necessary but not sufficient to increase housing production on its own.</p> |
| Streamline Zoning Code and other Ordinances | <p>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development.</p> <p>As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations, parking requirements, and other zoning standards.</p> <p>Many of the remaining tools in this section focus on changes to the zoning code.</p> | <p>Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to the zoning code and other ordinances.</p> |

| Strategy Name | Description | Scale of Impact |
|------------------------------|---|---|
| Allow Small Residential Lots | <p>Small residential lots are generally less than 5,000 sq. ft. and sometimes closer to 2,000 sq. ft. This policy allows individual small lots within a subdivision. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small-lots limit sprawl, contribute to a more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p> <p>Cities across Oregon allow small residential lots, including many cities in the Metro area.</p> | <p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 2,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes. This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |
| Mandate Maximum Lot Sizes | <p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p> <p>This tool is used by some cities but is used less frequently than mandating minimum lot sizes.</p> | <p>Scale of Impact—Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |

| Strategy Name | Description | Scale of Impact |
|--|--|---|
| Mandate Minimum Residential Densities | <p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multifamily zones, they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p> <p>Mandating minimum density is generally most effective in medium and high density zones where single-family detached housing is allowed. The minimum density ensures that low-density single-family housing is not built where higher-density multifamily housing could be built.</p> | <p>Scale of Impact—Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of “underbuild” and the minimum density standard.</p> <p>For cities that allow single-family detached housing in high density zones, this policy can result in a moderate or larger impact.</p> |
| Increase Allowable Residential Densities | <p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development codes. This strategy is most commonly applied to multifamily residential zones.</p> <p>For cities with maximum densities, consider removing maximum allowable densities. This change may be most relevant.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p> | <p>Scale of Impact—Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |

| Strategy Name | Description | Scale of Impact |
|---|--|--|
| Allow Clustered Residential Development | <p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p> | <p>Scale of Impact—Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p> |
| Reduced Parking Requirements | <p>Jurisdictions can reduce or eliminate minimum off-street parking requirements, as well as provide flexibility in meeting parking requirements. Reducing parking requirements positively impact development of any type of housing, from single-family detached to multifamily housing.</p> <p>Reduced parking requirements are most frequently used in conjunction of development of subsidized affordable housing, but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.</p> <p>City of Bend offers parking reductions for affordable housing and transit proximity. Parking for affordable housing units is 1 space per unit regardless of size, compared to 1 space per studio or 1 bedroom unit, 1.5 spaces per 2-bedroom unit, and 2 spaces per 3- or more bedroom unit for market-rate multifamily development or 2 spaces per market rate detached dwelling unit. Affordable housing units must meet the same eligibility criteria as for other City of Bend affordable housing incentives</p> <p>City of Portland offers parking exceptions for affordable housing and sites adjacent to transit. The City of Portland allows housing developments that meet the inclusionary zoning requirements to reduce parking requirements to zero if located near frequent transit service, and to exclude the affordable housing units from parking requirements for developments located further from frequent transit service. The City also allows market rate housing developments located near frequent transit service to provide little or no parking, depending on the number of units in the development.</p> | <p>Scale of Impact—Small to moderate.</p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p> <p>Reducing parking requirements can have a moderate to large impact on housing affordability if little or no parking is required.</p> |

| Strategy Name | Description | Scale of Impact |
|------------------------------------|--|---|
| Reduce Street Width Standards | <p>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones. This strategy could be applied to alleys, when required, to ensure that alleys are relatively narrow to reduce development and maintenance costs.</p> <p>Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.</p> | <p>Scale of Impact—Small. This policy is most effective in cities that require relatively wide streets.</p> |
| Preserving Existing Housing Supply | <p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Manufactured home preservation • Single-room-occupancy ordinances • Regulating demolitions | <p>Scale of Impact—Small to moderate. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing. Cities with older housing stock are more likely to benefit from this policy.</p> |

| Strategy Name | Description | Scale of Impact |
|---------------------|--|--|
| Inclusionary Zoning | <p>Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning provides density or other types of incentives.</p> <p>The price of low-income housing passed on to purchasers of market-rate housing. Inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.</p> <p>Oregon's inclusionary zoning laws apply to structures with 20 or more multifamily units, with inclusion of units that are affordable at 80% of the median family income of the city.</p> <p>The City of Portland has implemented an inclusionary zoning program. While Portland's inclusionary zoning program is resulting in production of affordable multifamily units, there is considerable discussion and disagreement about the impact of number of multifamily units being built and potential changes in the location of units.</p> | <p>Scale of Impact—Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.</p> |

| Increasing Land Available for Housing | | |
|---|--|--|
| Re-designate or rezone land for housing | <p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (i.e., smaller parcels) in areas where multifamily housing would be compatible (i.e., along transit corridors or in employment centers that would benefit from new housing).</p> <p>This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p> <p>Cities across Oregon frequently re-zone and re-designate land to address deficits of land for new housing.</p> | <p>Scale of Impact - Small to large. Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land.</p> |
| Encourage multifamily residential development in commercial zones | <p>This tool seeks to encourage denser multifamily housing as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities.</p> <p>This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p> <p>Cities across Oregon frequently encourage multifamily housing development in commercial zones, either as stand-alone residential buildings or as mixed-use buildings.</p> | <p>Scale of Impact – Small to moderate. Many cities already encourage multifamily housing in commercial zones. Further encouraging multifamily housing in commercial zones would likely have a small impact, as multifamily housing is allowed in many of the commercial areas where it would be desirable. Unless it is publicly subsidized, mixed-use development generally results in relatively costly housing because ground floor commercial development is relatively expensive.</p> |

| | | |
|---|---|---|
| <p>Transfer or Purchase of Development Rights</p> | <p>This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to “receiving zones” and can be traded and can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed).</p> <p>Transfer of development rights is done less frequently in Oregon, as cities generally zone land for higher density housing where they would like it to occur. This policy is frequently used by cities outside of Oregon.</p> | <p>Scale of Impact - Small to moderate. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas.</p> |
| <p>Provide Density Bonuses to Developers</p> | <p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain number of affordable units.</p> <p>City of Bend offers affordable housing density and height bonuses. Qualifying affordable housing projects are eligible for a 10-foot building height bonus for multifamily housing when affordable housing units are gained and for a density bonus. The density increase is based on the percentage of affordable housing units within the proposed development: if 10% of the units are affordable, the maximum density is 110% of the standard maximum density. The maximum density bonus is 50% above the base density. Qualifying projects must be affordable to households at or below 60% of the AMI for rental housing and at or below 80% of the AMI for ownership housing, and require development agreements and restrictions to ensure continued affordability.</p> <p>Ashland has four different density bonuses, one of which is for development of affordable housing at higher densities and another for energy-efficient housing. Affordable housing projects meeting eligibility requirements (including rental housing affordable to households at or below 60% of AMI or ownership housing affordable to households at or below 80% of AMI for a minimum of 30 years) receive a density bonus</p> | <p>Scale of Impact – Small to moderate. Cities provide density bonuses on a case-by-case basis, which results in a small and sometimes moderate impact in many cities. Density bonuses can have a greater impact on housing affordability when the bonus increases the number of affordable units developed.</p> |

| | | |
|--|---|--|
| | <p>of two units for each affordable housing unit provided, up to a maximum of a 35% increase in density.</p> <p>Kirkland Washington offers density bonuses for duplex, triplex, and cottage homes. Cottage homes (limited to 1,500 square feet of floor area) and two- and three-unit homes (up to 1,000 square feet of floor area average per unit) are allowed at double the density of detached dwelling units in the underlying zone.</p> | |
|--|---|--|

Increase Housing Types

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

| Strategy Name | Description | Scale of Impact |
|--|---|--|
| Allow Duplexes, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes in low density zones | Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone. House Bill 2001 may require cities to allow some of these housing types in single-family zones. | Scale of Impact – Small to moderate. Allowing these types of housing in more zoning districts may provide relatively few number of new, relatively affordable, housing opportunities. |
| Allow Cottage housing, Tri- and Quad-Plexes Townhomes, Row Houses, Stacked Townhouses, Cottage Courts, Duplex/Townhouse Courts, & Garden Apartments in | Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone. | Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in medium density zones, as well as the types |

| Strategy Name | Description | Scale of Impact |
|---|--|---|
| medium density zones | | of housing newly allowed in the medium density zone. |
| Allow Stacked Townhouses, Garden Apartments and larger-scale Apartments in high density zones | Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone. | Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in high density zones, as well as the types of housing newly allowed in the high density zone. |
| Allow Live-Work housing or Mixed-use housing in commercial zones | Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone. | Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. |
| Remove barriers to Development of Accessory Dwelling Units (ADUs) in single-family zones | As of July 1, 2018, ORS 197.312 requires cities to allow at least one ADU for each detached single-family dwelling in areas zoned for detached single-family dwellings. Jurisdictions can make development of ADUs more likely by limiting restrictive standards and procedures, such as reducing systems development charges for ADUs, reducing or eliminating parking requirements, or allowing ADUs regardless of where the primary dwelling is owner-occupied. | Scale of Impact - Small. Oregon law recently changed to require cities to allow ADUs. |

| Strategy Name | Description | Scale of Impact |
|-----------------------------|---|---|
| Allow small or “tiny” homes | <p>“Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units.</p> <p>Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units.</p> <p>Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</p> <p>Portland and Eugene allow tiny homes as temporary shelter for people experiencing homelessness.</p> | <p>Scale of Impact - Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.</p> |

Lower Development or Operational Costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in a city in order to increase housing affordability and available housing stock.

| Strategy Name | Description | Scale of Impact |
|--|---|--|
| Programs or policies to lower the cost of development | | |
| Parcel assembly | <p>Parcel assembly involves the city’s ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is often associated with development of affordable housing (affordable to households with income below 60% of MFI), where the City partners with nonprofit affordable housing developers.</p> <p>Parcel assembly can be critically important role for cities to kick start quality affordable housing and work force housing projects that can be positive catalysts too for market rate development.</p> | <p>Scale of Impact - Small to large. Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.</p> |

| Strategy Name | Description | Scale of Impact |
|---------------|--|--|
| Land Banking | <p>Land banks support housing development by reducing or eliminating land cost from development, with the goal of increasing the affordability of housing. They can take several forms. Many are administered by a non-profit or non-governmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. Ideally, a land bank is set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. Cities can partner with non-profits or sometimes manage their own land banks. Cities may also donate, sell, or lease publicly-owned land for the development of affordable housing even without a formal 'land bank' organization.</p> <p>Land banks are purposed for short-term ownership of lands. Lands acquired are often vacant, blighted, or environmentally-contaminated. Land banks may also acquire lands with title defects or of which derelict structures sit. Lands are eventually transferred to a new owner for reuse and redevelopment.</p> | <p>Scale of Impact - Small to large. A land bank will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p> |
| Land Trusts | <p>A land trust is typically a nonprofit organization that owns land and sells or leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants / buyers, land trusts can achieve below-market pricing. Land trusts are most commonly used as a method for supporting affordable home ownership goals.</p> <p>Land trusts are purposed for long-term stewardship of lands and buildings. Lands / buildings acquired may have need for remediation or redevelopment. Lands / buildings may have also been acquired to preserve affordability, prevent deferred maintenance, or protect against foreclosure</p> <p>Proud Ground (Portland Metro Area) was founded in 1999 and has grown into one of the largest community land trusts in the country. The organization focuses on affordable homeownership and controls ground leases associated with 270 homes in Multnomah, Washington, Clackamas, and Clark County.</p> | <p>Scale of Impact - Small to large. A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p> |

| Strategy Name | Description | Scale of Impact |
|-------------------------|--|---|
| Public Land Disposition | <p>The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB-5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, or EB-5.</p> <p>Cities across Oregon use publicly land to support affordable and market-rate of housing development. In some cases, municipalities put surplus public land into land banks or land trusts.</p> <p>Tri-Met is evaluating re-use of construction staging sites for future affordable housing and/or transit-orient development sites.</p> <p>Cottage Grove is working with the school district to discuss and plan for use of surplus school district land for future housing development.</p> | <p>Scale of Impact – Small to moderate. Depends on whether the City has surplus land that would be appropriate for future housing development.</p> |

| Strategy Name | Description | Scale of Impact |
|---|--|--|
| <p>Reduced / Waived Building Permit fee, Planning fees, or SDCs</p> | <p>Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.</p> <p>City of Portland offers SDC exemptions for affordable housing. Portland’s SDC Exemption Program exempts developers of qualifying affordable housing projects from paying SDCs levied by the City of Portland for transportation, water, parks and environmental services. Eligible rental projects must serve households earning at or below 60% of the AMI for a 60-year period. Portland also offers SDC waivers for development of ADUs.</p> <p>City of McMinnville offers SDC exemptions and reduced permit fees for affordable housing. Building and planning permit fees for new or remodel housing construction projects are reduced by 50% for eligible projects and SDCs for transportation, wastewater and parks are exempted at 100%. Reductions/exemptions are prorated for mixed use or mixed-income developments. The property must be utilized for housing for low-income persons for at least 10 years or the SDCs must be paid to the city.</p> | <p>Scale of Impact - Small.</p> |
| <p>SDC Financing Credits</p> | <p>May help to offset an SDC charge, which is a one-time fee that is issued when there is new development or a change in use.</p> <p>SDC financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. SDCs are granted when the project makes lasting improvements, such as improving roads, reducing number of trips, create or improve parks or recreational centers, and permanently removing water services.</p> | <p>Scale of Impact – Small to moderate. The City may consider changes in SDCs to allow financing but the City would want to ensure that the impact should be spread-out and non-negatively impact one entity.</p> |

| Strategy Name | Description | Scale of Impact |
|---------------------------------|---|--|
| Sole Source SDCs | Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and Urban Renewal (Tax Increment Financing). Funding can come from an SDC fund or general fund. In some cases, there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing. | Scale of Impact – Small to moderate. Depends on how the tool is implemented and whether it is used with other tools, such as LIDs or Urban Renewal. |
| Fees or Other Dedicated Revenue | Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also, these fees or revenues allow for new revenue streams into the City. | |

| Strategy Name | Description | Scale of Impact |
|------------------------|--|--|
| Reimbursement District | <p>A Reimbursement District is a cost sharing mechanism, typically Initiated by a developer. The purpose is to provide a reimbursement method to the developer of an infrastructure improvement, through fees paid by property owners at the time the property benefits from the improvement. A developer applies to create a Reimbursement District by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the improvement</p> <p>Eligible Reimbursement District projects typically include (but are not limited to) construction or connections of a sewer, water, storm water or street improvements. Applications typically include: a fee sufficient to cover the cost of administrative review, a description of the project, properties that would be impacted, and a detailed methodology and calculation of how the estimated costs would be reimbursed by payments from benefitted properties over a specified timeframe. A report from the City Engineer is generated in review of the submitted application. After a public hearing process, the council will approve, reject or modify the proposal. The approval of a Reimbursement District results in a resolution and distribution of notice among benefitted properties before construction can begin.</p> <p>Benefitted properties must pay the Reimbursement Fee when they make a physical connection to the improvement (or in the case of a sewer project, when the benefitted property creates an impervious surface that drains into the public sewer) within the Reimbursement District Area. Reimbursement fees are collected by the City and are distributed to the developer for the duration of the Reimbursement District, which are typically 10-15 years.</p> <p>Paid by benefitted properties at the time the property benefits from the improvement, typically at connection to the sewer, water or storm drain system.</p> | <p>Scale of Impact – Small to moderate.</p> |
| Linkage Fees | <p>Linkage fees are charges on new development, usually commercial and / or industrial development only, which can be used to fund affordable housing. To implement them, a city must undertake a nexus study that identifies a legal connection between new jobs housed in the developments, the wages those jobs will pay, and the availability of housing affordable to those employees.</p> <ul style="list-style-type: none"> • Can be used for acquisition and rehabilitation of existing affordable units. • Can be used for new construction. | <p>Scale of Impact – Small to moderate.</p> |

| Strategy Name | Description | Scale of Impact |
|--|---|--|
| Tax abatement programs that decrease operational costs by decreasing property taxes | | |
| Vertical Housing Tax Abatement (Locally Enabled and Managed) | <p>The 2017 Legislature passed legislation moving the administration of Vertical Housing Program from Oregon Housing and Community Services (OHCS) to the local City and County beginning Oct 6th, 2017. OHCS no longer administers this program.</p> <p>The legislation subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area is median income or below).</p> | <p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p> |

| | | |
|--|---|--|
| <p>Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)</p> | <p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p>The passing of HB 2377 - Multiunit Rental Housing Tax Exemption allows cities and counties to create a property tax exemption for newly rehabilitated or newly constructed multi-unit rental housing within their boundaries depending on the number of units made available to low-income households, for up to 10 consecutive years. The bill was crafted to strengthen the connection to affordability by requiring cities and counties to establish a schedule in which the number of years an exemption is provided increases directly with the percentage of units rented to households with an annual income at or below 120 percent of MFI, and at monthly rates that are affordable to such households. While not specifically referenced in the measure, ORS 308.701 defines “Multi-unit rental housing” as: “(a) residential property consisting of four or more dwelling units” and; “does not include assisted living facilities.”</p> <p>All new multifamily units that are built or renovated that offer rent below 120% of AMI are potentially eligible for this tax exemption. In a city with an AMI of \$55,000 (common outside of Portland), that's rent of \$1,650 per month or less. The tax exemption is for all taxing districts which is administered by the City. Due to this, smaller jurisdictions may have more trouble managing this program. Local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.</p> <p>The City of Eugene offers a ten-year Multi-Unit Property Tax Exemption (MUPTE) for projects in its eastern downtown core. Eugene’s criteria for granting MUPTE include: Project must provide 5 or more units of housing (not including student housing), development must meet minimum density standards, development must comply with minimum green building requirements, a portion of construction and other contracting requirements must</p> | <p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p> |
|--|---|--|

| Strategy Name | Description | Scale of Impact |
|---|---|---|
| | <p>be through local business, the development must provide 30% of the units affordable at 100% of AMI or pay a fee of 10% of the value of the tax abatement toward supporting moderate income housing development, demonstrate that the project would not be financially feasible without the exemption by providing 10-year pro forma with and without MUPTTE and comply with other criteria.</p> <p>The City of Salem’s Multi-Unit Housing Tax Incentive Program (MUHTIP) was adopted in 2012 to spur the construction of “transit supportive”⁹ multi-unit housing in the city’s downtown core. In order to qualify for the exemption, projects must consist of at least two dwelling units, be located in the city’s “core area,” and include at least one public benefit.</p> | |
| <p>Nonprofit Corporation Low Income Housing Tax Exemption</p> <p>and</p> <p>Low-Income Rental Housing Tax Exemption</p> | <p>Note: These are two separate tax exemptions available under statute (ORS 307.515 to 307.523 / ORS 307.540 to 307.548). They are grouped together for their similarities (but differences are noted).</p> <p>Land and improvement tax exemption used to reduce operating costs for regulated affordable housing affordable at 60% AMI or below. Requires the City to adopt standards and guidelines for applications and enforcement mechanisms.</p> <p>The low-income rental housing program exemption lasts 20 years. The nonprofit corporation low-income housing program must be applied for every year but can continue as long as the property meets the criteria. Rents must reflect the full value of the property tax abatement and City can add additional criteria.</p> <p>There is no requirement that construction must be complete prior to application. Programs both work well in tandem with other incentives, such as land banking.</p> | <p>Scale of Impact – Small to moderate. The exemption reduces operating costs, meaning it is a tool more useful to property owners of affordable housing projects. Developers, who do not own and operate their own projects, may be less inclined to use the program.</p> |

⁹ City of Salem, “Multi Unit Housing Tax Incentive Program,” <https://www.cityofsalem.net/Pages/multi-unit-housing-tax-incentive-program.aspx>.

Funding Sources to Support Residential Development

The following policies focus on ways to pay for the costs of implementing the affordable housing programs and infrastructure development.

| Strategy Name | Description | Scale of Impact |
|---|---|---|
| Urban Renewal / Tax Increment Finance (TIF) | <p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments • Economic development strategies, such as capital improvement loans for small or startup businesses which can be linked to family-wage jobs • Streetscape improvements, including new lighting, trees, and sidewalks • Land assembly for public as well as private re-use • Transportation enhancements, including intersection improvements • Historic preservation projects • Parks and open spaces <p>Urban renewal is a commonly used tool to support housing development in cities across Oregon.</p> | <p>Scale of Impact – Moderate to Large. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.</p> |

| | | |
|--------------------------------------|--|---|
| <p>Construction Excise Tax (CET)</p> | <p>Funds land use planning throughout the region by taxing construction permits. CET is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533 which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction. The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:</p> <ul style="list-style-type: none"> • 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.) • 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction. • 15% flows to Oregon Housing and Community Services for homeowner programs. <p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. The rate may exceed 1% if levied on commercial or industrial uses. The City of Portland's CET went into effect in 2016. It levies a 1% CET on residential, commercial, and industrial development valued at \$100,000 or more, with all revenues going toward affordable housing. The revenues pay for production of housing at or below 60% AMI, developer incentives for inclusionary zoning, along with state homeownership programs.</p> <p>City of Bend adopted a CET of 0.3% on residential, commercial, and industrial development in 2006, with revenues dedicated to loans to fund developments by profit and nonprofit affordable housing developers. The fee has raised \$11 million as of 2016, allowing the City to lend money to fund 615 units. The fund has leveraged \$63 million in state and federal funding and \$14 million in equity.</p> <p>The City of Milwaukie adopted a CET on commercial, residential, and industrial development in November of 2017. The City exempted deed-restricted affordable</p> | <p>Scale of Impact – Depends on the amount of funding available.</p> |
|--------------------------------------|--|---|

| | | |
|---|---|--|
| | <p>housing, ADUs, and improvements less than \$100,000 from paying the CET. The adopting ordinance allocates funds as required by state statutes, specifying that flexible funds from the commercial improvements will be used 50% toward housing available to those making up to 120% of MFI, and 50% for economic development programs in areas with sub-area plans (such as Downtown and Riverfront, and the City's urban renewal areas).</p> | |
| <p>General Fund and General Obligation (GO) Bonds</p> | <p>Allows funding for a project that is not dependent on revenue from the project to back the bond.</p> <p>City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements.</p> <p>Property taxes are increased to pay back the GO bonds.</p> <p>City of Portland passed \$258 million bond for affordable housing in 2016. The goal of the bond is to build or preserve up to 1,300 units in the next five to seven years. The city issued a request for information to solicit interest in acquiring properties or land under the affordable housing bond. The city is looking for opportunities to acquire existing properties of 20 or more units, or vacant land that is appropriately zoned for 20+ housing units, and is looking for both traditional and nontraditional development opportunities.</p> | <p>Scale of Impact – Moderate to large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).</p> |
| <p>Local Improvement District (LID)</p> | <p>Enables a group of property owners to share the cost of a project or infrastructural improvement.</p> <p>A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records.</p> <p>An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners.</p> <p>The City collects the funds and regardless if the actual cost is greater than the estimated cost (on which the assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment were placed property owners (due to underestimation).</p> | <p>Scale of Impact – Depends on the amount of funding available and Bonding capacity.</p> |

| | | |
|------------------------------|---|--|
| General Fund Grants or Loans | A city can use general fund or tax increment dollars to directly invest in a specific affordable housing projects. These grants or loans can serve as gap funding to improve development feasibility. There are several options for using general fund grants or loans, including the potential for bonds to generate upfront revenue that is repaid over time, as recently approved in the City of Portland. Another option is to use general fund dollars to contribute to other programs that are successfully operating, such as non-profit land trusts or even other government agencies that have the administrative capacity to maintain compliance requirements over time, using intergovernmental agreements. | Scale of Impact – Depends on the amount of funding available. |
| Transient Lodging Tax (TLT) | Generates revenue by primarily taxing tourists and guests using temporary lodging services. Taxes for temporary lodging at hotels, motels, campgrounds, and other temporary lodgings. Oregon has a statewide TLT and cities and counties can also charge a local TLT subject to certain limitations. The statutes specify that 70% must be used for tourism promotion or tourism related facilities and 30% is unrestricted in use, and there cannot be a reduction of the total percent of room tax. The state tax is specified at 1.8%; local government tax rates vary as local governments set the rate for their jurisdiction by ordinance. Cities and counties may impose taxes on transient lodging. Alternatively, some cities have an agreement for the county to impose the tax and cities share in a percent of the revenue. | Scale of Impact – Small. The amount of funding from TLT is likely to be relatively small, given that only 30% of TLT funds have unrestricted use. |
| CDBG | The Community Development Block Grants program is a flexible program that provides annual grants on a formula basis to both local governments and States. Grants are awarded on a 1, 2, or 3-year period. It is required that at least 70% of the CDGB funds are used for activities that benefit low- and moderate- income. Additionally, each activity must address any threats to health or welfare in the community (for which other funding is unavailable). These funds can be used for acquisition and rehabilitation of existing affordable units, as well as new construction that prioritizes community development efforts. | Scale of Impact – Depends on the amount of funding available. |

ACKNOWLEDGMENTS

| HNA / EOA Community Advisory Committee Members, Interpreters and Project Consultants | Stakeholders and Groups | City Staff and Technical Advisory Committee Members |
|--|--|--|
| <p>Alice Galloway Neely Allen Song Angela Handran Bryce Payne Daniel Bachhuber Derek Reinke Joe Lipscomb Katherine Galian Kellye Aprati Ken Johnson Lainie Magsarili Linda Moholt Rachael Duke Doug Plambeck Susan Noack Manny Trujillo Cyndy Hillier</p> <p>Interpreters Rosa Galvan Armando Gutierrez</p> <p>Consultants ECONorthwest (HNA /EOA) Beth Goodman Sadie DiNatale</p> <p>Angelo Planning Group (Code Update Outreach) Catherine Corliss</p> | <p>Stakeholder Interviewees Heather Mull Ed Casey Candice Kelly Al Jeck Brenda Braden Marissa Houlberg Beth Sethi Grace Lucini Leah Bachhuber Dawn Mangnum Ken Gertz Andrew Evans Kathleen Silloway Tom and Kathy Re Aging Task Force</p> <p>Participation by: Tualatin Planning Commission (TPC) Architectural Review Board (ARB) Tualatin Parks Advisory Committee (TPARK) Tualatin Arts Advisory Committee (TAAC) Youth Advisory Council (YAC) Martinazzi CIO East Tualatin CIO Midwest CIO Byrom CIO Commercial CIO Riverpark CIO Diversity Task Force</p> | <p>City Staff / TAC Members Aquilla Hurd-Ravich, Community Development Director Karen Perl Fox, Senior Long-Range Planner Jonathan Taylor, Economic Development Manager Steve Koper, Planning Manager Garet Prior, Management Analyst II Lauren Gonzalez, Permit Coordinator Tanya Williams, Assistant to the City Manager Betsy Ruef, Community Engagement Coordinator Ross Hoover, Parks and Recreation Director Rich Mueller, Parks and Recreation Manager Mike McCarthy, Principal Transportation Engineer Sean Brady, City Attorney Anne Debbaut/Kirstin Greene, DLCD Representatives Talia Jacobson, ODOT representative Hector Rodriguez, ODOT representative Lloyd Purdy, Greater Portland Inc. Stu Peterson, Macadam Forbes Ken Gertz, Gertz Fine Homes Jeff Raker, Metro Ezra Hammer, Home Builders Association Katrina Holland, Community Alliance of Tenants Komi Kalevor, Washington County Housing Authority Ken Rencher, Washington County Melissa Dailey, Washington County</p> |

TABLE OF CONTENTS

ACKNOWLEDGMENTS

TABLE OF CONTENTS

INTRODUCTION / EXECUTIVE SUMMARY1

1: COMMUNITY AND LIVABILITY9

2: HOUSING15

3: ECONOMY17

CONCLUSION / NEXT STEPS19

APPENDICES

APPENDIX A: COMMUNITY ENGAGEMENT SUMMARY

APPENDIX B: STAKEHOLDER AND COMMUNITY FEEDBACK SUMMARY (APG)

APPENDIX C: HOUSING STRATEGY (ECONORTHWEST)

APPENDIX D: ECONOMIC STRATEGY (ECONORTHWEST)

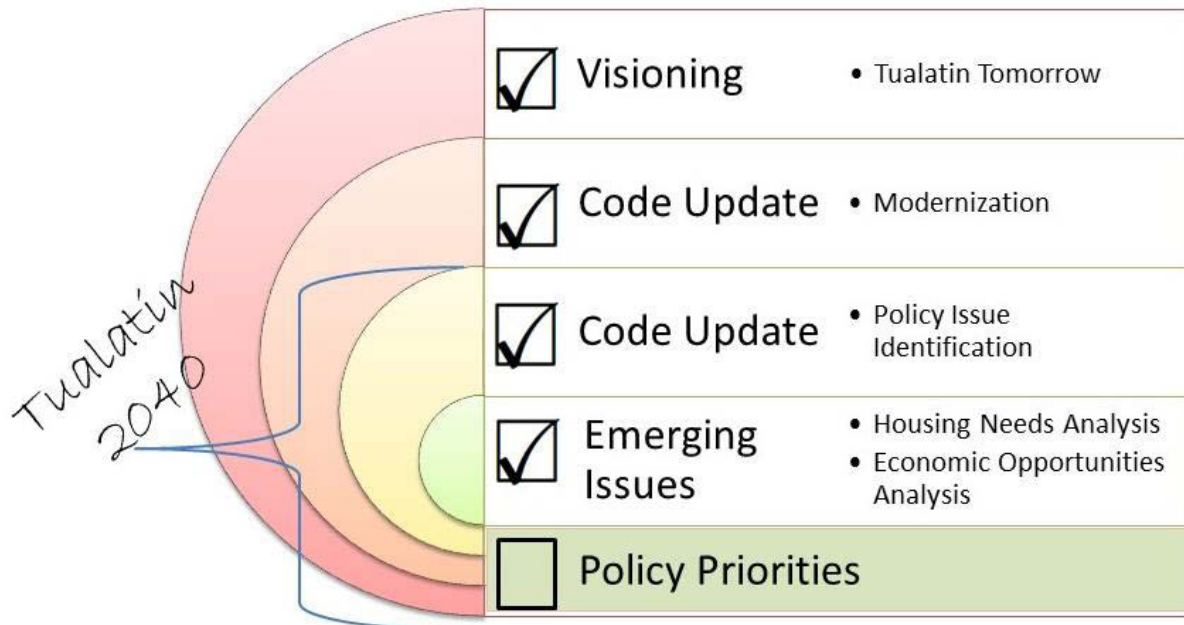
INTRODUCTION / EXECUTIVE SUMMARY

In the past 30 years, Tualatin and the region experienced dramatic change. However, the documents that guide current and future development in Tualatin, the Comprehensive Plan and Development Code, have not been comprehensively updated in decades.

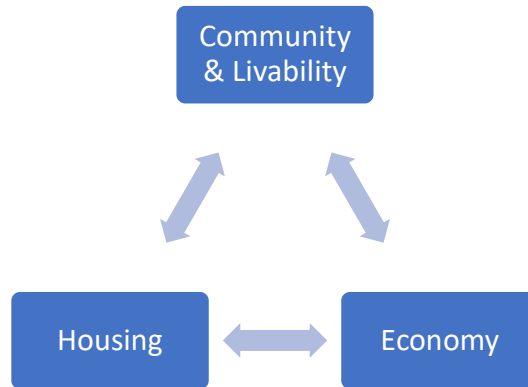
Building upon Tualatin Tomorrow (vision setting) and Phase I Tualatin Development Code Improvement Project (policy-neutral code clean up), Tualatin 2040 took a 20-year look ahead to review housing and economic data to inform a non-neutral policy analysis to identify where regulations do not meet our community’s vision.

Technical documents such as a Housing Needs Analysis (HNA) and Economic Opportunities Analysis (EOA) and strategies for each were developed in coordination with ECONorthwest, technical advisors, and a Community Advisory Committee. The policy analysis was conducted by Angelo Planning in coordination with stakeholder interview and an extensive public outreach at community events and online. Tualatin 2040 will end in City Council acceptance of policies and strategies that address the City’s needs.

In 2020 staff development of a work plan will be undertaken to identify the actions, resources, timing, and responsibility for updating the Comprehensive Plan and Development Code to move towards achieving Tualatin’s vision identified in Tualatin Tomorrow.



The policy strategies and priorities identified in this Plan are organized into three general areas, based on feedback from the community: **Community and Livability**, **Housing** and **Economy**.



Community and Livability is a broad policy topic area that is further divided into six subtopic areas. The priorities are based on feedback from stakeholder interviews conducted by project consultant Angelo Planning Group and City staff as well as input from the broader community.

Community and Livability

- A. Housing and Livability
- B. Transportation and Parking
- C. Civic Identity and Downtown and Community Design
- D. Employment, Industrial, Commercial & Institutional Development
- E. Parks, Open Space and the Environment
- F. Community Engagement, Equity, Diversity and Inclusion

The **Housing** and **Economy** policy strategies and priorities are based on feedback from the Community Advisory Committee (CAC) and draw upon from the Housing Strategy and Economic Development Strategy documents developed by project consultant ECONorthwest with CAC input.

Housing Policy Strategies

- 1. Ensure an adequate supply of land that is available and serviceable
- 2. Encourage development of a wider variety of housing types
- 3. Support development and preservation of housing that is affordable for all households
- 4. Identify funding tools to support residential development
- 5. Identify redevelopment opportunities
- 6. Ensure there are connections between planning for housing and other community planning

Economic Policy Strategies

- 1. Ensure an adequate supply of land that is available and serviceable
- 2. Identify redevelopment opportunities
- 3. Support business retention, growth, and attraction
- 4. Ensure there are connections between planning for economic development and other community planning

High Priorities by Topic

1: COMMUNITY AND LIVABILITY POLICY PRIORITIES (HIGH PRIORITY BASED ON STAKEHOLDER FEEDBACK¹)

Housing and Livability

Housing affordability was a major topic of discussion and a concern for all stakeholders and some noted the need for the City to have a plan for housing.

Greater diversity of Housing Types in Tualatin was broadly supported; many felt a wider variety of options (other than single-family homes) would provide more affordable options. Alternative housing types discussed with stakeholders were **townhomes/rowhouses, mixed-use development, duplexes, triplexes, and accessory dwelling units (ADU)**. Most stakeholders were in favor of the full range of housing types. One stakeholder noted that small lot and zero lot line subdivisions could provide higher density that doesn't feel cramped.

Basalt Creek was mentioned by a number of stakeholders. Others noted that the proposed zoning allows for a good diversity of housing (low density residential, medium low density residential and some high density residential, but that lots should be 3,000 or 4,000 square foot lots.

Transportation and Parking

A common concern amongst stakeholders was **congestion** and traffic in town. **Transit and access** were also important topics amongst stakeholders. Many expressed the desire for greater **transit access** and service in town, throughout Tualatin, neighboring communities, and to Portland. Further, there was excitement for the proposed **SW Corridor Max Line**. One stakeholder expressed frustration about the lack of transit access to essential services especially for those people who are transit-dependent. The importance of having transit services near affordable housing was also mentioned. **WES** is very limited; it needs to be extended/expanded to reach more areas and one stakeholder suggested a Tualatin–WES shuttle to business parks.

Walkability of Tualatin was another popular topic amongst stakeholders. Many said they walk in the community, but primarily within their neighborhoods to avoid major roads because of the **uncomfortable pedestrian environment**. The major roads which were noted as providing **poor pedestrian connectivity** between downtown and the City's residential neighborhoods. A few

¹ The stakeholder feedback was organized into High, Medium, Low categories based on adjectives to describe a frequency or quantity of how often a topic was discussed. Policies with High Support are described with key words such as "major," "broad," "most," "a number of," and "many."

stakeholders suggested encouraging neighborhood commercial areas as a way of alleviating congestion downtown and improving walkability. Some noted the need for boulevard street design with wide sidewalks.

Civic Identity and Downtown and Community Design

A robust Downtown was hoped for by community members. When asked what brings people downtown, responses included shopping, retail stores, and the library. However, most stakeholders requested more attractions and businesses downtown and shared ideas of how that could be achieved. Some stakeholders also noted their preference to have fewer “chain” businesses in town and believed that the City should encourage more local businesses through incentives and other approaches to attract the “right” local businesses to downtown.

“Third Places” - both public (e.g. community center and arts center) and private (e.g. local coffee shop) were suggested as needs by many stakeholders.

Meeting spaces and the importance of the need in the community was stressed by stakeholders. Most stakeholders stressed the lack of meeting spaces for a variety of needs from hosting Girl Scouts meetings to the State of City address.

Tualatin River/ Lake at the Commons were cited as underutilized assets downtown due to their lack of visibility by many stakeholders. There was interest in making The Commons a more interesting place to go with businesses and activities that help bring people there.

Employment, Industrial, and Institutional Development

Industrial and employment land concerns were expressed by many stakeholders, who expressed their understanding of the **importance of the industrial** and manufacturing areas in Tualatin and significance of their presence. However, most community members felt these areas primarily provide employment to those out of town and lack local employees, which many stakeholders believed contributes to traffic in Tualatin.

Parks, Open Space and the Environment

Parks, trails, gathering spaces were praised by many stakeholders, who said they were frequent users of, **Tualatin’s parks and trails**. Other open space areas such as public plazas and other **gathering spaces** were noted as more limited; many stakeholders noted a need for more of these facilities in Tualatin. However, a few stakeholders noted that adding more park land and greenspaces comes at a price and wondered whether current parks were being fully utilized.

A Community Center that is more robust was requested by many stakeholders, with a wider variety of classes, lessons, groups etc. for a broader range of ages beyond what is currently offered at the Juanita Pohl Center.

Community Engagement, Equity, Diversity and Inclusion

Outreach and engagement and the need to broaden it to get more community members involved in local projects is not an easy task but one that was desired by a number of stakeholders, stating that it is important to reach and engage a **broader group** than the existing strong group of dedicated “**champions**” in the community.

Interconnections and healthy communities - everything interconnected – transportation, housing, parks, gathering places, etc. – was desired by a number of stakeholders.

Welcoming diversity in the community was noted as an important value to many stakeholders.

Diverse groups and community engagement and the need to engage and provide more visibility for diverse groups throughout the community, and to continue (and improve) inclusivity was cited by a number of stakeholders, who wanted the City to be sure to hear from a wide range of community members. For example, include signs in Spanish around the City, so all feel included.

2: CAC PRIORITIZED AND RECOMMENDED HOUSING POLICY STRATEGIES (WITH ACTIONS)

High Priority Housing Policy Strategies

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

Action 1.1. Evaluate opportunities to increase development densities, by modifying the development code, within Tualatin’s existing zones.

Action 1.2. Evaluate opportunities to re-zone land to provide additional opportunities for multifamily housing development.

Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond

Strategy 3: Support development and preservation of housing that is affordable for all households.

Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of Median Family Income in Washington County (\$48,900 or less for a household size of four people).

Strategy 4: Identify funding tools to support residential development.

Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing.

Action 4.2. Evaluate establishing an Urban Renewal district.

Strategy 5: Identify redevelopment opportunities.

Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

Strategy 6: Ensure there are connections between planning for housing and other community planning.

Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth.

TOPIC 3: CAC PRIORITIZED AND RECOMMENDED ECONOMIC POLICY STRATEGIES (WITH ACTIONS)

High Priority Economic Policy Strategies

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

Action 1.1. Evaluate opportunities to increase mixed-use development.

Action 1.3. Identify opportunities to make more efficient use of commercial land.

Action 1.6. Plan for long-term development in Tualatin through 2040 and beyond.

Strategy 2: Identify redevelopment opportunities.

Action 2.2. Revise the Tualatin Town Center Plan to focus on opportunities to support redevelopment.

Action 2.4. Develop policies to support redevelopment and mixed-use development.

Strategy 3: Support business retention, growth and attraction.

Action 3.3. Support growth of and retain entrepreneurial businesses in Tualatin.

Strategy 4: Ensure there are connections between planning for economic development and other community planning.

Action 4.1. Ensure that updates to the Transportation System Plan coordinate with planning for employment and business growth.

- 40+ people attended **“Under One Roof”** event to discuss severely rent burdened needs
- 15 individual and 1 large group **Stakeholder Interviews**
- 7 meetings with a **Community Advisory Committee** (16 members)
- 4 meetings with a **Technical Advisory Committee** (internal/external city staff and private sector professionals)
- **3 volunteers** helped deliver event posters to **30+ community locations**

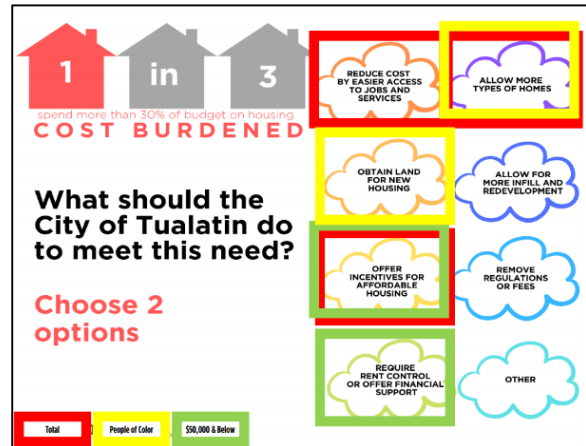


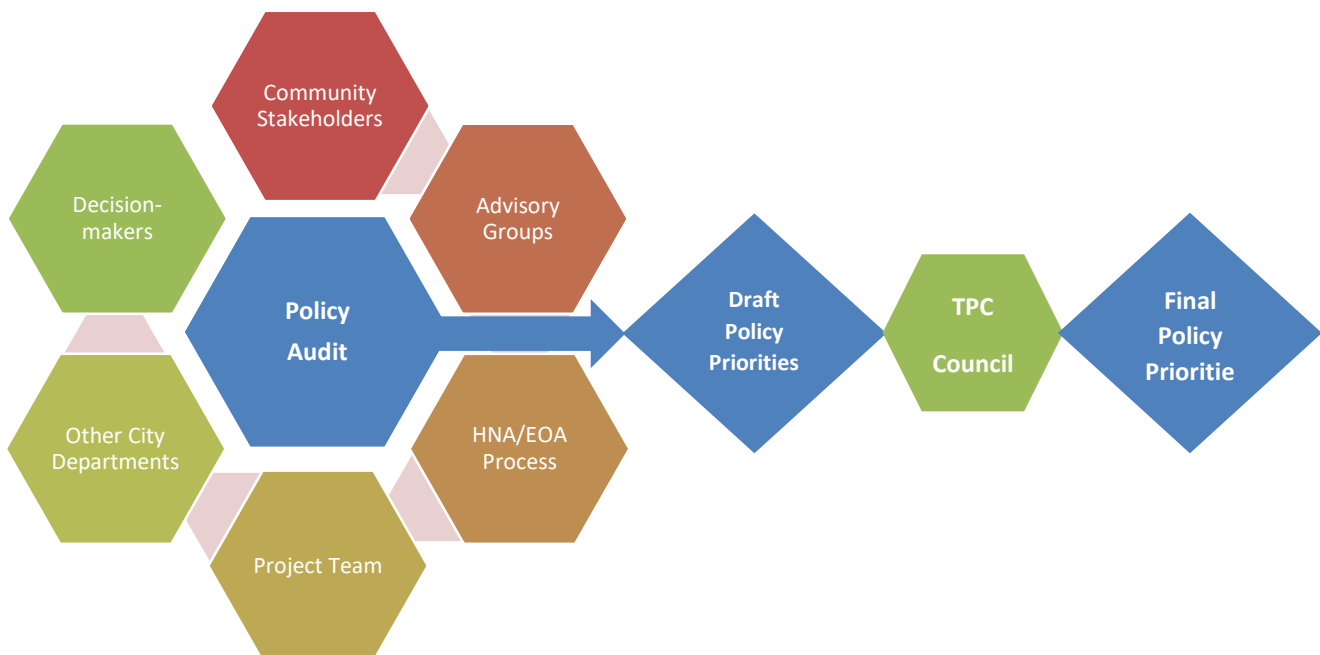
Figure 2 Example of open house and in-person survey interview question with responses broken out by race and income.

Further information can be found in **Appendices A and B.**

Policy Priorities

This **draft Policy Priorities** identifies a wide range of possible action items (e.g., code updates) and is intended to provide a starting point for Planning Commission recommendation and City Council decision-making. The final Policy Priorities document will be crafted based on direction from City Council. Figure 3 summarizes the process to date, as well as next steps.

Figure 3: Policy Audit and Prioritization Plan Process



1: COMMUNITY AND LIVABILITY

What We Heard from the Community about Community and Livability

Topic 1 includes feedback that was gained from the broader community and includes feedback from Stakeholders, which was comprised of both meetings with interested groups and individual interviews. Stakeholders were given the opportunity to comment on a wide variety of topics, but were asked specifically: “What land use topics and issues do you think should be City priorities?” and “Do you think the City’s current policies still speak to Tualatin’s priorities or should something change?” The feedback gained from these interactions (summarized in **Appendix B**) is grouped into the following six subtopic areas, and ranked “high,” “medium,” or “low” based on how frequently or often a topic was mentioned:

- Housing and Livability
- Transportation and Parking
- Civic Identity and Downtown and Community Design
- Employment, Industrial, Commercial & Institutional Development
- Parks, Open Space and the Environment
- Community Engagement, Equity, Diversity and Inclusion

The stakeholder feedback which is summarized in Table 1 was organized into High, Medium, Low categories based on adjectives to describe a frequency or quantity of how often a topic was discussed.

| | |
|----------------|--|
| High Support | Policies Priorities with High Support are described with key words such as “major,” “broad,” “most,” “a number of,” and “many” |
| Medium Support | Policies Priorities with Medium Support are described with key words such as “some,” “several,” and “common” |
| Low Support | Policies Priorities with Low Support were suggested by one participant (or if no quantity was noted) |

TABLE 1: STAKEHOLDER FEEDBACK ON COMMUNITY AND LIVABILITY POLICIES

| Housing and Livability |
|--|
| <p>Housing affordability was a major topic of discussion and a concern for all stakeholders and some noted the need for the City to have a plan for housing.</p> |
| <p>Greater diversity of Housing Types in Tualatin was broadly supported; many felt a wider variety of options (other than single-family homes) would provide more affordable options. Alternative housing types discussed with stakeholders were townhomes/rowhouses, mixed-use development, duplexes, triplexes, and accessory dwelling units (ADU). Most stakeholders were</p> |

in favor of the full range of housing types. One stakeholder noted that small lot and zero lot line subdivisions could provide higher density that doesn't feel cramped.

Basalt Creek was mentioned by a number of stakeholders. Others noted that the proposed zoning allows for a good diversity of housing (low density residential, medium low density residential and some high density residential, but that lots should be 3,000 or 4,000 square foot lots.

Cost factors such as land costs were noted factors impacting the cost of housing and the lack of available land to develop in Tualatin, for both large and small lots by stakeholders who are part of the development community They noted how cost of development (land, fees, construction materials, etc.) is affecting development operations and impacting affordability, acknowledging that this is a **regional concern**.

Preservation of neighborhood character was cited as a **concern** by some stakeholders. One stakeholder felt that Tualatin is a suburban town, people live there because they want to live in the suburbs. Others noted that the "densification" of existing single-family residential neighborhoods has potential to ruin **neighborhood character**. There was also concern expressed about large house sizes ("McMansions") making housing unaffordable.

Increase in height limits was suggested by some stakeholders, including the need for high rise apartments (6-8 stories) located next to transportation options.

Affordable Housing types including a discussion of affordable housing types; several stakeholders mentioned a need for living options for the aging population in Tualatin. A lack of **senior housing** and **multi-generational housing** options were noted. Interest in having more single story (ranch style) homes was also expressed. Several stakeholders mentioned that there are limited locations to downsize within Tualatin. Some stakeholders noted a jobs/household composition mismatch. **Workforce housing**, and more affordable housing for employees of Tualatin's industrial and commercial businesses, was highlighted as a concern. The lack of workforce housing was also underscored as a factor in creating traffic congestion.

Basalt Creek and significant concerns about the **environmental impacts** of development in the area were expressed by one stakeholder.

Transportation and Parking

A common concern amongst stakeholders was **congestion** and traffic in town. **Transit and access** were also important topics amongst stakeholders. Many expressed the desire for greater **transit access** and service in town, throughout Tualatin, neighboring communities, and to Portland. Further, there was excitement for the proposed **SW Corridor Max Line**. One stakeholder expressed frustration about the lack of transit access to essential services especially for those people who are transit-dependent. The importance of having transit services near affordable

housing was also mentioned. **WES** is very limited; it needs to be extended/expanded to reach more areas and one stakeholder suggested a Tualatin–WES shuttle to business parks.

Walkability of Tualatin was another popular topic amongst stakeholders. Many said they walk in the community, but primarily within their neighborhoods to avoid major roads because of the **uncomfortable pedestrian environment**. The major roads which were noted as providing **poor pedestrian connectivity** between downtown and the City’s residential neighborhoods. A few stakeholders suggested encouraging neighborhood commercial areas as a way of alleviating congestion downtown and improving walkability. Some noted the need for boulevard street design with wide sidewalks.

Congestion and Traffic was a common concern amongst stakeholders was **congestion** and traffic in town. Many attributed the traffic to employees of local businesses commuting from out of town. One stakeholder mentioned concerns about potential increase in traffic and congestion with more residential development of land available for annexation. Two stakeholders mentioned the potential benefits of a **bypass** if it would alleviate traffic, but not a road widening that would only bring more traffic.

ADA Accessibility of the City’s pedestrian infrastructure was cited as a concern by some stakeholders. Examples included height and location of pedestrian signal push buttons and pedestrian light times. Others noted the trail designs lack lighting.

A Bike-Friendly Community was desired by several stakeholders, providing more facilities and improving comfort for cyclists outside of the City’s trails system. One stakeholder noted that currently it doesn’t feel safe as there is not a huge awareness of bicyclists in Tualatin. The need for a complete and connected bicycle system was also noted.

Need for adequate parking at multi-family housing so there is minimal reliance on street parking, especially if smaller multifamily units such as duplexes or triplexes are incorporated into single family neighborhoods was identified by several stakeholders. Another stakeholder suggested garages shouldn’t count toward parking requirements, because so few are used for parking. However, others noted that parking issues need creative solutions including reduction of parking in some places.

Keeping sidewalks clear of debris and increasing awareness around property owner responsibility to do so after snowfall and leaf clean-up, primarily because of their effect on the ADA accessibility of sidewalks in those conditions was suggested by one stakeholder Another suggested the current requirement for 3-foot wide planter strips is inadequate and should be increased to 4-feet in width to avoid sidewalks buckling as tree roots grow.

Civic Identity and Downtown and Community Design

A robust Downtown was hoped for by community members. When asked what brings people downtown, responses included shopping, retail stores, and the library. However, most stakeholders requested more attractions and businesses downtown and shared ideas of how that could be achieved. Some stakeholders also noted their preference to have fewer “chain” businesses in town and believed that the City should encourage more local businesses through incentives and other approaches to attract the “right” local businesses to downtown.

“Third Places” - both public (e.g. community center and arts center) and private (e.g. local coffee shop) were suggested as needs by many stakeholders.

Meeting spaces and the importance of the need in the community was stressed by stakeholders. Most stakeholders stressed the lack of meeting spaces for a variety of needs from hosting Girl Scouts meetings to the State of City address.

Tualatin River/ Lake at the Commons were cited as underutilized assets downtown due to their lack of visibility by many stakeholders. There was interest in making The Commons a more interesting place to go with businesses and activities that help bring people there.

Downtown Identity/ Character and the **lack of identity** or distinct character was a common theme, with stakeholders asking where is downtown Tualatin?

A City Hall/Performance Space located in the downtown to encourage activity downtown was suggested by several stakeholders. The City of Wilsonville was mentioned by several as good model for what a Tualatin City Hall could look like. Another suggestion for an attraction downtown was a **performance space** for the local community theatre group.

A Farmers Market was attended by several stakeholders when was operating, whom would support it returning to downtown.

Signs/ sign code and concern about signs noting that the City’s **sign code** was outdated was expressed by some stakeholders.

An Auto-Centric Downtown and the negative impact of parking and traffic on downtown walkability was commented on by stakeholders.

Empty Storefronts and their poor condition were cited as a concern by stakeholders. In particular, various ideas for potential use of the **Haggen’s building** were suggested including community center / theater, meeting spaces, City Hall, mixed uses (residential and commercial).

Family Friendly Entertainment and the need for more options was cited by stakeholders with young children, even though the parks are excellent.

Food Carts were also mentioned by one stakeholder who believed they should be allowed throughout the community with less restrictions than what are currently in place. They stressed the importance of food trucks as a proven way to help new businesses owners succeed, which they believe the City should encourage. Further, several stakeholders suggested Tualatin allow small **neighborhood commercial areas**.

Employment, Industrial, and Institutional Development

Industrial and employment land concerns were expressed by many stakeholders, who expressed their understanding of the **importance of the industrial** and manufacturing areas in Tualatin and significance of their presence. However, most community members felt these areas primarily provide employment to those out of town and lack local employees, which many stakeholders believed contributes to traffic in Tualatin.

More positive community impact on the part of industrial/manufacturing businesses on the community through avenues such as local hires, internship and scholarship programs for local youth was desired by several stakeholders.

Workforce housing was identified as a need by stakeholders who felt that the lack of affordable housing was impacting the employment based for Tualatin's industrial and commercial businesses, and that local jobs aren't paying enough for people to live locally which generates **traffic**.

Parks, Open Space and the Environment

Parks, trails, gathering spaces were praised by many stakeholders praised, who said they were frequent users of, **Tualatin's parks and trails**. Other open space areas such as public plazas and other **gathering spaces** were noted as more limited; many stakeholders noted a need for more of these facilities in Tualatin. However, a few stakeholders noted that adding more park land and greenspaces comes at a price and wondered whether current parks were being fully utilized.

A Community Center that is more robust was requested by many stakeholders, with a wider variety of classes, lessons, groups etc. for a broader range of ages beyond what is currently offered at the Juanita Pohl Center.

Water Quality and concerns about the possible lack of natural resource preservation in the area was mentioned by several stakeholders. Clean Water Services (CWS) is the primary entity that is focused on water quality; however, the City should consider stakeholders values and a community priority to consider for enhancing strengthening partnership with CWS. The need for more environmentally friendly landscaping requirements was also noted.

Basalt Creek was cited by several stakeholders as a resource that needs preservation.

Family oriented and family friendly parks, events, and activities were stressed as important assets, focus, and value of the community as the community consists of many families.

Stricter environmental regulations than the baseline CWS standards, an approach that the City of Wilsonville has taken, was favored by one stakeholder, who also expressed concerns about the impacts of urbanization on **natural resources** and areas in annexation land. Further, they mentioned the City’s Stormwater Management Plan is outdated a felt it should be updated to reflect current conditions.

Community Engagement, Equity, Diversity and Inclusion

Outreach and engagement and the need to broaden it to get more community members involved in local projects is not an easy task but one that was desired by a number of stakeholders, stating that it is important to reach and engage a **broader group** than the existing strong group of dedicated “**champions**” in the community.

Interconnections and healthy communities - everything interconnected – transportation, housing, parks, gathering places, etc. – was desired by a number of stakeholders.

Welcoming diversity in the community was noted as an important value to many stakeholders.

Diverse groups and community engagement and the need to engage and provide **more visibility for diverse groups** throughout the community, and to continue (and improve) inclusivity was cited by a number of stakeholders, who wanted to the City to be sure to hear from a wide range of community members. For example, include signs in Spanish around the City, so all feel included.

Enhance Citizen Involvement Organizations (CIOs) could be more robust and encourage more engagement throughout the community. This comment was made by several stakeholders. One suggestion was for a citizen involvement advisory committee for the entire City.

Providing a variety of housing for a variety of income levels and ages was hoped for by some stakeholders who thought it would promote more diversity in Tualatin.

Better communication between the City and the Tigard-Tualatin School District about significant changes to local schools that impact parking, traffic around town, or other significant impacts to the community was suggested by one stakeholder. Another emphasized that community engagement efforts need to spread the word to all, even those **outside City boundaries** when policies/plans directly impact them.

Equity and inclusion policies in the Comprehensive Plan should be more robust and given a higher consideration during a future update of the Comprehensive Plan was noted by one stakeholder.

2: HOUSING

What We Heard from the Community about Housing

Housing affordability and the need for the City to take an active role in this area was a common theme, as well as the need for a wider **diversity of housing types** in Tualatin. Table 2 below summarizes the Community Advisory Committee’s specific recommended policy actions relative to Housing and their priority, which is based on the Housing Strategy found in **Appendix C**. These topics actions were echoed by the Stakeholders that were interviewed and other community members (see **Appendix B**).

TABLE 2: CAC PRIORITIZED AND RECOMMENDED HOUSING POLICY STRATEGIES (WITH ACTIONS)

| High Priority |
|---|
| <p>Strategy 1: Ensure an adequate supply of land that is available and serviceable.</p> <p>Action 1.1. Evaluate opportunities to increase development densities within Tualatin’s existing zones by modifying the Development Code.</p> <p>Action 1.2. Evaluate opportunities to rezone land to provide additional opportunities for multifamily housing development.</p> <p>Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond.</p> |
| <p>Strategy 3: Support development and preservation of housing that is affordable for all households.</p> <p>Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of the median family income in Washington County (\$48,900 or less for a household size of four people).</p> |
| <p>Strategy 4: Identify funding tools to support residential development.</p> <p>Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing.</p> <p>Action 4.2. Evaluate establishing an urban renewal district.</p> |
| <p>Strategy 5: Identify redevelopment opportunities.</p> <p>Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.</p> |
| <p>Strategy 6: Ensure there are connections between planning for housing and other community planning.</p> <p>Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth.</p> |

Medium Priority

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

Action 1.3. Plan for infrastructure development to support residential development, consistent with Strategy 6.

Strategy 2: Encourage development of a wider variety of housing types.

Action 2.1. Allow and encourage development of duplexes, cottage housing, townhomes, row houses, and triplexes and quadplexes in lower-density residential zones.

Action 2.2. Identify opportunities to increase development of commercial and residential mixed-use development.

Strategy 3: Support development and preservation of housing that is affordable for all households.

Action 3.2. Develop policies to support development of housing affordable to people who have income between 60% and 120% of MFI (\$48,900 to \$98,000 for a household of four in Washington County) and live and work in Tualatin.

Action 3.6. Evaluate creative system development charge financing opportunities.

Action 3.7. Evaluate establishment of a tax exemption program to support development of affordable housing.

Strategy 4: Identify funding tools to support residential development.

Action 4.3. Evaluate implementation of a construction excise tax.

Strategy 5: Identify redevelopment opportunities.

Action 5.2. Support redevelopment of underutilized commercial buildings for housing.

Strategy 6: Ensure there are connections between planning for housing and other community planning.

Action 6.2. Coordinate planning for economic development planning with housing planning.

Low Priority

Strategy 2: Encourage development of a wider variety of housing types.

Action 2.3. Identify opportunities to allow and support development of additional innovative housing types.

Strategy 3: Support development and preservation of housing that is affordable for all households.

Action 3.3. Develop policies to prevent and address homelessness.

Action 3.4. Develop policies to prevent or mitigate residential displacement resulting from redevelopment and increases in housing costs in Tualatin.

Action 3.5. Partner with organizations to establish a land bank or land trust.

Action 3.8. Ensure that Tualatin has sufficient staff capacity to implement the housing program priorities set by the City Council.

Strategy 6: Ensure there are connections between planning for housing and other community planning.

Action 6.3. Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life.

Action 6.4. Support sustainable development practices.

3: ECONOMY

What We Heard from the Community about the Economy

The **importance of the industrial and manufacturing areas** in Tualatin was a common theme but community members also expressed concerns about **traffic**. Interest in increasing local employment opportunities that would enable people to both live and work in Tualatin was also heard. Table 3 below summarizes the Community Advisory Committee’s specific recommended policy actions relative to the Economy and their priority, which is based on the Economic Strategy found in **Appendix D**. These topics actions were echoed by the Stakeholders that were interviewed and other community members (see **Appendix B**).

TABLE 3: CAC PRIORITIZED AND RECOMMENDED ECONOMIC POLICY STRATEGIES (WITH ACTIONS)

| High Priority |
|--|
| Strategy 1: Ensure an adequate supply of land that is available and serviceable. Action 1.1. Evaluate opportunities to increase mixed-use development. Action 1.3. Identify opportunities to make more efficient use of commercial land. Action 1.6. Plan for long-term development in Tualatin through 2040 and beyond. |
| Strategy 2: Identify redevelopment opportunities. Action 2.2. Revise the Tualatin Town Center Plan to focus on opportunities to support redevelopment. Action 2.4. Develop policies to support redevelopment and mixed-use development. |
| Strategy 3: Support business retention, growth and attraction. Action 3.3. Support growth of and retain entrepreneurial businesses in Tualatin. |
| Strategy 4: Ensure there are connections between planning for economic development and other community planning. Action 4.1. Ensure that updates to the Transportation System Plan coordinate with planning for employment and business growth. |

Medium Priority

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

Action 1.2. Identify opportunities to make more efficient use of industrial land.

Strategy 2: Identify redevelopment opportunities.

Action 2.3. Identify opportunities to redevelop and intensify uses in industrial areas.

Strategy 3: Support business retention, growth and attraction.

Action 3.1. Revise the Economic Development Strategy, develop a clear vision for economic development, and create an action plan to implement the vision.

Action 3.4. Identify opportunities to attract or grow businesses with pay at or above Tualatin's average wage.

Action 3.5. Evaluate use of incentives to retain, grow, and attract businesses.

Strategy 4: Ensure there are connections between planning for economic development and other community planning.

Action 4.3. Develop a design and planning framework for "ten-minute neighborhoods" that include a mixture of uses.

Action 4.4. Identify opportunities to support workforce development.

Low Priority

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

Action 1.4. Plan for infrastructure development to support commercial and industrial development.

Action 1.5. Work with landowners ensure land is development-ready and certified as shovel ready by Business Oregon.

Strategy 2: Identify redevelopment opportunities.

Action 2.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

Strategy 3: Support business retention, growth and attraction.

Action 3.2. Support growth of existing businesses in Tualatin.

Action 3.6. Ensure that Tualatin has sufficient staff capacity to implement the economic development priorities set by the City Council.

Strategy 4: Ensure there are connections between planning for economic development and other community planning.

Action 4.2. Coordinate planning for economic development with housing planning.

Action 4.5. Evaluate development of a civic center with a range of uses.

CONCLUSION / NEXT STEPS

As mentioned above, this document identifies a wide range of possible action items (e.g., code updates) -- more than could be reasonably accomplished in a single project or within a few years. Adoption or acceptance of a **final Policy Priorities document**, based on the presented community feedback and City Council direction, will provide a roadmap for the creation of a **2020 Work Plan** for the Tualatin Community Development Department and its Planning and Economic Development Divisions. It is also anticipated that in addition to this work plan, the Department would create a **Five-Year Action Plan** that would inform future work planning.

APPENDICES

APPENDIX A: COMMUNITY ENGAGEMENT SUMMARY

APPENDIX B: STAKEHOLDER AND COMMUNITY FEEDBACK SUMMARY (APG)

APPENDIX C: HOUSING STRATEGY (ECONORTHWEST)

APPENDIX D: ECONOMIC STRATEGY (ECONORTHWEST)

APPENDIX A: COMMUNITY ENGAGEMENT SUMMARY

Project Information dissemination

A website which can be found at <https://www.tualatin2040.com/> was developed at the inception of the Tualatin 2040 project and has been updated regularly with information about the project and its schedule, a wide range of opportunities for public engagement, meetings open to the public, and to keep the public and interested parties well informed as the project progressed. The site includes a robust library of project documents, updates, presentations, agendas, meeting summaries and more.

Policy Issue Identification Outreach Effort

Early on in the project City staff and consultant Angelo Planning Group (APG) held a joint meeting for five City Advisory groups to gain early input from them. In addition, the project management team (PMT) for the Tualatin 2040 reached out and presented at monthly meetings of all six Citizen Involvement Organizations (CIOs), the Core Area Parking District Board, and the Library Advisory Committee, as well as Task Forces and the Business Advisory Council to let them know about the many opportunities for public engagement in the Tualatin 2040 project.

Stakeholders' participation included meetings with **interested groups** and **individual interviews**.

| | |
|------------------------------|---|
| Joint meeting | March 12, 2019 meeting with members from the following groups: <ul style="list-style-type: none">○ Tualatin Planning Commission (TPC)○ Architectural Review Board (ARB)○ Tualatin Parks Advisory Committee (TPARK)○ Tualatin Arts Advisory Committee (TAAC)○ Youth Advisory Council (YAC) |
| CIO meetings | <ul style="list-style-type: none">○ Martinazzi CIO○ East Tualatin CIO○ Midwest CIO○ Byrom CIO○ Commercial CIO○ Riverpark CIO |
| Individual interviews | <ul style="list-style-type: none">○ Participants representing a diverse group of stakeholders including residents (owners and renters), business owners, developers, parents with young children and seniors and persons with disabilities○ APG conducted twelve one-on-one stakeholder interviews from April 1 to April 3, 2019 |

| | |
|------------------------------------|---|
| | <ul style="list-style-type: none"> ○ City staff conducted two additional interviews -- one on April 9, 2019 with two participants and one on April 29, 2019 with one participant |
| Group stakeholder interview | <ul style="list-style-type: none"> ○ Tualatin Aging Task Force on May 13, 2019 facilitated by APG and assisted by City staff |

Conversations with participants ranged from very specific to general topics. Participants did not need to have specific knowledge of the Tualatin Development Code to participate. A set of questions were provided to prompt discussions; however, participants were free to focus on the topics more important to them. The questions included the following:

- What land use topics and issues do you think should be City priorities?
- Do you think the City’s current policies still speak to Tualatin’s priorities or should something change?
- Are the regulations in the Development Code implementing the policies and the community’s priorities? Are the built results turning out the way you want?
- If choices must be made about what chapters of the TDC to update first, what do think should be done first?

Advisory Committees for Housing Needs Analysis (HNA) and Economic Opportunity Analysis (EOA):

A 16-member Community Advisory Committee (CAC) was convened by the City in March 2019 to provide policy input on the HNA, EOA and related strategy documents. The Community Advisory Committee met seven times with the last meeting held on September 26, 2019. The CAC provided input to help guide the City’s housing and economic policy with a focus on policy analysis and developing strategies and actions that could lead to possible changes to the comprehensive plan and development code regulations.

A Technical Advisory Committee (TAC) was convened by the City in April 2019 to provide technical input on the HNA, EOA and related strategy documents and to reach out to external agencies and experts for coordination and expertise as appropriate and needed. The Technical Advisory Committee met four times with the last meeting held September 25, 2019. The TAC focused on the technical approach and methodology for the Housing Needs Analysis (HNA) and Economic Needs Analysis (EOA). They will provide review and input for analyses, reports, and strategies. The core TAC was comprised of City staff with expertise related to City planning and development code regulation. The TAC also included county, regional and state agencies and experts in the housing and economic development field.

Open house (July – August 2019)

Interacted with 232 people, 73 in-person and 159 online. Asked for demographic and income information to inform engagement efforts. Responses to the survey questions are broken out by total responses, income (\$50,000 and below), and race (People of Color). Compared to Tualatin's Census numbers, the traditional public engagement structure (Community Advisory Committee and stakeholder interviews) interacted with an older, higher income, and more white community, than online and in-person outreach. Compared to the Census, the Latinx community and residents younger than 18 years old were under-represented, although these groups did participate through in-person surveys where demographic information was not requested.

- Top three (3) actions for the City of Tualatin to meet affordable housing needs: offer incentives for affordable housing, improve connections to jobs and services to lessen costs, and allow more types of homes. For households making \$50,000 and below, rent control and incentives for affordable housing were of greater interest. For People of Color, allowing more types of homes and obtain land for new housing were of greater interest.
- Top three (3) desired choices for new housing types: small homes, townhomes, and cottage courtyard/business-home (tie). For households making \$50,000 and below, small homes and cottage courtyards were of greater interest. For People of Color, business-home and small homes were of greater interest.
- Top three (3) non-housing priority topics: improving connectivity, increasing and protecting green space, and increasing opportunities for jobs and entertainment. For households making \$50,000 and below, increasing and protecting green space, and increasing opportunities for jobs and entertainment, were of greater interest. For People of Color, improving connectivity and increasing opportunities for jobs and entertainment, were of greater interest.

Under One Roof luncheon (September 2019)

Interacted with around 40 community members, representing a diverse range from affordable housing residents, to housing service providers, to elected officials. We received our first request to use Spanish translation services, which have been offered at all Tualatin 2040 community meetings.

- The panel of experts recommended the following actions for the City of Tualatin to address affordable housing needs: land is costly so review what land is already in public control, reform the zoning (especially parking and density), and be ready for not-in-my-backyard (NIMBY) concerns.
- Affordable housing is complex and a coalition is needed, similar to the panel at the meeting (Community Action + Washington County Department of Housing Services + Community Partners for Affordable Housing), but also to include advocates within the community.
- The major theme from stakeholder feedback was a desire to achieve a greater efficiency in how we use land. This could be done by improving connections to community amenities by access (transportation) or increasing the location of jobs, businesses, services, and green spaces near homes.

- During question and answer, community members asked a range of housing questions – housing vouchers, shared/transitional housing, tiny homes, mobile or manufactured homes, and immediate assistance. Read the full meeting summary ([link](#)) for responses.

APPENDIX B: STAKEHOLDER AND COMMUNITY FEEDBACK SUMMARY (APG)

What We Learned

Participating stakeholders shared their thoughts on a wide range of topics. For the summary we have organized the input into the following key topic areas:

- Housing and Livability
- Transportation and Parking
- Civic Identity and Downtown
- Employment and Industrial Development
- Parks, Open Space and the Environment
- Community Engagement
- Equity, Diversity and Inclusion

While all of the topics were discussed the first two – **Housing and Livability** and **Transportation and Parking** -- were the top priorities for most of the stakeholders.

Housing and Livability

- Housing **affordability** was a major topic of discussion and a concern for all stakeholders and some noted the need for the City to have a plan for housing.
- There was broad support for a wider **diversity of housing types** in Tualatin; many felt a wider variety of options (other than single-family homes) would provide more affordable options.
- Some stakeholders expressed **concern**. One stakeholder felt that Tualatin is a suburban town, people live there because they want to live in the suburbs. Others noted that the “densification” of existing single-family residential neighborhoods has potential to ruin **neighborhood character**.
- Some alternative housing types discussed with stakeholders were **townhomes/rowhouses, mixed-use development, duplexes, triplexes, and accessory dwelling units (ADU)**. Most stakeholders were in favor of the full range of housing types. One stakeholder noted that small lot and zero lot line subdivisions could provide higher density that doesn’t feel cramped.
- Some stakeholders stressed the need for high rise apartments (6-8 stories) located next to transportation options and felt that the City’s **height limits** were too low. There was also concern expressed about large house sizes (“McMansions”) making housing unaffordable.
- During the discussion of affordable housing types, several stakeholders mentioned a need for living options for the aging population in Tualatin. A lack of **senior housing** and **multi-generational housing** options were noted. Interest in having more single story (ranch style) homes was also expressed. Several stakeholders mentioned that there are limited locations to downsize within Tualatin.

- Some stakeholders noted a jobs/household composition mismatch. **Workforce housing**, and more affordable housing for employees of Tualatin’s industrial and commercial businesses, was highlighted as a concern. The lack of workforce housing was also underscored as a factor in creating traffic congestion.
- Stakeholders who are part of the development community noted factors impacting the cost of housing such as **land costs** and the lack of available land to develop in Tualatin, for both large and small lots. They noted how cost of development (land, fees, construction materials, etc.) is affecting development operations and impacting affordability, acknowledging that this is a **regional concern**.
- A number of stakeholders mentioned **Basalt Creek**. One stakeholder expressed significant concerns about the environmental impacts of development in Basalt Creek. Others noted that the proposed zoning allows for a good diversity of housing (low density residential, medium low density residential and some high density residential, but that lots should be 3,000 or 4,000 square foot lots.

Transportation and Parking

- A common concern amongst stakeholders was **congestion** and traffic in town. Many attributed the traffic to employees of local businesses commuting from out of town. One stakeholder mentioned concerns about potential increase in traffic and congestion with more residential development of land available for annexation. Two stakeholders mentioned the potential benefits of a **bypass** if it would alleviate traffic, but not a road widening that would only bring more traffic.
- Transit was another important topic amongst stakeholders. Many expressed the desire for greater **transit access** and service in town, throughout Tualatin, neighboring communities, and to Portland. Further, there was excitement for the proposed **SW Corridor Max Line**. One stakeholder expressed frustration about the lack of transit access to essential services especially for those people who are transit-dependent. The importance of having transit services near affordable housing was also mentioned. **WES** is very limited; it needs to be extended/expanded to reach more areas and one stakeholder suggested a Tualatin–WES shuttle to business parks.
- Walkability of Tualatin was another popular topic amongst stakeholders. Many said they walk in the community, but primarily within their neighborhoods to avoid major roads because of the **uncomfortable pedestrian environment**. The major roads which were noted as providing **poor pedestrian connectivity** between downtown and the City’s residential neighborhoods. A few stakeholders suggested encouraging neighborhood commercial areas as a way of alleviating congestion downtown and improving walkability. Some noted the need for boulevard street design with wide sidewalks.
- Some stakeholders had concerns about **ADA accessibility** of the City’s pedestrian infrastructure. Examples included height and location of pedestrian signal push buttons and pedestrian light times. Others noted the trail designs lack lighting.

- Several stakeholders stressed the desire for a **more bike friendly** community, providing more facilities and improving comfort for cyclists outside of the City’s trails system. One stakeholder noted that currently it doesn’t feel safe as there is not a huge awareness of bicyclists in Tualatin. The need for a complete and connected bicycle system was also noted.
- Several stakeholders commented on the need for **adequate parking** at multi-family housing so there is minimal reliance on street parking, especially if smaller multifamily units such as duplexes or triplexes are incorporated into single family neighborhoods. Another stakeholder suggested garages shouldn’t count toward parking requirements, because so few are used for parking. However, others noted that parking issues need creative solutions including reduction of parking in some places.
- One stakeholder suggested raising awareness around property owner responsibility to **clear sidewalks** after snowfall and leaf clean-up, primarily because of their effect on the ADA accessibility of sidewalks in those conditions. Another suggested the current requirement for 3-foot wide planter strips is inadequate and should be increased to 4-feet in width to avoid sidewalks buckling as tree roots grow.

Civic Identity and Downtown

- Discussions with community members revealed hopes for a more **robust downtown** Tualatin. When asked what brings people downtown, responses included shopping, retail stores, and the library. However, most stakeholders requested more attractions and businesses downtown and shared ideas of how that could be achieved. Some stakeholders also noted their preference to have fewer “chain” businesses in town and believed that the City should encourage more local businesses through incentives and other approaches to attract the “right” local businesses to downtown.
- Stakeholders commented on the **auto-centric** nature of downtown, and the negative impact of parking and traffic on downtown walkability.
- A common theme when discussing downtown was the **lack of identity** or distinct character, with stakeholders asking where is downtown Tualatin?
- Many stakeholders suggested incorporating more “**3rd places**” in Tualatin, both public (e.g. community center and arts center) and private (e.g. local coffee shop).
- Stakeholders also stressed the importance of the need for **meeting spaces** in the community. Most stakeholders stressed the lack of meeting spaces for a variety of needs from hosting Girl Scouts meetings to the State of City address.
- Stakeholders with young children noted that while the parks are excellent, there is a need for more **family-friendly entertainment** opportunities.
- Stakeholders also expressed concerns with the many **empty storefronts** in downtown and their poor condition. In particular, various ideas for potential use of the **Haggen’s building** were

suggested including community center / theater, meeting spaces, City Hall, mixed uses (residential and commercial).

- Several stakeholders suggested that a **City Hall** be located in the downtown to encourage activity downtown. The City of Wilsonville was mentioned by several as good model for what a Tualatin City Hall could look like. Another suggestion for an attraction downtown was a **performance space** for the local community theatre group.
- Several stakeholders mentioned attending the downtown **farmers market** when it was operating and would support the farmers market returning to downtown.
- Many stakeholders felt that the **Tualatin River** and the **Lake at the Commons** are underutilized assets downtown due to their lack of visibility. There was interest in making The Commons a more interesting place to go with businesses and activities that help bring people there.
- **Food carts** were also mentioned by one stakeholder who believed they should be allowed throughout the community with less restrictions than what are currently in place. They stressed the importance of food trucks as a proven way to help new businesses owners succeed, which they believe the City should encourage. Further, several stakeholders suggested Tualatin allow small **neighborhood commercial areas**.
- Some stakeholders expressed concern about signs noting that the City's **sign code** was outdated.

Employment and Industrial Development

- Many stakeholders expressed their understanding of the **importance of the industrial** and manufacturing areas in Tualatin and significance of their presence. However, most community members felt these areas primarily provide employment to those out of town and lack local employees, which many stakeholders believed contributes to traffic in Tualatin.
- Also, stakeholders mentioned lack of affordable housing impacting the employment based for Tualatin's industrial and commercial businesses. Concern that local jobs aren't paying enough for people to live locally which generates **traffic**.
- Several stakeholders expressed the desire for the industrial/manufacturing businesses to have a **more positive impact** on the community through avenues such as local hires, internship and scholarship programs for local youth.

Parks, Open Space and the Environment

- Many stakeholders praised, and said they were frequent users of, **Tualatin's parks and trails**. Other open space areas such as public plazas and other **gathering spaces** were noted as more limited; many stakeholders noted a need for more of these facilities in Tualatin. However, a few stakeholders noted that adding more park land and greenspaces comes at a price and wondered whether current parks were being fully utilized.

- **Family friendly** parks, events, and activities were stressed as important assets, focus, and value of the community as the community consists of many families.
- Also, many stakeholders requested a more robust **community center** with a wider variety of classes, lessons, groups etc. for a broader range of ages beyond what is currently offered at the Juanita Pohl Center.
- Several stakeholders were concerned about the possible lack of preservation of **water quality** in the area. Clean Water Services (CWS) is the primary entity that is focused on water quality; however, the City should consider stakeholders values and a community priority to consider for enhancing strengthening partnership with CWS. The need for more environmentally friendly landscaping requirements was also noted.
- One stakeholder was in favor of enforcing stricter regulations than the baseline CWS standards, an approach that the City of Wilsonville has taken. They also expressed concerns about the impacts of urbanization on **natural resources** and areas in annexation land. Further, they mentioned the City’s Stormwater Management Plan is outdated a felt it should be updated to reflect current conditions.
- Several stakeholders noted the need to preserve **Basalt Creek**.

Community Engagement

- A number of stakeholders recognized that getting more community members involved in local projects is not an easy task, but it is important to reach and engage a **broader group** than the existing strong group of dedicated “**champions**” in the community.
- Several stakeholders noted that the **Citizen Involvement Organizations (CIOs)** could be more robust and encourage more engagement throughout the community. One suggestion was for a citizen involvement advisory committee for the entire City.
- One stakeholder suggested **greater communication** between the City and the **Tigard-Tualatin School District** about significant changes to local schools that impact parking, traffic around town, or other significant impacts to the community. Another emphasized that community engagement efforts need to spread the word to all, even those **outside City boundaries** when policies/plans directly impact them.

Equity, Diversity and Inclusion

- A number of stakeholders noted the desire for **healthy communities** - everything interconnected – transportation, housing, parks, gathering places, etc.
- Some stakeholders hoped that by providing **housing for a variety of income levels** and ages it would promote more diversity in Tualatin.
- A number of stakeholders noted the need to engage and provide **more visibility for diverse groups** throughout the community, and to continue (and improve) inclusivity in **community**

engagement, be sure to hear from a wide range of community members. For example, include signs in Spanish around the City, so all feel included.

- One stakeholder noted that the existing **equity and inclusion policies** in the Comprehensive Plan are thin, should be more robust and a higher consideration during the update of the Comprehensive Plan.
- Many stakeholders noted that importance of encouraging and **welcoming diversity** in the community.

DATE: December 4, 2019
TO: Tualatin Housing Needs Analysis Project Advisory Committees
CC: Karen Perl Fox, Steve Koper, and Jonathan Taylor
FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
SUBJECT: FINAL: TUALATIN HOUSING STRATEGY

The City of Tualatin contracted ECONorthwest to develop a Housing Needs Analysis and a Housing Strategy for Tualatin. The Housing Needs Analysis (HNA) will determine whether the City of Tualatin has enough land to accommodate twenty years of population and housing growth. It will characterize housing affordability problems and identify gaps in housing affordability in Tualatin. The HNA will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as for the development of an action plan to implement the housing policies (i.e., the Housing Strategy).

The HNA uses a planning period of 2020–2040. Tualatin is planning for minimum growth of 1,014 new dwelling units within the Tualatin city limits and the Basalt Creek area over the 2020–2040 planning period. Tualatin's vacant unconstrained buildable land has capacity for development of 1,207 new dwelling units at full build-out, not including redevelopment capacity. Build-out of Tualatin's vacant land could occur within the 2020–2040 period, or it could take longer. While the HNA works with the forecasted growth of 1,014 new dwelling units through 2040, the City may consider potential residential growth beyond this forecast in its housing policies, including build-out of all vacant land and redevelopment resulting in additional housing

The results of the HNA show that Tualatin has a deficit of land designated for housing in the Medium High Density Residential and the High Density / High-Rise Residential comprehensive plan designations. The City will need to develop policies to meet this deficit, such as redevelopment or rezoning land to meet these housing needs.

A key objective of the HNA and accompanying 2020 Housing Strategy is to identify options for changes to the City's Comprehensive Plan and land use regulations needed to address housing and residential land needs. This memorandum presents a housing strategy for Tualatin, based on the results of the HNA and discussions with the Community Advisory Committee (CAC) and Technical Advisory Committee (TAC). This Housing Strategy presents a comprehensive package of interrelated policy changes that the CAC recommends the City address.

This Housing Strategy recognizes that the City does not build housing. The strategy focuses on land use tools to ensure there is adequate land planned and zoned to meet the range of housing needs and opportunities for a variety of housing types, whether they be priced at market rate or subsidized. To the extent possible, this strategy strives to provide opportunities for lower-cost market-rate housing to achieve more housing affordability without complete reliance on subsidies and to include subsidized housing as an important tool to meet the need at the lower end of the income spectrum (low, very low, and extremely low) in the mix of strategies.

The Housing Strategy addresses the needs of households with middle, low, very low, or extremely low income. The following describes these households, based on information from the Tualatin Housing Needs Analysis.

- **Very low-income and extremely low-income households** are those who have an income of 50% or less of Washington County’s median family income (MFI)² which is an annual household income of about \$41,000 or less for a family of four. About 31% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,018 or less.³ Development of housing affordable to households at this income level is generally accomplished through development of income-restricted housing.
- **Low-income households** are those who have an income between 50% and 80% of Washington County’s MFI, or an income between \$41,000 and \$65,000 for a family of four. About 15% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,018 to \$1,625. Households with an income below 60% of MFI typically qualify for some types of income-restricted housing. The private housing market often struggles to develop housing affordable to households in this group, especially for the lower-income households in the group.
- **Middle-income households** are those who have an income between 80% and 120% of Washington County’s MFI, or an income between \$65,000 and \$98,000 for a family of four. About 15% of Tualatin’s households fit into this category. They can afford a monthly housing cost of \$1,625 to \$2,400. The private housing market may develop housing affordable to households in this group.

Through the technical analysis of the HNA and input from the CAC and TAC, the City identified six strategic priorities to meet housing needs identified in the HNA. Strategic priorities are described in greater detail in the section below. Appendix A presents the full text of Tualatin’s existing Comprehensive Plan policies for housing. Appendix B presents the information provided to the CAC in the memorandum “Housing Policy Tools to Address Needs” (May 16, 2019).

Tualatin’s Housing Strategy

The Tualatin Housing Strategy is organized around six broad strategic priorities: (1) ensure an adequate supply of land that is available and serviceable; (2) encourage development of a wider variety of housing types; (3) identify strategies to support affordable housing; (4) evaluate funding tools to support residential development; (5) identify redevelopment opportunities;

² Median family income is determined by the U.S. Department of Housing and Urban Development. In 2018, Washington County’s MFI was \$81,400.

³ This assumes that households pay less than 30% of their gross income on housing costs, including rent or mortgage, utilities, home insurance, and property taxes.

and (6) ensure there are connections between planning for housing and other planning (such as transportation planning, water and wastewater planning, or economic development planning). The broad goal of the Tualatin Housing Strategy is to help the City manage the land within the Tualatin planning area to meet current and future housing needs while maintaining the character and quality of life in Tualatin and protecting public interests such as housing affordability, health, safety, and municipal revenues.

The Tualatin CAC convened seven times between March 2019 and September 2019. The CAC discussed housing at the meetings in March, May, August, and September. The Tualatin TAC met four times between April 2019 and September 2019 and discussed housing at all four meetings (while some meetings included discussions of other topics, as well). The CAC and TAC provided input into the development of the Housing Strategy through discussions at meetings and opportunities for input on written documents.

The recommendations from the CAC in this strategy consider key findings from the HNA, such as the following examples. The City has a long-term deficit of residential land. The housing market is not building enough housing that is affordable to households with annual incomes less than \$35,000 based on U.S. Census American Community Survey data. The housing market in Tualatin also has a deficit of housing affordable to households earning more than \$150,000.⁴ The composition of Tualatin's population is becoming older and more diverse. This document presents a comprehensive strategy that provides a variety of opportunities to meet the housing needs of Tualatin's residents at all income levels.

Many of the actions described in the Tualatin Housing Strategy will require legislative amendments to the City's Comprehensive Plan and/or Development Code. These actions will be subject to standard notification and hearing procedures. After the Housing Needs Analysis is completed, the Planning Commission and City Council will prioritize the actions suggested in this memorandum, along with other actions suggested for Tualatin through 2040. Implementation of high priority actions will begin in 2020, based on City Council direction.

⁴ This analysis is based on Exhibit 79 in the Tualatin Housing Needs Analysis.

Summary of Actions

The table below summarizes the strategies, actions, and recommendations made by the CAC. The priority shown in the table is based on discussions with the CAC about the actions they view to be in need of prompt attention. Low-priority actions represent actions that the CAC thinks are important but that may be executed later in the Tualatin 2040 process. At some level, all of the actions in this strategy are a high priority for the CAC.

| Strategies, Actions, and Recommendations | Priority |
|---|----------|
| Strategy 1: Ensure an adequate supply of land that is available and serviceable. | |
| <p>Action 1.1. Evaluate opportunities to increase development densities within Tualatin’s existing zones by modifying the Development Code.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.1a: Evaluate increasing densities in the Residential High and Residential High Density / High Rise residential designations by allowing buildings that are five to eight stories tall. ▪ Recommendation 1.1b: Conduct an audit of the City’s Development Code to identify barriers to residential development (e.g., lot size, setbacks, and lot coverage ratio) and identify alternatives for lowering or eliminating the barriers. ▪ Recommendation 1.1c: Evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements, especially for housing developed for groups who have fewer cars. ▪ Recommendation 1.1d: Adopt a Planned Unit Development (PUD) ordinance to allow flexibility in both development standards and housing types. | High |
| <p>Action 1.2. Evaluate opportunities to rezone land to provide additional opportunities for multifamily housing development.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.2a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes employment and residential uses. ▪ Recommendation 1.2b: Evaluate opportunities to re-zone Residential Low Density and Residential Medium Low Density residential land for higher-density housing. ▪ Recommendation 1.2c: Evaluate merging High Density zone and the High Density / High Rise zone into one zone and evaluate increasing the maximum density and maximum height limit allowed. | High |
| <p>Action 1.3. Plan for infrastructure development to support residential development, consistent with Strategy 6.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.3a: Identify opportunities to increase coordination between transportation planning and residential growth to manage congestion from growth. ▪ Recommendation 1.3b: Identify opportunities to increase transit service. | Medium |
| <p>Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.4a: Actively work with Metro staff on upcoming Regional Growth Management reports. Coordinate Tualatin’s planning with regional plans. ▪ Recommendation 1.4b: Develop and implement a system to monitor the supply of residential land every two years. ▪ Recommendation 1.4c: Reevaluate Tualatin’s housing needs and land sufficiency on a schedule tied to the Metro Growth Management cycle. ▪ Recommendation 1.4d: When needed in the future, work with Metro on potential expansion of the Metro UGB to include the Stafford area. | High |

| Strategies, Actions, and Recommendations | Priority |
|--|----------|
| Strategy 2: Encourage development of a wider variety of housing types. | |
| <p>Action 2.1. Allow and encourage development of duplexes, cottage housing, townhomes, row houses, and triplexes and quadplexes in lower-density residential zones.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.1a: Allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density residential zone. ▪ Recommendation 2.1b: Allow cottage cluster housing in the Medium-Low Density and Medium-High Density zones, at densities appropriate for the zones. | Medium |
| <p>Action 2.2. Identify opportunities to increase development of commercial and residential mixed-use development.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.2a: Identify opportunities for more mixed-use development. | Medium |
| <p>Action 2.3. Identify opportunities to allow and support development of additional innovative housing types.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.3a: Evaluate allowing and supporting development of other housing types in Tualatin, such as single-room occupancy (more than four unrelated living in the same dwelling with shared kitchen and bathrooms); reuse of cargo containers for housing; tiny homes (dwelling units between 100 and 500 square feet); and higher-amenity housing on larger lots. | Low |
| Strategy 3: Support development and preservation of housing that is affordable for all households. | |
| <p>Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of the median family income in Washington County (\$48,900 or less for a household size of four people).</p> <ul style="list-style-type: none"> ▪ Recommendation 3.1a: Develop policies to support development of housing affordable to households with incomes below 60% of MFI as part of the City's program to leverage funds from the Metro Housing Bond. | High |
| <p>Action 3.2. Develop policies to support development of housing affordable to people who have income between 60% and 120% of MFI (\$48,900 to \$98,000 for a household of four in Washington County) and live and work in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.2a: Emphasize growth of jobs that pay at or above average wages, as part of the City's economic development strategy. ▪ Recommendation 3.2b: Identify opportunities to partner with or support employers who are interested in developing an employer-assisted housing program. | Medium |
| <p>Action 3.3. Develop policies to prevent and address homelessness.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.3a: Develop policies to prevent and address homelessness. | Low |
| <p>Action 3.4. Develop policies to prevent or mitigate residential displacement resulting from redevelopment and increases in housing costs in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.4a: Develop policies to prevent displacement of existing residents. ▪ Recommendation 3.4b: Develop policies to prevent loss of existing affordable housing. | Low |
| <p>Action 3.5. Partner with organizations to establish a land bank or land trust.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.5a: Determine whether to participate in a land bank or land trust, such as the Proud Ground Community Land Trust. | Low |
| <p>Action 3.6. Evaluate creative system development charge financing opportunities.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.6a: Evaluate options for potential changes to SDCs and TDTs to support development of affordable housing. | Medium |
| <p>Action 3.7. Evaluate establishment of a tax exemption program to support development of affordable housing.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.7a: Evaluate tax exemption options to support development of affordable housing or mixed-use housing. | Medium |

| Strategies, Actions, and Recommendations | Priority |
|--|----------|
| Action 3.8. Ensure that Tualatin has sufficient staff capacity to implement the housing program priorities set by the City Council. <ul style="list-style-type: none"> ▪ Recommendation 3.8a: Determine whether the City will need to add staff to implement the policies in the housing strategy. | Low |
| Strategy 4: Identify funding tools to support residential development. | |
| Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing. <ul style="list-style-type: none"> ▪ Recommendation 4.1a: Evaluate opportunities, such as housing development incentives (in Strategy 3), to use leveraged funding from the Metro Housing Bond to support the development of affordable housing. | High |
| Action 4.2. Evaluate establishing an urban renewal district. <ul style="list-style-type: none"> ▪ Recommendation 4.2a: Continue the evaluation of establishing a new urban renewal district and consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of MFI. | High |
| Action 4.3. Evaluate implementation of a construction excise tax. <ul style="list-style-type: none"> ▪ Recommendation 4.3a: Evaluate implementation of a CET, starting with an analysis of the financial capacity of a CET. | Medium |
| Strategy 5: Identify redevelopment opportunities. | |
| Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses. <ul style="list-style-type: none"> ▪ Recommendation 5.1a: Identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment. | High |
| Action 5.2. Support redevelopment of underutilized commercial buildings for housing. <ul style="list-style-type: none"> ▪ Recommendation 5.2a: Identify underutilized commercial areas that are ripe for redevelopment and work with landowners and developers to support redevelopment. | Medium |
| Strategy 6: Ensure there are connections between planning for housing and other community planning. | |
| Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth. <ul style="list-style-type: none"> ▪ Recommendation 6.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for housing. ▪ Recommendation 6.1b: Evaluate opportunities to expand transit and improve transportation connectivity in Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin's Town Center. ▪ Recommendation 6.1c: Evaluate opportunities for planning transit-oriented development. ▪ Recommendation 6.1d: Develop a bicycle and pedestrian plan for Tualatin to increase connectivity within Tualatin. | High |
| Action 6.2. Coordinate planning for economic development planning with housing planning. <ul style="list-style-type: none"> ▪ Recommendation 6.2a: Ensure the City includes housing planning for housing that is affordable to people who work at businesses in Tualatin. | Medium |
| Action 6.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses. <ul style="list-style-type: none"> ▪ Recommendation 6.3a: Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life. | Low |
| Action 6.4. Support sustainable development practices. <ul style="list-style-type: none"> ▪ Recommendation 6.4a: Evaluate sustainable building practices, including certifications, to determine whether the City should offer incentives for certification or require certification of new buildings as sustainable. | Low |

Strategy 1: Ensure an Adequate Supply of Land that is Available and Serviceable

This strategy is about ensuring an adequate land supply — not only a twenty-year supply (as Goal 10 requires) but also a pipeline of serviced land that is available for immediate development. The following recommended strategies and actions are intended to ensure an adequate supply of residential land through a combination of changes to the Tualatin Development Code, rezoning land, and long-term regional planning for housing. Efficient use of Tualatin’s residential land is key to ensuring that Tualatin has adequate opportunities to grow from 2020 to 2040, and beyond.

Issue Statement

Tualatin’s vacant unconstrained residential land can accommodate about 1,900 new dwelling units, including land within the city limits and Basalt Creek. Development of all of Tualatin’s vacant unconstrained land may occur over a period longer than the twenty-year planning period of this project. The forecast for housing growth over the 2020 to 2040 period is 1,041 new dwelling units.

The results of the HNA show that Tualatin has a surplus of capacity for new housing in the Low Density Residential, Medium Low Density Residential, and High Density Residential Plan Designations but a deficit in the Medium High Density Residential and High Density / High-Rise Residential plan designations. Tualatin has a deficit of 109 dwelling units (about 7 gross acres of land) in the Medium High Density Residential designation and a deficit of 101 dwelling units (about 4 gross acres of land) in the High Density / High-Rise Residential designation.

Tualatin has enough land within its planning area to accommodate the forecast for new housing. The existing zoning, however, leads to deficits of land in the Medium High Density Residential and High Density / High-Rise Residential Plan Designations. Oregon’s statewide planning system requires cities that do not have enough land within their urban growth boundary (UGB) or in selected plan designations to evaluate and implement policies to increase land use efficiently, expand the UGB, or both.

Tualatin is part of the Metro UGB and cannot expand its planning area on its own. However, Tualatin can increase land use efficiency within its planning area by increasing allowable development densities, rezoning land, or planning for redevelopment to meet the needs in the Medium High Density Residential and High Density / High-Rise Residential plan designations. In addition, Tualatin can monitor growth to ensure that the city continues to have sufficient land for residential growth, and it can work with Metro and other regional partners on future expansions of the Metro UGB to accommodate additional residential development in Tualatin.

Tualatin needs land that is vacant with urban services that support residential development, such as municipal water service, sewer and wastewater service, stormwater management systems, and transportation connections with adequate capacity to accommodate growth.

Goal

Ensure that sufficient land is designated and has urban services to support development so the supply is adequate for all needed housing types at the needed densities. Consider the development-ready residential land supply as part of ongoing functional planning efforts to provide necessary urban services in support of residential development.

Recommended Actions

Action 1.1. Evaluate opportunities to increase development densities within Tualatin's existing zones by modifying the Development Code.

This approach seeks to increase housing capacity by increasing allowable density in residential zones. In short, it gives developers the option of building to higher densities. Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development, add tax revenue that benefits the City (as more units can be built), and make the provision of services more cost effective.

This action will look at increasing allowed densities in the Comprehensive Plan and decreasing minimum lot size standards and/or allowable densities in all residential zones.

Tualatin could modify the density ranges outlined in the Tualatin Development Code. These are currently:

- Residential Low-Density (RL): 1–6.4 dwelling units per acre
- Residential Medium Low–Density (RML): 6–10 dwelling units per acre
- Residential Medium High–Density (RMH): 11–15 dwelling units per acre
- Residential High-Density (RH): 16–25 dwelling units per acre
- Residential High-Density/High-Rise (RH/HR): 26–30 dwelling units per acre

With respect to zoning, Tualatin presently has the following zoning standards:

- P is permitted, C is conditional, and N is not permitted
- Minimum Lot size is in square feet and maximum density is in dwelling units per acre (du/ac)

| Zone | Single-Family Detached | Manufactured Home on a Lot | Accessory Dwelling Unit | Manufactured Home Park | Duplex | Townhouse | Multi-family |
|-----------------------------|------------------------|----------------------------|-------------------------|------------------------|--------|-----------|--------------|
| Residential Low (RL) | | | | | | | |
| Allowed Uses | P | P | P | N | C | C | C |
| Minimum Lot Size | 6,500 average | 6,500 average | - | | 6,000 | 6,000 | 6,000 |

| Zone | Single-Family Detached | Manufactured Home on a Lot | Accessory Dwelling Unit | Manufactured Home Park | Duplex | Townhouse | Multi-family |
|---|------------------------|----------------------------|--|------------------------|-----------|-----------|--------------|
| Maximum Density | 6.4 du/ac | 6.4 du/ac | Accessory to lot with single family dwelling | | 6.4 du/ac | 6.4 du/ac | 6.4 du/ac |
| Residential Medium Low-Density (RML) | | | | | | | |
| Allowed Uses | C | N | P | P | P | P | P |
| Minimum Lot Size | 4,500 | | | | 4,356* | 1,400 | 4,356* |
| Maximum Density | 10 du/ac | | | 12 du/ac | 10 du/ac | 10 du/ac | 10 du/ac |
| Residential Medium High-Density (RMH) | | | | | | | |
| Allowed uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 2,904* | 1,400 | 2,904* |
| Maximum Density | | | | | 15 du/ac | 15 du/ac | 15 du/ac |
| Residential High-Density (RH) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 1,742* | 1,400 | 1,742* |
| Maximum Density | | | | | 25 du/ac | 25 du/ac | 25 du/ac |
| Residential High-Density/High-Rise (RH/HR) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | 1,452 | 1,452 | 1,452* |
| Maximum Density | | | | | 30 du/ac | 30 du/ac | 30 du/ac |
| Mixed-Use Commercial Overlay Zone (MUCOD) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size | | | | | None | None | None |
| Maximum Density | | | | | 50 du/ac | 50 du/ac | 50 du/ac |
| Central Tualatin Overlay Zone (RH/HR) | | | | | | | |
| Allowed Uses | N | N | N | N | P | P | P |
| Minimum Lot Size (Core Area) | | | | | 5,000 | 5,000 | 5,000 |
| Minimum Lot Size (Noncore Area) | | | | | 25,000 | 25,000 | 25,000 |
| Maximum Density | | | | | 25 du/ac | 25 du/ac | 25 du/ac |

*Note: The lot sizes for duplex and multifamily units are based on development on more than one acre. Development on less than one acre has a different standard for minimum lot size.

Changes to lot size standards are legislative changes to the Comprehensive Plan and/or zoning code. As such, this process should be initiated with the Planning Commission and include opportunities for public input.

Recommendation 1.1a: Tualatin should evaluate increasing densities in the residential High and Residential High Density / High Rise designations by allowing buildings that are five to eight stories tall (or higher). The City could increase densities to 60 to 100 dwelling units per acre. Alternatively, the City could allow the zoning standards to dictate the number of new dwelling units, based on standards such as building height limitations, parking requirements per unit, lot coverage ratios, setback requirements, and other zoning standards.

Recommendation 1.1b: Tualatin should conduct an audit of the City's Development Code to identify barriers to residential development (e.g., lot size, setbacks, and lot coverage ratio) and identify alternatives for lowering or eliminating the barriers. For example, the code audit could include these evaluating dimensional standards in all zones to understand the potential impact of development of vacant land (especially smaller or irregularly shaped lots) to identify barriers to infill development.

Recommendation 1.1c: Tualatin should evaluate off-street parking requirements for multifamily housing to identify opportunities for reduction in parking requirements, especially for housing developed for groups who have fewer cars, such as seniors or low-income affordable housing, close proximity to transit stop, and/or additional provision of bicycle parking. The City could consider changes that allow for alternative ways to meet parking requirements or reduce (or eliminate) parking requirements:

- Requiring off-street parking, but not necessarily requiring parking garages.
- Allowing some on-street parking within a set distance of the development to account for some off-street parking requirements.
- Requiring less off-street parking when close (such as within ¼ mile) of a transit stop.
- Requiring additional provision of bicycle parking to reduce parking requirements for the building.

Recommendation 1.1d: Adopt a (Planned Unit Development) PUD ordinance to allow flexibility in both development standards and housing types (subject to a maximum density) in exchange for provision of protected open space through a land use application process; this would require a hearing on the proposed development with the Planning Commission.

Action 1.2. Evaluate opportunities to rezone land to provide additional opportunities for multifamily housing development.⁵

The community desires rezoning to promote the opportunity of housing redevelopment and development. This action seeks to address the deficit of land in the Medium High Density Residential designation (about 7 gross acres of land) and in the High Density / High-Rise Residential designation (about 4 gross acres of land). The action also seeks to provide additional opportunities for the development of multifamily housing; this may contribute, to providing more opportunities for people who work at businesses in Tualatin to also live in Tualatin.

Recommendation 1.2a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes employment and residential uses. The City should exclude industrial sanctuary land (i.e., land in the Southwest Tualatin Concept Plan area) from this evaluation, as this land has been identified as regionally significant industrial areas.

Recommendation 1.2b: Evaluate opportunities to rezone Residential Low Density and Residential Medium Low Density residential land for higher-density housing.

Recommendation 1.2c: Evaluate merging the High Density zone and the High Density / High Rise zones into one zone, and evaluate increasing the maximum density and maximum height limit allowed in the revised zone, consistent with Action 1.1.

Action 1.3. Plan for infrastructure development to support residential development, consistent with Strategy 6.

The City already coordinates land use planning with the Capital Improvement Plan to ensure that infrastructure is available to support residential development, especially in newly urbanizing areas and areas identified as high priority for development. Some types of infrastructure development, especially transportation and transit infrastructure, have lagged behind growth in Tualatin and in the broader region, resulting in automotive congestion and insufficient transit service, as discussed in Strategy 6.

Recommendation 1.3a: Identify opportunities to increase coordination between transportation planning and residential growth to manage and reduce congestion resulting from new growth.

⁵ An alternative to this strategy suggested by a committee member was revising the City's zoning system to the following categories of land use: Suburban Residential (replaces the RL and RML zones) with a maximum of 10 dwelling unit per acre and maximum building height of 45 feet; Urban Residential (replaces the RMH and RH zones) with a minimum density of 15 dwelling units per acre and maximum building height of 65 feet; and Urban II (includes the RH/HR zone) with a minimum density of 30 dwelling units per acre and maximum building height of 100 feet.

Recommendation 1.3b: Identify opportunities to increase transit service between Tualatin and other cities within the Portland region (such as the ongoing planning for the Southwest Corridor) and transit within Tualatin.

Action 1.4. Plan for long-term development in Tualatin through 2040 and beyond.

The Housing Needs Analysis plans for the 2020 to 2040 period. It is based on Metro's current forecasts for household growth in Tualatin. The Economic Opportunities Analysis shows that employment will continue to grow in Tualatin at a substantially faster pace than households over the next twenty years.

Tualatin has capacity for residential development beyond the forecasted growth over the next twenty years and may be planning for additional capacity for residential growth through policies to increase multifamily building height and density standards (Action 1.1), increased mixed-use development, (Action 1.2) and redevelopment (Action 5.1). Even so, if Tualatin wants to provide more opportunities for development of housing to allow people to live and work in Tualatin, the City will need to identify additional opportunities for residential development beyond the Tualatin planning area.

A key part of this planning is working with Metro on regional planning for housing and employment in and around Tualatin. The City would be well served by having information to share with Metro about new development, the City's planning efforts to provide opportunities for people to work and live in Tualatin, and economic development plans.

[Recommendation 1.4a:](#) Actively work with Metro staff on upcoming Regional Growth Management reports to ensure that Tualatin's population and employment forecasts are planned for similar growth rates. Coordinate Tualatin's planning with regional plans.

[Recommendation 1.4b:](#) Develop and implement a system to monitor the supply of residential land every two years. This includes monitoring residential development (through permits) as well as land consumption (e.g., development on vacant or land for redevelopment). The reports resulting from growth monitoring can be used for working with Metro to better understand Tualatin's opportunities for growth.

[Recommendation 1.4c:](#) Reevaluate Tualatin's housing needs and land sufficiency on a regular basis tied to the Metro Growth Management cycle (i.e., every six years), as part of the City's coordination with Metro. This recommendation is consistent with new requirements in ORS 197.296 (2)(a)(B)(ii), which was updated through House Bill 2003 to require Metro cities to update their housing needs analysis every six years.

[Recommendation 1.4d:](#) As Tualatin continues to grow and eventually cannot accommodate residential growth within the City, work with Metro on potential expansion of the Metro UGB to include the Stafford area.

Strategy 2: Encourage Development of a Wider Variety of Housing Types

This strategy focuses on actions that are intended to ensure new residential structures developed in Tualatin are diverse and include missing middle, workforce housing, low to moderate-income senior housing and other housing products to achieve housing affordability for households and to meet Tualatin’s twenty-year housing needs.

Issue Statement

Continued increases in housing costs may increase demand for denser housing (e.g., multifamily housing, single-family attached housing, and compact single-family detached housing). To the extent that denser housing types are more affordable than larger housing types (i.e., single-family detached units on larger lots, such as 2,500 square foot dwelling units on lots larger than 5,000 square feet), continued increases in housing costs will increase demand for denser housing.

Tualatin’s housing mix in the 2013–2017 period⁶ was 53% single-family detached, 6% single-family attached and 41% multifamily. Of the multifamily housing, about 5% are low-density multifamily housing types such as duplexes, triplexes, and quadplexes. The HNA assumes that the housing mix of new dwelling units in Tualatin will be about 40% single-family detached, 15% single-family attached and 45% multifamily.

To achieve this mix, Tualatin will need to implement policies that allow a wider variety of middle-density housing types (e.g., cottage clusters, townhouses, duplexes, triplexes, and quadplexes), as well as higher-density housing types (e.g., apartment buildings taller than four stories and mixed-use buildings).

In addition, Tualatin will allow for development of housing that is affordable to workers in Tualatin⁷ and is located in proximity to employment opportunities to attract needed labor force for its industrial and commercial zones and mixed-use overlay zones. These types of housing include (but are not limited to) live-work units, “skinny” single-family detached housing, townhouses, cottage housing, duplexes and triplexes, and less costly types of multifamily housing.

⁶ Based on 2013–2017 ACS five-year estimates for Tualatin.

⁷ The average wage in Tualatin was \$57,300 in 2017. Housing that is affordable to a worker with that wage would have a housing cost of no more than \$1,430 per month. Some workers make less than the average wage and would require housing affordable to lower incomes, as described in Strategy 3.

A single worker with a job paying the average wage could afford a dwelling with a sales price of no more than \$230,000. Given that the average sales price in Tualatin in early 2019 was \$480,000, housing affordable at the average wage in Tualatin is likely to be rental housing. If the household has two full-time workers with jobs paying the average wage, the household may be able to purchase a dwelling in Tualatin.

Goal

Allow and encourage the development of a broader diversity of housing types, including middle-density housing types and higher-density housing types.

Recommended Actions

Action 2.1. Allow and encourage development of duplexes, cottage housing, townhomes, row houses, and triplexes and quadplexes in lower-density residential zones.

Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types.

This approach could be implemented through the local zoning or development code. These housing types would be listed as outright allowable uses in appropriate residential zones. These housing types may provide additional affordability and allow more residential units than would be achieved by detached homes alone.

The City has already partially implemented this strategy. The City already allows one accessory dwelling unit for existing single-family units. Tualatin allows duplexes, townhouses, and multifamily housing as a conditional use in the Residential Low Density residential zone. Tualatin allows duplexes, townhouses, and multifamily housing as a permitted use in the Medium-Low Density and Medium-High Density residential zones.

This strategy would move Tualatin toward compliance with the potential requirements of House Bill 2001, which passed during the 2019 legislative session. The bill requires cities within the Metro UGB to allow middle housing types in low-density residential zones. The bill defines middle housing types as:

- (A) duplexes,
- (B) triplexes,
- (C) quadplexes,
- (D) cottage clusters, and
- (E) townhouses.

To comply with House Bill 2001, Tualatin will need to:

- Allow cottage cluster as a housing type in the Residential Low Density residential zone. Tualatin may want to allow cottage cluster housing in the Medium-Low Density and Medium-High Density residential zones. Tualatin will also need to include development standards in the Tualatin Development Code.
- Allow duplexes, townhouses, and multifamily housing as a permitted use in the Residential Low Density residential zone.

[Recommendations 2.1a: Allow duplexes, triplexes, quadplexes, cottage clusters, and townhouses in the Residential Low Density residential zone. Tualatin will also need to](#)

revise the Development Code to include development standards for these housing types. As part of implementation of House Bill 2001, the Oregon Department of Land Conservation and Development (DLCD) will be developing a model code for cities to accommodate these housing types. Given that the model code may not be available before December 2020 and the deadline for adoption of policies to meet the requirement of House Bill 2001 is June 30, 2022, Tualatin should begin the process to identify changes necessary to implement House Bill 2001 before the model code is available.

Recommendations 2.1b: Allow cottage cluster housing in the Medium-Low Density and Medium-High Density residential zones, at densities appropriate for the zones.

Action 2.2. Identify opportunities to increase development of commercial and residential mixed-use development.

One way to provide additional opportunities for housing development, especially multifamily housing development, is through planning for mixed-use development. Tualatin defines mixed-use development as “a tract of land or building or structure with two or more different uses such as, but not limited to residential, office, retail, manufacturing, public or entertainment, in a compact urban form.”

The Economic Opportunities Analysis shows that Tualatin has a small amount of vacant unconstrained commercial land (11 acres). Strategy 5 (redevelopment) recommends identifying opportunities for redevelopment, especially for mixed-use development. Both the Economic Opportunities Analysis and Housing Needs Analysis document the fact that most people who work in Tualatin live elsewhere and that there are relatively few opportunities for housing for people who want to live and work in Tualatin.

One way to increase opportunities for this type of housing is to increase the overall amount of housing affordable to people who work at jobs in Tualatin, much of which will be multifamily housing and should be located near employment centers in Tualatin. Increasing opportunities for mixed-use development can address both of these issues.

Recommendation 2.2a: Identify opportunities for more mixed-use development, either through rezoning land to a mixed-use zone and/or through redevelopment (consistent with Action 5.1).

Action 2.3. Identify opportunities to allow and support development of innovative housing types.

Some housing types have traditionally not been present in Tualatin, either because they are not allowed or because the market is not developing them. Some innovative housing types may include single-room occupancy (more than four unrelated living in the same dwelling with shared kitchen and bathrooms); reuse of cargo containers for housing; tiny homes (dwelling units between 100 and 500 square feet); and other innovative housing types.

In addition, growth of seniors is increasing demand for single-level single-family detached units to allow seniors to remain in Tualatin as they age. While this type of unit is allowed in Tualatin, little of this housing has been developed over recent years.

Tualatin's land base does not provide opportunity for development of higher-amenity housing on larger lots. This type of housing generally appeals to households with higher incomes. When Tualatin is evaluating opportunities for UGB expansion, there may be opportunities for development of this type of housing in areas where developing higher-density housing is challenging or undesirable, such as on hillsides.

[Recommendation 2.3a](#): Evaluate allowing and supporting development of other housing types in Tualatin, such as single-room occupancy (more than four unrelated living in the same dwelling with shared kitchen and bathrooms); reuse of cargo containers for housing; tiny homes (dwelling units between 100 and 500 square feet); and higher amenity housing on larger lots.

Strategy 3: Support development and preservation of housing that is affordable for all households

The following recommended strategy and actions are intended to use a deliberate set of mandates and incentives to support the development of new affordable housing and preserve existing affordable housing.

Issue Statement

Availability of housing that is affordable to households at all income levels is a key issue in Tualatin. For the purposes of this strategy, affordable housing is defined as 1) housing for very low-income and extremely low-income households at 50% or below the median family income (MFI)⁸ (\$41,000 in 2018); 2) housing for low-income households with incomes between 50% and

⁸ Based on U.S. Department of Housing and Urban Development Median Family Income of \$81,400 for Washington County in 2018.

80% of the MFI (\$41,000 to \$65,000 in 2018); and 3) housing for middle-income households with incomes between 80% and 120% of the MFI (\$65,000 to \$98,000 in 2018).

The City's policy options for providing opportunities to build housing, especially affordable housing (both market-rate and government-subsidized affordable housing) are limited. The most substantial ways the City can encourage development of housing is through ensuring that enough land is zoned for residential development, in addition to assembling and purchasing land for affordable housing development, eliminating barriers to residential development where possible, and providing infrastructure in a cost-effective way.

Based on the actions identified below and the priorities set by decision makers, the City should develop a comprehensive housing strategy that supports the development of long-term (30–60 years) affordable housing that is government-subsidized which is developed by nonprofits, private developers, and/or in partnership between any of the following: public, nonprofit, and/or private developers. The Tualatin Housing Program will use a variety of tools, such as those described in this memorandum, to lower barriers to and encourage affordable housing development.

Goal

The goal of this strategy is to promote more lower-cost housing, with a focus on low and middle-income housing, creating mixed-income neighborhoods. This focus is to ensure that there is housing that is affordable to workers at businesses in Tualatin.

Recommended Actions

Action 3.1. Identify policies to support development of housing affordable to households earning less than 60% of the median family income in Washington County (\$48,900 or less for a household size of four people).

Evaluate policies to support development of low-income housing that would be affordable to households earning less than 80% of the MFI in Washington County (\$65,000 for a household size of four people), many of whom may be eligible for income-restricted housing, which is commonly known as low-income housing. These policies will leverage funds from the Metro Housing Bond (discussed in Strategy 4). Some examples of support include:

- Reducing or waiving systems development charges (SDCs) and Transportation Development Tax (TDT) fees (see Action 3.6).
- Evaluating adoption of a tax exemption program (see Action 3.7).
- Providing density bonuses for development of housing affordable to households with incomes below 60% of the MFI.
- Participating in a land bank for housing affordable to households with incomes below 60% of the MFI (see Action 3.5).

- Evaluating adoption of an inclusionary zoning program to require market-rate development to include some housing affordable to households with incomes below 80% of the MFI.
- Developing an expedited review process for development of affordable housing projects that target housing affordability at 60% of the MFI.
- Partnering with Washington County Housing Services and Oregon Housing and Community Services (OHCS) to identify resources for developing additional housing affordable for household with incomes of below 60% of the MFI.

[Recommendation 3.1a:](#) Develop policies to support development of housing affordable to households with incomes below 60% of the MFI, as part of the City’s program to leverage funds from the Metro Housing Bond.

Action 3.2 Develop policies to support development of housing affordable to people who have incomes between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four in Washington County) and live and work in Tualatin.

Workforce housing is housing that is affordable to households earning between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four in Washington County). An important part of this action is coordinating with economic development planning. In 2017, the average wage for jobs in Tualatin was \$57,300.

Action 3.1 includes housing policies for households earning between 60% and 120% of the MFI. Some additional ways that the City may support development of housing affordable to households with incomes between 60% and 120% of the MFI are:

- Coordinating planning for economic development with planning for residential development to emphasize the growth of jobs that pay at or above Tualatin’s average wage (\$57,300 in 2017).
- Supporting and potentially partnering with employers who are interested in developing an employer-assisted housing program to provide grants or loans to support rehabilitation or new housing development.
- Partnering with Washington County Housing Services and Oregon Housing and Community Services (OHCS) to identify resources for developing additional housing affordable for household with incomes between 80% and 120% of the MFI.
- Participating in a land bank for housing affordable to households with incomes between 80% and 120% of the MFI (see Action 3.5).

[Recommendation 3.2a:](#) Emphasize growth of jobs that pay at or above average wages, as part of the City’s Economic Development Strategy.

[Recommendation 3.2b:](#) Identify opportunities to partner with or support employers who are interested in developing an employer-assisted housing program.

Action 3.3. Develop policies to prevent and address homelessness.

Households earning less than 30% of the MFI (\$24,000 or less for a family of four) are at risk of becoming homeless. They can afford monthly rent of \$600 or less. About 16% of households in Tualatin currently fit into this income category. Tualatin has a deficit of about 1,400 units affordable to households with incomes of \$25,000 or less.

Tualatin can use approaches similar to those in Action 3.1 to support development of housing affordable to these households, including using funds from the Metro Housing Bond. Tualatin can also take the following actions to prevent and address homelessness:

- Develop a strategic plan to address homelessness and strengthen partnerships between the City and service providers who assist people experiencing homelessness.
- Partner with service providers to expand rapid rehousing and permanent supportive housing programs.
- Partner with service providers to support the creation of overnight shelters that provide safe sleeping options for people who are unsheltered. Work with service providers to explore alternatives to congregate shelters.

There are many other actions that Tualatin can take to prevent and address homelessness, such as expansion of transportation options, increasing outreach to the homeless population, partnering with service providers of mental health services, supporting a crisis intervention team, and other services.

[Recommendation 3.3a: Develop policies to prevent and address homelessness.](#)

Action 3.4. Develop policies to prevent or mitigate residential displacement resulting from redevelopment and increases in housing costs in Tualatin.

Redevelopment and development of new housing can increase housing costs and displace existing residents. Housing that is currently affordable to households, such as those earning below 60% of the MFI (less than \$48,900 for a household of four) or between 60% and 120% of the MFI (\$48,900 to \$98,000 for a household of four), can become unaffordable as a result of redevelopment and overall increases in housing costs in Tualatin, making it harder for existing residents of Tualatin and people working at businesses in Tualatin to afford to live in Tualatin.

- Identify funding to allocate to housing programs that prevent and alleviate the risk of displacement, such as the funding sources identified in Strategy 4, to fund programs such as the ones below.
- Evaluate the feasibility of developing a housing preservation and development program to assist with capital repairs, façade improvements, or weatherization. Tualatin may consider criteria for funding, such as the property must be regulated affordable or at risk of converting to market rate. Tualatin could consider offering funds to low-cost market-rate properties in need of major structural repairs (in return for the property owner maintaining existing rent levels).
- Partner with organizations to support programs that preserve market-rate housing and affordable housing. These partnerships can include programs such as provision of grants or low-interest loans to support rehabilitation of existing, older single-family detached homes in poor condition, and/or extending existing Low Income Housing Tax Credit projects for an additional term or converting to long-term affordable housing
- Limit condominium conversions. Develop and evaluate requirements for multifamily building owners who want to convert the apartment units to condominiums. Limitations may restrict the conditions under which conversion is allowed, (e.g., based on vacancy rates or tenant consent). Limitations could require that tenants be offered a right of first refusal to purchase their unit, should the owner want to convert their property to a condominium.
- Work with agencies who offer Fair Housing education and enforcement. Provide landlords and tenants with education of rights and responsibilities under Fair Housing Act and provide resources for enforcement actions where Fair Housing law has been violated. Tualatin could provide resources/information about the Housing Choice Voucher Program to reduce the extent to which landlords discriminate against voucher recipients in Tualatin.

[Recommendation 3.4a: Develop policies to prevent displacement of existing residents.](#)

[Recommendation 3.4b: Develop policies to prevent loss of existing affordable housing.](#)

Action 3.5. Partner with organizations to establish a land bank or land trust.

A land bank supports housing affordability by reducing or eliminating land or acquisition costs from a developer's total development budget. Land banks take several forms, but many are administered by a nonprofit or government entity with a mission of managing a portfolio of properties to support a public or community purpose over many years or decades. The land banking process involves key procedural steps, including (1) strategic land and property acquisition, (2) restoration of the property (e.g., clear blight, clear title), and (3) resale to a buyer.

A land trust is similar to land banking in that they participate in strategic land and property acquisition and restoration of the property (e.g., clear blight, clear title). Though instead of ultimately selling the property (land and buildings), the land trust holds the land in perpetuity and sells or leases the buildings. A land trust is typically a private or nonprofit organization that leases or sells the buildings (e.g., dwelling units) sited on the land but owns and manages the land permanently. A land trust can support housing affordability by leasing the dwelling units on their land to income-qualified renters. If the land trust prefers to pursue homeownership objectives, they can enact a deed covenant prior to selling the dwelling units to safeguard lasting affordability for homeowners.

The City's role in a land bank or land trust may include:

- Identifying opportunities to assist with assembly of land into a single tax lot or multiple adjacent tax lots in certain cases (i.e., mixed-use development with more than one developer involved) to support development of affordable housing.
- Identifying surplus publicly-owned properties that could be used for affordable housing and partner with developers of affordable housing (consistent with Actions 3.1 or 3.2).

[Recommendation 3.5a: Determine whether to participate in a land bank or land trust, such as the Proud Ground Community Land Trust, and determine the City's role in the land banking process.](#)

Action 3.6. Evaluate creative system development charge financing opportunities.

Opportunities to change the way that the City collects system development charges (SDC) and the Transportation Development Tax (TDT) include (1) reducing or waiving system development charges for residential development that meets Tualatin's housing needs or goals (such as the development of housing affordable to households earning less than 60% of the MFI [\$48,900 for a household of four]); (2) implementing an SDC financing credit program to incentivize needed housing types; (3) developing a sliding scale of SDC based on the size of the units, charging lower SDC for smaller units; (4) implementing a sole source system development charge program; (5) vesting SDC rates on submission of the complete land use review application to determine the SDC early in the development process; and (6) collecting SDC at completion of construction (prior to issuance of a certificate of occupancy) rather than at issuance of the building permit.

[Recommendation 3.6a: Review options for potential changes to SDC and TDT to determine if one or more of the options above is appropriate for Tualatin and implement changes to SDCs and the TDT, as appropriate.](#)

Action 3.7. Evaluate establishment of a tax exemption program to support development of affordable housing.

Tax exemption programs typically provide exemptions from property taxes for ten years, and for some, up to twenty years. Tax exemption programs include the following:

| Program | Vertical Housing Development Zones (VHDZs) | Multiunit Housing (a.k.a. MUPTe) | Low-Income Rental Housing/Nonprofit Corporation Low-Income Housing | Tax Exemption for Newly Rehabilitated or Constructed Multiunit Rental Housing |
|---|--|--|--|---|
| Eligible Projects/ Properties | Must include at least one “equalized floor” of residential; at least 50% of the street-facing ground floor area must be committed to nonresidential use. Can be new construction or rehabilitation. City can add other criteria. | Housing subject to a housing assistance contract with a public agency; OR housing that meets City-established criteria for design elements benefitting the general public and number of units. May be new construction, addition of units, or conversion of an existing building to residential use. | New rental housing exclusively for low-income households (at or below 60% MFI); rental housing for low-income persons (at or below 60% MFI) that is owned, being purchased, and/or operated by a nonprofit; or land held for affordable housing development. | Newly rehabilitated or constructed multiunit rental housing. Rental units affordable to households with an annual income at or below 120% of MFI. |
| Eligible Areas | Within designated areas. City may designate any area it chooses. ⁹ | Within designated areas. City may designate core areas. Alternatively, the City can designate the entire city and limit the program to affordable housing. | Anywhere in the city | Anywhere in the city |
| Duration of Tax Exemption/ Abatement | Exemption is for 10 years (this is set in statute, not by the City). | Exemption is for up to 10 years, except for low-income housing, exemption can be extended for as long as the housing is subject to the public assistance contract. | For the low-income rental housing program, exemption lasts 20 years. | City must establish a schedule that provides longer exemptions for projects with more qualifying units, with a maximum of 10 years. |
| Best Suited for | Encouraging mixed-use development in locations where ground floor commercial uses are essential to the vision and mixed-use is not economically feasible yet. | Encouraging multifamily housing in strategic locations or supporting development of housing affordable households with income of 80% of MFI or lower. | Reducing operating costs for regulated affordable housing affordable at 60% MFI or below. | Incentivizing market-rate/moderate-income multifamily housing development citywide. |

⁹ The prior statutes governing the VHDZ program specified certain types of areas where VHDZs could be designated. The current version of the statute leaves this decision entirely up to the City. However, logically, the zoning would need to allow both residential and nonresidential uses in order to allow development that could be eligible for VHDZ tax abatement.

[Recommendation 3.7a:](#) Review tax exemption options to support development of affordable housing or mixed-use housing to determine if one or more of the options above is appropriate for Tualatin and implement the tax exemption program(s) identified as appropriate for Tualatin.

Action 3.8. Ensure that Tualatin has sufficient staff capacity to implement the housing program priorities set by the City Council.

The Housing Strategy presented in this memorandum, and especially the actions presented in Strategy 3 and Strategy 4, will take substantial staff time to evaluate and implement. The City may need additional staffing to implement the Housing Strategy.

[Recommendation 3.8a:](#) As the City Council sets priorities for implementation of the Housing Strategy, the Council should work with the City Manager and Community Development Director to determine whether the City will need to add staff to implement the policies in the Housing Strategy.

Strategy 4: Identify Funding Tools to Support Residential Development

The following recommended strategy and actions are intended to consider a range of funding tools that Tualatin may implement and use to support residential development.

Issue Statement

Funding for affordable housing and the infrastructure that serves residential land is becoming increasingly difficult. Cities have adopted a broad range of tools to support affordable housing. The nature of those tools is dependent on local factors: tax base, council support, competing priorities, etc.

Funding affordable housing programs from existing revenue sources may be challenging. Supplemental tools will be necessary if the City wants to support residential development.

Goal

Explore creative and sound ways to support development of affordable housing and infrastructure development.

Recommended Actions

Action 4.1. Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing.

Evaluate opportunities to use leveraged funds from the Metro Housing Bond to support development of affordable housing. The Metro Housing Bond is for \$652.8 million, the majority of it will support development of at least 3,900 new affordable units. Most of the new units will be affordable to households with income below 60% of the MFI (\$48,600 for a family of four) or less. Funds from the bond measure can be used for building new affordable units, housing purchase and rehabilitating existing housing, buying land for new affordable housing, and producing affordable homeownership units.

Washington County has been allocated \$118.9 million from the bond. The County's draft Local Implementation Strategy allocates Tualatin \$17.5 million for new construction of about 175 units of housing affordable for individuals and families. In addition, the County anticipates \$30.6 million in additional funds for Tualatin to support this housing development from sources such as Low Income Housing Tax Credits (LIHTC), private resources such as loans from private banks, property tax exemptions, Washington County HOME Partnership Investment Program funds, Washington County Housing Production Opportunity Fund, and resources from partner jurisdictions (such as fee waivers or exemptions, donated or discounted land, grants, or other resources).

The programs discussed in Strategy 3 (especially in Actions 3.1, 3.4, and 3.7) are ways that the City can support and leverage funding from the Metro Housing Bond. In addition, Actions 4.2 (Urban Renewal) and 4.3 (CET) can also leverage funding from the Metro Housing Bond.

[Recommendation 4.1a: Evaluate opportunities, such as housing development incentives \(from Strategy 3\), to use leveraged funding from the Metro Housing Bond to support the development of affordable housing.](#)

Action 4.2. Evaluate establishing an urban renewal district.

As the City evaluates establishing a new urban renewal district (which is currently an ongoing process within the City), evaluate opportunities to support development of affordable housing programs (Strategy 3) funded through urban renewal. The City should also evaluate development of infrastructure (Strategy 1) and redevelopment opportunities (Strategy 5) to support residential development.

Tax increment finance revenues (TIFs) are generated by the increase in total assessed value in an urban renewal district (from the time the district is first established). As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off the bonds. Over the long term (most districts are established for a period of twenty or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:

- Redevelopment projects, such as mixed-use or infill housing developments
- Economic development strategies, such as capital improvement loans for small or start-up businesses that can be linked to family-wage jobs
- Streetscape improvements, including new lighting, trees, and sidewalks
- Land assembly for public as well as private reuse
- Transportation enhancements, including intersection improvements
- Historic preservation projects
- Parks and open spaces

- As the City continues its ongoing evaluation of establishing a new urban renewal district, the City should consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of the MFI (\$48,600 for a household of four). Cities primarily use urban renewal funds to support the development of affordable housing by purchasing land and accepting development proposals on that land. Cities typically require some percentage of housing to be affordable, or they make the inclusion of affordable housing a criterion for the evaluation of development proposals.

In addition, cities use urban renewal funds to directly invest in infrastructure projects that benefit housing development.

[Recommendation 4.2a](#): As the City continues its ongoing evaluation of establishing a new urban renewal district, the City should consider including urban renewal projects that support development of multifamily housing affordable for households earning less than 60% of the MFI.

Action 4.3. Evaluate implementation of a construction excise tax.

The construction excise tax (CET) is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533, which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction.

The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:

- 50% must be used for developer incentives (e.g., fee and SDC waivers, tax abatements, etc.).
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services for homeowner programs.

If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives, while the remaining 50% is unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.

[Recommendation 4.3a](#): Evaluate implementation of a CET, starting with an analysis of the financial capacity of a CET based on historical construction rates and the amount of the CET. The fiscal potential will provide a foundation that (1) helps determine whether a CET would generate enough revenue to make an impact, and (2) helps focus discussion on how the City could generate the best return on investment of CET funds.

Strategy 5: Identify Redevelopment Opportunities

This strategy focuses on actions that are intended to identify redevelopment opportunities in areas where housing would be appropriate.

Issue Statement

Tualatin has a deficit of land for housing, a deficit of 109 dwelling units in the Medium High Density Residential designation and a deficit of 101 dwelling units in the High Density / High-Rise Residential designation. Some (or perhaps all) of this deficit could be accommodated through redevelopment of existing areas within Tualatin, where there are opportunities to increase the intensity of land uses. Redevelopment may also provide opportunities for the development of mixed-use areas that are more walkable, have amenities that households frequently access (e.g., schools, medical facilities, parks, retail, restaurants, and other services), and have access to transit, consistent with the actions in Strategy 6.

Redevelopment may require actions from other strategies, such as increasing allowable densities, up-zoning, density bonuses for affordable housing, land assembly, reduced parking requirements, tax abatement programs to support housing development, and funding support such as an urban renewal district.

As the City plans for redevelopment, it should be sensitive to the potential for displacement of existing residents. Action 3.4 includes measures to mitigate displacement resulting from redevelopment.

Goal

Redevelop selected areas of Tualatin to create vibrant mixed-use districts that include new housing opportunities.

Recommended Actions

Action 5.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

A key finding of the Housing Needs Analysis is that Tualatin has limited land for development of multifamily housing and projects deficits of land to accommodate new housing in the Medium High Density and High Density / High Rise plan designations. The Economic Opportunities Analysis finds that Tualatin has limited land for commercial development and projects a substantial deficit of land to accommodate new housing.

The City should identify three to four areas within Tualatin for redevelopment into mixed-use areas, with a mixture of higher-density housing and employment uses such as retail, office, and commercial services. For example, some areas that may be appropriate for redevelopment include the Commons, areas near key transit stops, and the area west of 6th Street/east of 90th Street/north of Sagert Street. In selecting areas ripe for redevelopment, the City should consider whether economic conditions support redevelopment and landowner attitudes to redevelopment, and it should also set criteria based on transportation and transit connections and proximity to existing employment centers.

The City should engage the community in developing a vision for redeveloping the selected areas. The planning to implement this vision could be developed through redevelopment plans that show how the property will be redeveloped into a vibrant area with a mixture of uses, connections with Tualatin's automotive and pedestrian/bicycle transportation networks, and a variety of housing types. The redevelopment plans should include working with landowners to ensure they are supportive of the plans, as well as involving stakeholder and citizen input into the vision for the district and development of the redevelopment plans.

The City should consider opportunities to support redevelopment, such as urban renewal (Action 4.2), to address infrastructure deficiencies or to support development of affordable housing, funding from the Metro Housing Bond (Action 4.1) for affordable housing development, land banking (Action 3.5), opportunities to reduce SDCs (Action 3.6), and property tax exemptions (Action 3.7) to support housing development.

[Recommendation 5.1a: Initiate a process to identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment.](#)

Action 5.2. Support redevelopment of underutilized commercial buildings for housing.

Tualatin has several underutilized commercial buildings, such as stores that have closed, that may be appropriate for redevelopment. The City should work with landowners to evaluate opportunities for redeveloping vacant buildings for new housing.

The City should consider opportunities to support redevelopment of underutilized commercial buildings, such as urban renewal, to address infrastructure deficiencies or support development of affordable housing, such as the Metro Housing Bond (Action 4.1) or property tax abatements (Action 3.7).

[Recommendation 5.2a: Identify underutilized commercial areas that are ripe for redevelopment and work with landowners and developers to support redevelopment.](#)

Strategy 6: Ensure There are Connections between Planning for Housing and Other Community Planning

This strategy focuses on actions that are intended to ensure coordination between planning for housing and other community planning, such as transportation planning or neighborhood planning.

Issue Statement

Discussions of residential development led to discussions of the design of neighborhoods and connectivity in Tualatin and a desire for more deliberate planning of new residential development to integrate multiple modes of transportation, access to parks and schools, and retail and services in or near neighborhoods. Given that large parts of Tualatin are already built out, this type of planning will need to consider long-term redevelopment opportunities to retrofit the existing built environment into neighborhoods with these characteristics.

This type of planning should occur with attention paid to equity issues, ensuring that neighborhoods with these characteristics are developed in a way that does not displace existing households and provides opportunity for housing for all residents of Tualatin, regardless of income, age, or race/ethnicity. This implies development of neighborhoods with a mixture of incomes, homeowners and renters, and a mixture of housing types (i.e., both single-family detached housing and attached or multifamily housing).

Goal

Ensure that Tualatin develops as a walkable and complete community with amenities that are easily accessible to people who live in Tualatin.

Recommended Actions

Action 6.1. Ensure that updates to the Transportation System Plan are coordinated with planning for residential growth

The next update to the Transportation System Plan (TSP) should coordinate planning for housing, as well as employment growth, with transportation planning, providing for opportunities for more intensive multifamily development where there is sufficient capacity for automotive and transit capacity. The redevelopment areas (Action 5.1) should be planned for in areas where there is higher capacity for automotive and transit, as well as being connected by pedestrian and bicycle trails.

The update to the TSP ensures there are additional opportunities to decrease dependence on automotive transportation, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit). The TSP update should also identify opportunities to address capacity issues on Tualatin's roads to ease congestion and make traveling by car within and outside of Tualatin easier.

[Recommendation 6.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for housing, such as increased focus on development in](#)

walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit).

[Recommendation 6.1b:](#) Evaluate opportunities to expand transit and improve transportation connectivity in Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin’s Town Center and vital services, and out to the neighborhoods.

[Recommendation 6.1c:](#) Evaluate opportunities for planning transit-oriented development as transit becomes more available in Tualatin, consistent with redevelopment planning.

[Recommendation 6.1d:](#) Develop a bicycle and pedestrian plan for Tualatin to increase connectivity within Tualatin.

Action 6.2. Coordinate planning for economic development with housing planning.

Tualatin has a jobs-housing imbalance, with more jobs than residents in Tualatin. The other strategies in this memorandum are intended to support development of housing that is affordable to people who work at businesses in Tualatin (the average wage was \$57,300 in 2017), such as Action 3.2. The City should evaluate opportunities to support development of housing that is affordable to workers at businesses in Tualatin to ensure that people who work in Tualatin have the opportunity to live in Tualatin. As part of this evaluation, the City should identify opportunities for residential development closer to jobs in Tualatin, to make it easier for people to walk, bicycle, or use transit to get to work. These opportunities are parts of the strategies throughout this memorandum.

[Recommendation 6.2a:](#) Ensure the City includes housing planning for housing that is affordable to people who work at businesses in Tualatin.

Action 6.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses.

The City should develop a framework for development of mixed-use neighborhoods that results in neighborhoods where residents have easy, convenient access to many of the places and services they use daily without relying heavily on a car. The framework would include the following elements: walkable neighborhoods with access to transit, nearby parks (i.e., within one-quarter mile), neighborhood retail and restaurants, and near schools. The neighborhood would have higher concentrations of people and would be complete with sidewalks, bike lanes, and bus routes that support a variety of transportation options. The design of the neighborhood should integrate design standards that promote public safety. In larger cities, these are referred to as “twenty-minute neighborhoods,” but given Tualatin’s smaller size, the scale might be more like “ten-minute neighborhoods.”

[Recommendation 6.3a:](#) Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life.

Action 6.4. Support sustainable development practices.

Sustainable development practices are environmentally responsible and resource-efficient building practices that range from building design, building construction, and building operations and maintenance. Examples of sustainable building practices include certification programs such as Leadership in Energy and Environmental Design (LEED) or National Green Building Standard.

The City could support sustainable development practices by offering incentives for certified buildings, or the City could require that new buildings adhere to specified sustainable building practices.

The trade-off with some types of sustainable building practices is that they can increase development costs (especially over the short run) and may make it more difficult to develop housing affordable for middle and lower-income households. Over the long run, some sustainable building practices pay for themselves with decreased operational costs (such as energy-efficient features that reduce heating and cooling costs).

[Recommendation 6.4a: Evaluate sustainable building practices, including certifications, to determine whether the City should offer incentives for certification or require certification of new buildings as sustainable.](#)

Appendix A: Tualatin's Existing Comprehensive Plan Policies

Section 4.050 General Growth Objectives.

The following are general objectives used as a guide to formulate the Plan. The objectives are positive statements to describe the Plan's intent to:

- (1) Provide a plan that will accommodate a population range of 22,000 to 29,000 people.
- (2) Cooperate with the Metropolitan Service District to reach regional consensus on population growth projections within the Tualatin area.
- (3) Conform to Metropolitan Service District (Metro) procedures for initiating amendments to the Metro Urban Growth Boundary.
- (4) Provide a plan that will create an environment for the orderly and efficient transition from rural to urban land uses.
- (5) Convert agricultural land only if needed for urban uses.
- (6) Arrange the various land uses so as to minimize land use conflicts and maximize the use of public facilities as growth occurs.
- (7) Prepare a balanced plan meeting, as closely as possible, the specific objectives and assumptions of each individual plan element.
- (8) Define the urban growth boundary.
- (9) Prepare a plan providing a variety of living and working environments.
- (10) Encourage the highest quality physical design for future development.
- (11) Coordinate development plans with regional, state, and federal agencies to assure consistency with statutes, rules, and standards concerning air, noise, water quality, and solid waste. Cooperate with the U.S. Fish and Wildlife Service to minimize adverse impacts to the Tualatin River National Wildlife Refuge from development in adjacent areas of Tualatin.
- (12) Adopt measures protecting life and property from natural hazards such as flooding, high groundwater, weak foundation soils and steep slopes.
- (13) Develop regulations to control sedimentation of creeks and streams caused by erosion during development of property.
- (14) Develop a separate growth program that controls the rate of community growth and is acceptable to the Land Conservation and Development Commission.
- (15) Arrange the various land uses in a manner that is energy efficient.

- (16) Encourage energy conservation by arranging land uses in a manner compatible with public transportation objectives.
- (17) Maintain for as long a period as possible a physical separation of non-urban land around the City so as to maintain its physical and emotional identity within urban areas of the region.
- (18) Fully develop the industrial area located in Washington County west of the City only when adequate transportation facilities are available and the area has been annexed to the City and served with water and sewer services.
- (19) Cooperate with Washington County to study the methods available for providing transportation, water and sewer service to the industrial area west of the City, designating this area as a special study area.
- (20) Initiate annexation of property within the Urban Growth Boundary planned for residential development only when petitioned to do so by owners of the affected property, including cases involving unincorporated "islands" of property surrounded by land annexed previously.
- (21) Territories to be annexed shall be in the Metro Urban Growth Boundary.
- (22) Address [Metro's Urban Growth Management Functional Plan, Title 13](#), Nature in Neighborhoods, through the conservation, protection and restoration of fish and wildlife habitat, including Metro's Regionally Significant Fish and Wildlife Habitat, through the Tualatin Basin Natural Resource Coordinating Committee and the Tualatin Basin Program.

(a) Support and implement the elements of the Tualatin Basin Program to:

- (i) Develop and adopt local policies and regulations to implement the provisions of the Tualatin Basin Program.
- (ii) Adopt low impact development (LID) provisions to reduce environmental impacts of new development and remove barriers to their utilization.
- (iii) Coordinate with Clean Water Services (CWS) to implement their Healthy Streams Action Plan and other programs such as their Stormwater Management Plan and Design and Construction Standards.
- (iv) Coordinate with CWS, Metro and others to develop and support the funding, voluntary and educational components of the Tualatin Basin Program.
- (v) Coordinate with CWS, Metro and others to develop and support the monitoring and adaptive management components of the Tualatin Basin Program.

(b) Continue active participation in the Tualatin Basin Natural Resources Coordinating Committee and the Steering Committee to support and implement the Tualatin Basin Program.

(c) Coordinate with CWS and Metro to update Metro's Regionally Significant Fish and Wildlife Habitat Inventory Map. Changes to the Inventory Map will be on-going as on-site inventories are conducted as part of private and public construction projects.

(d) Support and implement provisions allowing public access to planned public facilities.

Section 5.030 General Objectives.

The following are general objectives used to guide the development of the residential housing element of the Plan. They describe the Plan's intent to:

- (1) Provide for the housing needs of existing and future City residents.
- (2) Provide housing opportunities for residents with varied income levels and tastes that are esthetically and functionally compatible with the existing community housing stock.
- (3) Cooperate with the Housing Authority of Washington County and the Housing Division of Clackamas County to identify sites, projects and developers to provide the City's fair share of assisted housing units for low and moderate income households, and participate in the region's Housing Opportunity Plan.
- (4) Locate higher density development where it is convenient to the City's commercial core, near schools, adjacent to arterial and collector streets and, as much as possible, in areas with existing multi-family housing and provide residential opportunities in selected commercial areas through the Mixed Use Commercial Overlay District.
- (5) Provide areas that are suitable for manufactured dwelling parks and areas that are suitable for subdivisions that will accommodate manufactured homes.
- (6) Provide areas that will accommodate small-lot subdivisions.
- (7) Develop specific and enforceable design standards for multi-family developments, town-houses, manufactured homes, manufactured dwelling parks and small-lot subdivisions.
- (8) Encourage owner occupancy of multi-family developments and other housing units within the City.
- (9) Encourage subdividers and other residential developers to consider the need for solar access on residential construction sites.

(10) Provide for the raising of agricultural animals and agricultural structures in areas that are presently used for this purpose and that are not buildable due to their location in the 100-year flood plain.

(11) Require that all residential development adjacent to Expressways be buffered from the noise of such Expressways through the use of soundproofing devices such as walls, berms or distance. Density transfer to accommodate these techniques is acceptable.

(12) Encourage the development of attached housing in accordance with the RML Planning District in the area of the Norwood Express-way/Boones Ferry Road intersection.

(13) Provide truck routes for industrial traffic that provide for efficient movement of goods while protecting the quality of residential areas.

(14) Protect residential, commercial, and sensitive industrial uses from the adverse environmental impacts of adjacent industrial use.

(15) Protect adjacent land uses from noise impacts by adopting industrial noise standards.

(16) Protect the Tonquin Scablands from adverse impacts of adjacent development. This includes the main Scabland area in the vicinity of the Burlington Northern Railroad tracks which is preserved through the use of the Wet-lands Protection District and the Greenway and Riverbank Protection District. This also includes other elements of the Scabland formations found farther to the east. These latter areas will be preserved on a case-by-case basis as development occurs through preservation in their natural state, allowing residential density transfer through the small lot subdivision, common wall housing, and condominium conditional use processes.

(17) Protect wooded areas identified on the Natural Features Map found in the Technical Memorandum by requiring their preservation in a natural state, by integrating the major trees into the design of the parking lots, buildings, or landscaping areas of multi-family complexes and non-residential uses, or in low density areas through the small lot, common wall, or condominium conditional use. If it is necessary to remove a portion or all of the trees, the replacement landscape features shall be subject to approval through the Architectural Review process, except for conventional single family subdivisions.

Appendix B: Housing Policy Tools to Address Needs

This appendix presents the information provided to the CAC in the memorandum *Housing Policy Tools to Address Needs* (dated May 16, 2019).

The City of Tualatin contracted ECONorthwest to develop a Housing Needs Analysis and a Housing Strategy for Tualatin. The Housing Needs Analysis will determine whether the City of Tualatin has enough land to accommodate 20-years of population and housing growth. It will characterize housing affordability problems and identify gaps in housing affordability in Tualatin. The Housing Needs Analysis will provide the basis for an update to the City's Comprehensive Plan Housing Element, as well as development of an action plan to implement the housing policies (i.e. the Housing Strategy).

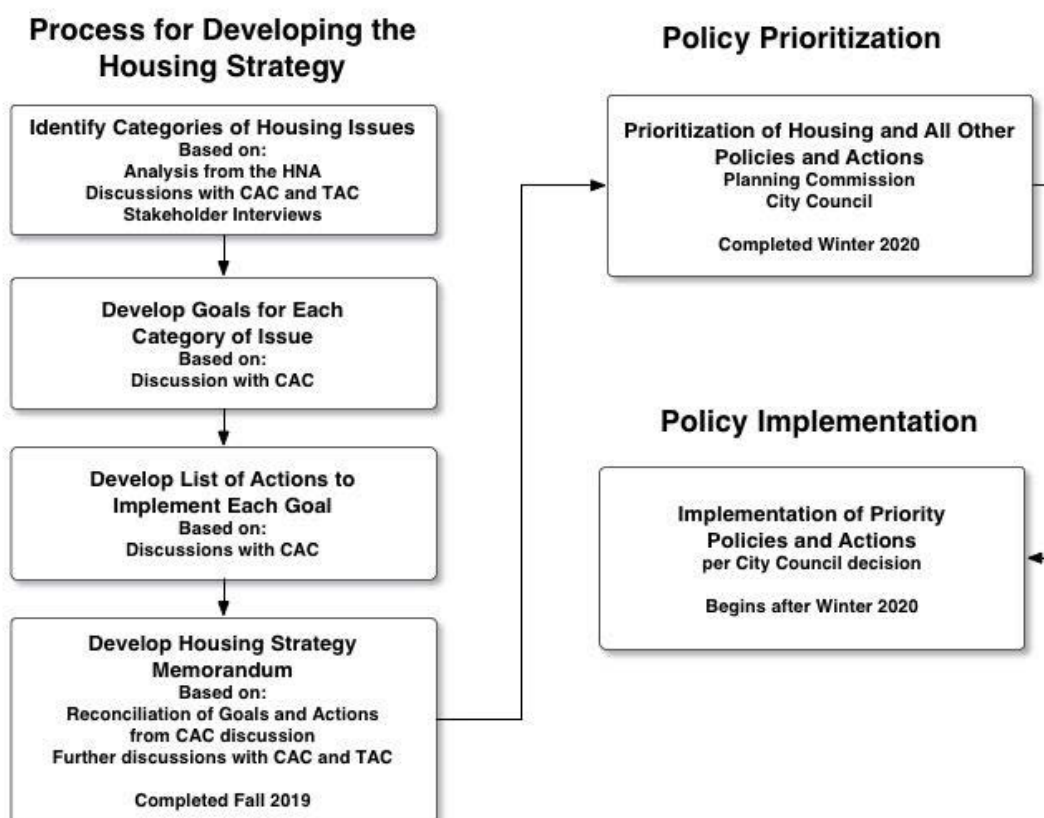
This memorandum provides a range of housing policy options for the City of Tualatin to consider as it addresses its housing needs. These policy options are commonly used by cities in Oregon and other states. Policy options are categorized as follows:

- Land Use Regulations
- Increase Housing Types
- Financial Assistance to Homeowners and Renters
- Lower Development or Operational Costs
- Funding Sources to Support Residential Development

The intention of this memorandum is to provide a toolbox of potential policies and actions that the City can use to address strategic issues. **Exhibit 1** illustrates the process for developing the housing strategy and incorporating the strategy into the broader Tualatin 2040 process. Through this project, the CAC and TAC will provide feedback and recommendations that will be used to develop the Tualatin Housing Strategy. The May 23 CAC meeting will begin this process with the following steps: (1) identify categories of housing issues, (2) develop goal(s) to address each category of issue, and (3) developing a list of actions to implement each goal. At a subsequent CAC meeting, we will discuss one or more drafts of the Housing Strategy memorandum, which will document the housing issues, goals, and actions.

After the conclusion of this project, the Housing Strategy will be combined with other policies and actions and will be prioritized by the Tualatin Planning Commission and City Council. The policies and actions will be implemented per the Tualatin City Council's direction once prioritization is completed.

Exhibit 1. Process for developing and implementing the housing strategy



Options for Housing Policy Tools

This memorandum provides the City with information about potential policies that could be implemented in Tualatin to address the City’s housing needs. Implementing some of the strategies in this memorandum may be beyond Tualatin’s current staff or financial resources.

For many of the policy tools described below, we give an approximate scale of impact. **The purpose of the scale of impact is to provide some context for whether the policy tool generally results in a little or a lot of change in the housing market.** The scale of impact depends on conditions in the City, such as other the City’s other existing (or newly implemented) housing policies, the land supply, and housing market conditions. We define the scale of impact as follows:

- A **small** impact may not directly result in development of new housing or it may result in development of a small amount of new housing, such as 1% to 3% of the needed housing (which is 10 to 30 dwelling units for Tualatin). In terms of housing affordability, a small impact may not improve housing affordability in and of itself. A policy with a small impact may be necessary but not sufficient to increase housing affordability.
- A **moderate** impact is likely to directly result in development of new housing, such as 3% to 5% of needed housing (which is 30 to 50 dwelling units for Tualatin). In terms of

housing affordability, a moderate impact may not improve housing affordability in and of itself. A policy with a moderate impact may be necessary but not sufficient to increase housing affordability.

- A **large** impact is likely to directly result in development of new housing, such as 5% to 10% (or more) of needed housing (which is 50 to 100 dwelling units for Tualatin). In terms of housing affordability, a **large** impact may improve housing affordability in and of itself. A policy with a large impact may still need to work with other policies to increase housing affordability.

Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes, and those which increase the land available for housing.

| Strategy Name | Description | Scale of Impact |
|---|---|--|
| Regulatory Changes | | |
| Administrative and Procedural Reforms | <p>Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications. However, complicated projects frequently require additional analysis such as traffic impact studies, etc.</p> <p>A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.</p> | <p>Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to the city's procedures. Streamlining procedures may be necessary but not sufficient to increase housing production on its own.</p> |
| Expedited / Fast-tracked Building Permit | <p>Expedite building permits for pre-approved development types or building characteristics (e.g. green buildings).</p> <p>City of Bend offers expedited review and permitting for affordable housing. Any residential or mixed-use development that receives local, state or federal affordable housing funding is eligible to receive a written decision by the Planning Department within two weeks of the date of submittal. For projects that require more complex planning review, a decision will be written or the first public hearing will be held within six weeks of the date of submittal.</p> | <p>Scale of Impact - Small. Expedited permit processing will benefit a limited number of projects. It may be necessary but not sufficient to increase housing production on its own.</p> |
| Streamline Zoning Code and other Ordinances | <p>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development.</p> <p>As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations, parking requirements, and other zoning standards.</p> <p>Many of the remaining tools in this section focus on changes to the zoning code.</p> | <p>Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to the zoning code and other ordinances.</p> |

| Strategy Name | Description | Scale of Impact |
|-------------------------------------|---|---|
| <p>Allow Small Residential Lots</p> | <p>Small residential lots are generally less than 5,000 sq. ft. and sometimes closer to 2,000 sq. ft. This policy allows individual small lots within a subdivision. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small-lots limit sprawl, contribute to a more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p> <p>Cities across Oregon allow small residential lots, including many cities in the Metro area.</p> | <p>Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 2,000 sq. ft. However, it is uncommon to see entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes. This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |
| <p>Mandate Maximum Lot Sizes</p> | <p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p> <p>This tool is used by some cities but is used less frequently than mandating minimum lot sizes.</p> | <p>Scale of Impact—Small to moderate. Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |

| Strategy Name | Description | Scale of Impact |
|--|--|---|
| Mandate Minimum Residential Densities | <p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multifamily zones, they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p> <p>Mandating minimum density is generally most effective in medium and high density zones where single-family detached housing is allowed. The minimum density ensures that low-density single-family housing is not built where higher-density multifamily housing could be built.</p> | <p>Scale of Impact—Small to moderate. Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of “underbuild” and the minimum density standard.</p> <p>For cities that allow single-family detached housing in high density zones, this policy can result in a moderate or larger impact.</p> |
| Increase Allowable Residential Densities | <p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives developers the option of building to higher densities. This approach would be implemented through the local zoning or development codes. This strategy is most commonly applied to multifamily residential zones.</p> <p>For cities with maximum densities, consider removing maximum allowable densities. This change may be most relevant.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p> | <p>Scale of Impact—Small to moderate. This tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p> |
| Allow Clustered Residential Development | <p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p> | <p>Scale of Impact—Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p> |

| Strategy Name | Description | Scale of Impact |
|-------------------------------|--|--|
| Reduced Parking Requirements | <p>Jurisdictions can reduce or eliminate minimum off-street parking requirements, as well as provide flexibility in meeting parking requirements. Reducing parking requirements positively impact development of any type of housing, from single-family detached to multifamily housing.</p> <p>Reduced parking requirements are most frequently used in conjunction of development of subsidized affordable housing, but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.</p> <p>City of Bend offers parking reductions for affordable housing and transit proximity. Parking for affordable housing units is 1 space per unit regardless of size, compared to 1 space per studio or 1 bedroom unit, 1.5 spaces per 2-bedroom unit, and 2 spaces per 3- or more bedroom unit for market-rate multifamily development or 2 spaces per market rate detached dwelling unit. Affordable housing units must meet the same eligibility criteria as for other City of Bend affordable housing incentives</p> <p>City of Portland offers parking exceptions for affordable housing and sites adjacent to transit. The City of Portland allows housing developments that meet the inclusionary zoning requirements to reduce parking requirements to zero if located near frequent transit service, and to exclude the affordable housing units from parking requirements for developments located further from frequent transit service. The City also allows market rate housing developments located near frequent transit service to provide little or no parking, depending on the number of units in the development.</p> | <p>Scale of Impact—Small to moderate.</p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p> <p>Reducing parking requirements can have a moderate to large impact on housing affordability if little or no parking is required.</p> |
| Reduce Street Width Standards | <p>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones. This strategy could be applied to alleys, when required, to ensure that alleys are relatively narrow to reduce development and maintenance costs.</p> <p>Narrower streets make more land available to housing and economic-based development. Narrower streets can also reduce long-term street maintenance costs.</p> | <p>Scale of Impact—Small. This policy is most effective in cities that require relatively wide streets.</p> |

| Strategy Name | Description | Scale of Impact |
|------------------------------------|--|---|
| Preserving Existing Housing Supply | <p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Housing preservation ordinances • Housing replacement ordinances • Manufactured home preservation • Single-room-occupancy ordinances • Regulating demolitions | <p>Scale of Impact—Small to moderate. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing. Cities with older housing stock are more likely to benefit from this policy.</p> |
| Inclusionary Zoning | <p>Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning provides density or other types of incentives.</p> <p>The price of low-income housing passed on to purchasers of market-rate housing. Inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.</p> <p>Oregon's inclusionary zoning laws apply to structures with 20 or more multifamily units, with inclusion of units that are affordable at 80% of the median family income of the city.</p> <p>The City of Portland has implemented an inclusionary zoning program. While Portland's inclusionary zoning program is resulting in production of affordable multifamily units, there is considerable discussion and disagreement about the impact of number of multifamily units being built and potential changes in the location of units.</p> | <p>Scale of Impact—Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.</p> |

| Increasing Land Available for Housing | | |
|--|--|--|
| <p>Re-designate or rezone land for housing</p> | <p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with limited employment capacity (i.e., smaller parcels) in areas where multifamily housing would be compatible (i.e., along transit corridors or in employment centers that would benefit from new housing).</p> <p>This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p> <p>Cities across Oregon frequently re-zone and re-designate land to address deficits of land for new housing.</p> | <p>Scale of Impact - Small to large. Scale of impact depends on the amount and location of land rezoned and the densities allowed on the rezoned land.</p> |
| <p>Encourage multifamily residential development in commercial zones</p> | <p>This tool seeks to encourage denser multifamily housing as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities.</p> <p>This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p> <p>Cities across Oregon frequently encourage multifamily housing development in commercial zones, either as stand-alone residential buildings or as mixed-use buildings.</p> | <p>Scale of Impact – Small to moderate. Many cities already encourage multifamily housing in commercial zones. Further encouraging multifamily housing in commercial zones would likely have a small impact, as multifamily housing is allowed in many of the commercial areas where it would be desirable. Unless it is publicly subsidized, mixed-use development generally results in relatively costly housing because ground floor commercial development is relatively expensive.</p> |
| <p>Transfer or Purchase of Development Rights</p> | <p>This policy is intended to move development from sensitive areas to more appropriate areas. Development rights are transferred to “receiving zones” and can be traded and can increase overall densities. This policy is usually implemented through a subsection of the zoning code and identifies both sending zones (zones where decreased densities are desirable) and receiving zones (zones where increased densities are allowed).</p> <p>Transfer of development rights is done less frequently in Oregon, as cities generally zone land for higher density housing where they would like it to occur. This policy is frequently used by cities outside of Oregon.</p> | <p>Scale of Impact - Small to moderate. Actual impact will depend on the extent to which the policy is used. TDRs may have little impact on overall densities since overall density is not changed; rather it is moved around. TDRs can be used to encourage higher densities in selected areas.</p> |

| | | |
|--|--|---|
| <p>Provide Density Bonuses to Developers</p> | <p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain number of affordable units.</p> <p>City of Bend offers affordable housing density and height bonuses. Qualifying affordable housing projects are eligible for a 10-foot building height bonus for multifamily housing when affordable housing units are gained and for a density bonus. The density increase is based on the percentage of affordable housing units within the proposed development: if 10% of the units are affordable, the maximum density is 110% of the standard maximum density. The maximum density bonus is 50% above the base density. Qualifying projects must be affordable to households at or below 60% of the AMI for rental housing and at or below 80% of the AMI for ownership housing, and require development agreements and restrictions to ensure continued affordability.</p> <p>Ashland has four different density bonuses, one of which is for development of affordable housing at higher densities and another for energy-efficient housing. Affordable housing projects meeting eligibility requirements (including rental housing affordable to households at or below 60% of AMI or ownership housing affordable to households at or below 80% of AMI for a minimum of 30 years) receive a density bonus of two units for each affordable housing unit provided, up to a maximum of a 35% increase in density.</p> <p>Kirkland Washington offers density bonuses for duplex, triplex, and cottage homes. Cottage homes (limited to 1,500 square feet of floor area) and two- and three-unit homes (up to 1,000 square feet of floor area average per unit) are allowed at double the density of detached dwelling units in the underlying zone.</p> | <p>Scale of Impact – Small to moderate. Cities provide density bonuses on a case-by-case basis, which results in a small and sometimes moderate impact in many cities. Density bonuses can have a greater impact on housing affordability when the bonus increases the number of affordable units developed.</p> |
|--|--|---|

Increase Housing Types

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

| Strategy Name | Description | Scale of Impact |
|--|--|--|
| <p>Allow Duplexes, Cottage housing, Townhomes, Row Houses, and Tri- and Quad-Plexes in low density zones</p> | <p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> <p>House Bill 2001 may require cities to allow some of these housing types in single-family zones.</p> | <p>Scale of Impact – Small to moderate. Allowing these types of housing in more zoning districts may provide relatively few number of new, relatively affordable, housing opportunities.</p> |
| <p>Allow Cottage housing, Tri- and Quad-Plexes Townhomes, Row Houses, Stacked Townhouses, Cottage Courts, Duplex/Townhouse Courts, & Garden Apartments in medium density zones</p> | <p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> | <p>Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in medium density zones, as well as the types of housing newly allowed in the medium density zone.</p> |
| <p>Allow Stacked Townhouses, Garden Apartments and larger-scale Apartments in high density zones</p> | <p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> | <p>Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. The scale of impact will depend, in part, on the amount of vacant or redevelopable land in high density zones, as well as the types of housing newly allowed in the high density zone.</p> |

| Strategy Name | Description | Scale of Impact |
|--|--|--|
| Allow Live-Work housing or Mixed-use housing in commercial zones | Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development codes and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone. | Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities. |
| Remove barriers to Development of Accessory Dwelling Units (ADUs) in single-family zones | As of July 1, 2018, ORS 197.312 requires cities to allow at least one ADU for each detached single-family dwelling in areas zoned for detached single-family dwellings. Jurisdictions can make development of ADUs more likely by limiting restrictive standards and procedures, such as reducing systems development charges for ADUs, reducing or eliminating parking requirements, or allowing ADUs regardless of where the primary dwelling is owner-occupied. | Scale of Impact - Small. Oregon law recently changed to require cities to allow ADUs. |
| Allow small or “tiny” homes | “Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units. Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units. Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners. Portland and Eugene allow tiny homes as temporary shelter for people experiencing homelessness. | Scale of Impact - Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes. |

Lower Development or Operational Costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in a city in order to increase housing affordability and available housing stock.

| Strategy Name | Description | Scale of Impact |
|--|--|---|
| Programs or policies to lower the cost of development | | |
| Parcel assembly | <p>Parcel assembly involves the city's ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations (e.g., near arterials and commercial services). Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is often associated with development of affordable housing (affordable to households with income below 60% of MFI), where the City partners with nonprofit affordable housing developers.</p> <p>Parcel assembly can be critically important role for cities to kick start quality affordable housing and work force housing projects that can be positive catalysts too for market rate development.</p> | <p>Scale of Impact - Small to large. Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.</p> |
| Land Banking | <p>Land banks support housing development by reducing or eliminating land cost from development, with the goal of increasing the affordability of housing. They can take several forms. Many are administered by a non-profit or non-governmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. Ideally, a land bank is set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. Cities can partner with non-profits or sometimes manage their own land banks. Cities may also donate, sell, or lease publicly-owned land for the development of affordable housing even without a formal 'land bank' organization.</p> <p>Land banks are purposed for short-term ownership of lands. Lands acquired are often vacant, blighted, or environmentally-contaminated. Land banks may also acquire lands with title defects or of which derelict structures sit. Lands are eventually transferred to a new owner for reuse and redevelopment.</p> | <p>Scale of Impact - Small to large. A land bank will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p> |

| Strategy Name | Description | Scale of Impact |
|-------------------------|--|--|
| Land Trusts | <p>A land trust is typically a nonprofit organization that owns land and sells or leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants / buyers, land trusts can achieve below-market pricing. Land trusts are most commonly used as a method for supporting affordable home ownership goals.</p> <p>Land trusts are purposed for long-term stewardship of lands and buildings. Lands / buildings acquired may have need for remediation or redevelopment. Lands / buildings may have also been acquired to preserve affordability, prevent deferred maintenance, or protect against foreclosure</p> <p>Proud Ground (Portland Metro Area) was founded in 1999 and has grown into one of the largest community land trusts in the country. The organization focuses on affordable homeownership and controls ground leases associated with 270 homes in Multnomah, Washington, Clackamas, and Clark County.</p> | <p>Scale of Impact - Small to large. A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p> |
| Public Land Disposition | <p>The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB-5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from Tax Increment, CDBG/HUD 108, or EB-5.</p> <p>Cities across Oregon use publicly land to support affordable and market-rate of housing development. In some cases, municipalities put surplus public land into land banks or land trusts.</p> <p>Tri-Met is evaluating re-use of construction staging sites for future affordable housing and/or transit-orient development sites.</p> <p>Cottage Grove is working with the school district to discuss and plan for use of surplus school district land for future housing development.</p> | <p>Scale of Impact – Small to moderate. Depends on whether the City has surplus land that would be appropriate for future housing development.</p> |

| Strategy Name | Description | Scale of Impact |
|--|--|--|
| Reduced / Waived Building Permit fee, Planning fees, or SDCs | <p>Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.</p> <p>City of Portland offers SDC exemptions for affordable housing. Portland's SDC Exemption Program exempts developers of qualifying affordable housing projects from paying SDCs levied by the City of Portland for transportation, water, parks and environmental services. Eligible rental projects must serve households earning at or below 60% of the AMI for a 60-year period. Portland also offers SDC waivers for development of ADUs.</p> <p>City of McMinnville offers SDC exemptions and reduced permit fees for affordable housing. Building and planning permit fees for new or remodel housing construction projects are reduced by 50% for eligible projects and SDCs for transportation, wastewater and parks are exempted at 100%. Reductions/exemptions are prorated for mixed use or mixed-income developments. The property must be utilized for housing for low-income persons for at least 10 years or the SDCs must be paid to the city.</p> | Scale of Impact - Small. |
| SDC Financing Credits | <p>May help to offset an SDC charge, which is a one-time fee that is issued when there is new development or a change in use.</p> <p>SDC financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, credits allow developers to make necessary improvements to the site in lieu of paying SDCs. Note that the City can control its own SDCs, but often small cities manage them on behalf of other jurisdictions including the County and special districts. SDCs are granted when the project makes lasting improvements, such as improving roads, reducing number of trips, create or improve parks or recreational centers, and permanently removing water services.</p> | Scale of Impact – Small to moderate. The City may consider changes in SDCs to allow financing but the City would want to ensure that the impact should be spread-out and non-negatively impact one entity. |
| Sole Source SDCs | Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide. This enables SDC-eligible improvements within the area that generates those funds to keep them for these improvements. Improvements within smaller areas can enhance the catalytic and redevelopment value of the area. This tool can also be blended with other resources such as LIDs and Urban Renewal (Tax Increment Financing). Funding can come from an SDC fund or general fund. In some cases, there may be no financial impact. The housing can come in the form of student, low-income, or workforce housing. | Scale of Impact – Small to moderate. Depends on how the tool is implemented and whether it is used with other tools, such as LIDs or Urban Renewal. |

| Strategy Name | Description | Scale of Impact |
|---------------------------------|--|--|
| Fees or Other Dedicated Revenue | <p>Directs user fees into an enterprise fund that provides dedicated revenue to fund specific projects. Examples of those types of funds can include parking revenue funds, stormwater/sewer funds, street funds, etc. The City could also use this program to raise private sector funds for a district parking garage wherein the City could facilitate a program allowing developers to pay fees-in-lieu or “parking credits” that developers would purchase from the City for access “entitlement” into the shared supply. The shared supply could meet initial parking need when the development comes online while also maintaining the flexibility to adjust to parking need over time as elasticity in the demand patterns develop in the district and influences like alternative modes are accounted for. Funding can come from residents, businesses, and developers. Also, these fees or revenues allow for new revenue streams into the City.</p> | |
| Reimbursement District | <p>A Reimbursement District is a cost sharing mechanism, typically Initiated by a developer. The purpose is to provide a reimbursement method to the developer of an infrastructure improvement, through fees paid by property owners at the time the property benefits from the improvement. A developer applies to create a Reimbursement District by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the improvement</p> <p>Eligible Reimbursement District projects typically include (but are not limited to) construction or connections of a sewer, water, storm water or street improvements. Applications typically include: a fee sufficient to cover the cost of administrative review, a description of the project, properties that would be impacted, and a detailed methodology and calculation of how the estimated costs would be reimbursed by payments from benefitted properties over a specified timeframe. A report from the City Engineer is generated in review of the submitted application. After a public hearing process, the council will approve, reject or modify the proposal. The approval of a Reimbursement District results in a resolution and distribution of notice among benefitted properties before construction can begin.</p> <p>Benefitted properties must pay the Reimbursement Fee when they make a physical connection to the improvement (or in the case of a sewer project, when the benefitted property creates an impervious surface that drains into the public sewer) within the Reimbursement District Area. Reimbursement fees are collected by the City and are distributed to the developer for the duration of the Reimbursement District, which are typically 10-15 years.</p> <p>Paid by benefitted properties at the time the property benefits from the improvement, typically at connection to the sewer, water or storm drain system.</p> | <p>Scale of Impact – Small to moderate.</p> |

| Strategy Name | Description | Scale of Impact |
|--|---|---|
| Linkage Fees | <p>Linkage fees are charges on new development, usually commercial and / or industrial development only, which can be used to fund affordable housing. To implement them, a city must undertake a nexus study that identifies a legal connection between new jobs housed in the developments, the wages those jobs will pay, and the availability of housing affordable to those employees.</p> <ul style="list-style-type: none"> • Can be used for acquisition and rehabilitation of existing affordable units. • Can be used for new construction. | Scale of Impact – Small to moderate. |
| Tax abatement programs that decrease operational costs by decreasing property taxes | | |
| Vertical Housing Tax Abatement (Locally Enabled and Managed) | <p>The 2017 Legislature passed legislation moving the administration of Vertical Housing Program from Oregon Housing and Community Services (OHCS) to the local City and County beginning Oct 6th, 2017. OHCS no longer administers this program.</p> <p>The legislation subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area is median income or below).</p> | Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact. |

| | | |
|--|---|--|
| <p>Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)</p> | <p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p>The passing of HB 2377 - Multiunit Rental Housing Tax Exemption allows cities and counties to create a property tax exemption for newly rehabilitated or newly constructed multi-unit rental housing within their boundaries depending on the number of units made available to low-income households, for up to 10 consecutive years. The bill was crafted to strengthen the connection to affordability by requiring cities and counties to establish a schedule in which the number of years an exemption is provided increases directly with the percentage of units rented to households with an annual income at or below 120 percent of MFI, and at monthly rates that are affordable to such households. While not specifically referenced in the measure, ORS 308.701 defines “Multi-unit rental housing” as: “(a) residential property consisting of four or more dwelling units” and; “does not include assisted living facilities.”</p> <p>All new multifamily units that are built or renovated that offer rent below 120% of AMI are potentially eligible for this tax exemption. In a city with an AMI of \$55,000 (common outside of Portland), that's rent of \$1,650 per month or less. The tax exemption is for all taxing districts which is administered by the City. Due to this, smaller jurisdictions may have more trouble managing this program.</p> <p>Local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.</p> <p>The City of Eugene offers a ten-year Multi-Unit Property Tax Exemption (MUPTE) for projects in its eastern downtown core. Eugene’s criteria for granting MUPTE include: Project must provide 5 or more units of housing (not including student housing), development must meet minimum density standards, development must comply with minimum green building requirements, a portion of construction and other contracting requirements must be through local business, the development must provide 30% of the units affordable at 100% of AMI or pay a fee of 10% of the value of the tax abatement toward supporting moderate income housing development, demonstrate that the project would not be financially feasible without the exemption by providing 10-year pro forma with and without MUPTE and comply with other criteria.</p> <p>The City of Salem’s Multi-Unit Housing Tax Incentive Program (MUHTIP) was adopted in 2012 to spur the construction of “transit supportive” 10 multi-unit housing in the city’s downtown core. In order to qualify for the exemption, projects must consist of at least</p> | <p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p> |
|--|---|--|

| Strategy Name | Description | Scale of Impact |
|---|---|---|
| | two dwelling units, be located in the city's "core area," and include at least one public benefit. | |
| <p>Nonprofit Corporation Low Income Housing Tax Exemption</p> <p>and</p> <p>Low-Income Rental Housing Tax Exemption</p> | <p>Note: These are two separate tax exemptions available under statute (ORS 307.515 to 307.523 / ORS 307.540 to 307.548). They are grouped together for their similarities (but differences are noted).</p> <p>Land and improvement tax exemption used to reduce operating costs for regulated affordable housing affordable at 60% AMI or below. Requires the City to adopt standards and guidelines for applications and enforcement mechanisms.</p> <p>The low-income rental housing program exemption lasts 20 years. The nonprofit corporation low-income housing program must be applied for every year but can continue as long as the property meets the criteria. Rents must reflect the full value of the property tax abatement and City can add additional criteria.</p> <p>There is no requirement that construction must be complete prior to application. Programs both work well in tandem with other incentives, such as land banking.</p> | <p>Scale of Impact – Small to moderate. The exemption reduces operating costs, meaning it is a tool more useful to property owners of affordable housing projects. Developers, who do not own and operate their own projects, may be less inclined to use the program.</p> |

¹⁰ City of Salem, "Multi Unit Housing Tax Incentive Program," <https://www.cityofsalem.net/Pages/multi-unit-housing-tax-incentive-program.aspx>.

Funding Sources to Support Residential Development

The following policies focus on ways to pay for the costs of implementing the affordable housing programs and infrastructure development.

| Strategy Name | Description | Scale of Impact |
|---|---|---|
| Urban Renewal / Tax Increment Finance (TIF) | <p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> • Redevelopment projects, such as mixed-use or infill housing developments • Economic development strategies, such as capital improvement loans for small or startup businesses which can be linked to family-wage jobs • Streetscape improvements, including new lighting, trees, and sidewalks • Land assembly for public as well as private re-use • Transportation enhancements, including intersection improvements • Historic preservation projects • Parks and open spaces <p>Urban renewal is a commonly used tool to support housing development in cities across Oregon.</p> | <p>Scale of Impact – Moderate to Large. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.</p> |

| | | |
|--------------------------------------|--|---|
| <p>Construction Excise Tax (CET)</p> | <p>Funds land use planning throughout the region by taxing construction permits.</p> <p>CET is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533 which permits cities to adopt a construction excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction. The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:</p> <ul style="list-style-type: none"> • 50% must be used for developer incentives (e.g. fee and SDC waivers, tax abatements, etc.) • 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction. • 15% flows to Oregon Housing and Community Services for homeowner programs. <p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.</p> <p>The City of Portland’s CET went into effect in 2016. It levies a 1% CET on residential, commercial, and industrial development valued at \$100,000 or more, with all revenues going toward affordable housing. The revenues pay for production of housing at or below 60% AMI, developer incentives for inclusionary zoning, along with state homeownership programs.</p> <p>City of Bend adopted a CET of 0.3% on residential, commercial, and industrial development in 2006, with revenues dedicated to loans to fund developments by profit and nonprofit affordable housing developers. The fee has raised \$11 million as of 2016, allowing the City to lend money to fund 615 units. The fund has leveraged \$63 million in state and federal funding and \$14 million in equity.</p> <p>The City of Milwaukie adopted a CET on commercial, residential, and industrial development in November of 2017. The City exempted deed-restricted affordable housing, ADUs, and improvements less than \$100,000 from paying the CET. The adopting ordinance allocates funds as required by state statutes, specifying that flexible funds from the commercial improvements will be used 50% toward housing available to those making up to 120% of MFI, and 50% for economic development programs in areas with sub-area plans (such as Downtown and Riverfront, and the City’s urban renewal areas).</p> | <p>Scale of Impact – Depends on the amount of funding available.</p> |
|--------------------------------------|--|---|

| | | |
|---|---|--|
| <p>General Fund and General Obligation (GO) Bonds</p> | <p>Allows funding for a project that is not dependent on revenue from the project to back the bond.</p> <p>City can use general fund monies on hand or can issue bonds backed by the full faith and credit of the city to pay for desired public improvements.</p> <p>Property taxes are increased to pay back the GO bonds.</p> <p>City of Portland passed \$258 million bond for affordable housing in 2016. The goal of the bond is to build or preserve up to 1,300 units in the next five to seven years. The city issued a request for information to solicit interest in acquiring properties or land under the affordable housing bond. The city is looking for opportunities to acquire existing properties of 20 or more units, or vacant land that is appropriately zoned for 20+ housing units, and is looking for both traditional and nontraditional development opportunities.</p> | <p>Scale of Impact – Moderate to large. GO Bonds can be used to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs).</p> |
| <p>Local Improvement District (LID)</p> | <p>Enables a group of property owners to share the cost of a project or infrastructural improvement.</p> <p>A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records.</p> <p>An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners.</p> <p>The City collects the funds and regardless if the actual cost is greater than the estimated cost (on which the assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment were placed property owners (due to underestimation).</p> | <p>Scale of Impact – Depends on the amount of funding available and Bonding capacity.</p> |
| <p>General Fund Grants or Loans</p> | <p>A city can use general fund or tax increment dollars to directly invest in a specific affordable housing projects. These grants or loans can serve as gap funding to improve development feasibility. There are several options for using general fund grants or loans, including the potential for bonds to generate upfront revenue that is repaid over time, as recently approved in the City of Portland. Another option is to use general fund dollars to contribute to other programs that are successfully operating, such as non-profit land trusts or even other government agencies that have the administrative capacity to maintain compliance requirements over time, using intergovernmental agreements.</p> | <p>Scale of Impact – Depends on the amount of funding available.</p> |

| | | |
|------------------------------------|--|---|
| <p>Transient Lodging Tax (TLT)</p> | <p>Generates revenue by primarily taxing tourists and guests using temporary lodging services. Taxes for temporary lodging at hotels, motels, campgrounds, and other temporary lodgings. Oregon has a statewide TLT and cities and counties can also charge a local TLT subject to certain limitations. The statutes specify that 70% must be used for tourism promotion or tourism related facilities and 30% is unrestricted in use, and there cannot be a reduction of the total percent of room tax. The state tax is specified at 1.8%; local government tax rates vary as local governments set the rate for their jurisdiction by ordinance. Cities and counties may impose taxes on transient lodging. Alternatively, some cities have an agreement for the county to impose the tax and cities share in a percent of the revenue.</p> | <p>Scale of Impact – Small. The amount of funding from TLT is likely to be relatively small, given that only 30% of TLT funds have unrestricted use.</p> |
| <p>CDBG</p> | <p>The Community Development Block Grants program is a flexible program that provides annual grants on a formula basis to both local governments and States. Grants are awarded on a 1, 2, or 3-year period. It is required that at least 70% of the CDGB funds are used for activities that benefit low- and moderate- income. Additionally, each activity must address any threats to health or welfare in the community (for which other funding is unavailable). These funds can be used for acquisition and rehabilitation of existing affordable units, as well as new construction that prioritizes community development efforts.</p> | <p>Scale of Impact – Depends on the amount of funding available.</p> |

DATE: December 4, 2019
TO: Tualatin Project Advisory Committees
CC: Karen Perl Fox, Steve Koper, and Jonathan Taylor
FROM: Beth Goodman and Sadie DiNatale, ECONorthwest
SUBJECT: FINAL: TUALATIN ECONOMIC DEVELOPMENT STRATEGY

The City of Tualatin contracted ECONorthwest to develop an Economic Opportunities Analysis and an Economic Development Strategy for Tualatin. The Economic Opportunities Analysis (EOA) will determine whether the City of Tualatin has enough land to accommodate twenty years of commercial and industrial job growth. The EOA will provide the basis for an update to the City’s Comprehensive Plan Economic Element, as well as development of an action plan to implement the economic development policies (i.e., the Economic Development Strategy).

The EOA uses a planning period of 2020–2040. Tualatin is planning for growth of about 12,800 new jobs within the Tualatin planning area over the twenty-year planning period. The preliminary results of the EOA show that Tualatin has a deficit of land designated for employment in the Commercial and Industrial Comprehensive Plan Designations.

A key objective of the EOA and accompanying Economic Development Strategy is to identify options for changes to the City’s Comprehensive Plan and land use regulations needed to address commercial and industrial land needs. This memorandum presents an economic development strategy for Tualatin, based on the results of the EOA and discussions with the Community Advisory Committee (CAC) and Technical Advisory Committee (TAC). The economic development strategy presents a comprehensive package of interrelated policy changes that the CAC recommends the City address.

This Economic Development Strategy focuses on land use tools to ensure there is adequate land planned and zoned to provide opportunities for employment growth on sites with a variety of characteristics (e.g., site sizes, locations, visibility, and other characteristics).

Through the technical analysis of the EOA and input from the CAC and TAC, the City identified four strategic priorities to address issues identified in the EOA. The strategic priorities are: (1) ensuring an adequate supply of land that is available and serviceable; (2) identifying redevelopment opportunities; (3) supporting business retention, growth, and attraction; and (4) ensuring there are connections between planning for economic development and other community planning. Strategic priorities are described in greater detail in the section below.

Appendix A presents the full text of Tualatin’s existing Comprehensive Plan policies for commercial and industrial development. Appendix B presents the information about economic development tools commonly used in other cities in Oregon.

Tualatin's Economic Development Strategy

Tualatin's Economic Development Strategy is organized around four broad strategic priorities: (1) ensure an adequate supply of land that is available and serviceable; (2) identify redevelopment opportunities; (3) support business retention, growth, and attraction; and (4) ensure there are connections between planning for economic development and other planning (such as transportation planning, water and wastewater planning, and economic development planning). The broad goal of the Tualatin Economic Development Strategy is to help the City manage the land within the Tualatin planning area to support and manage economic growth while maintaining the character and quality of life in Tualatin and protecting public interests such as health, safety, and municipal revenues.

The Tualatin CAC convened seven times between March 2019 and September 2019. The CAC discussed economic development at the meetings in June, August, and September. The Tualatin TAC met four times between April 2019 and September 2019 and discussed economic development at the June, August, and September meetings (while some meetings included discussions of other topics, as well). The CAC and TAC provided input on the development of the Economic Development Strategy through discussions at meetings and opportunities for input on written documents.

The recommendations from the CAC in this strategy consider key findings from the EOA, such as the following examples. The City has a long-term deficit of commercial and industrial land for growth over the 2020 to 2040 period. This document presents a comprehensive strategy that provides a variety of policies to support business retention, growth, and attraction in Tualatin.

Many of the actions described in the Tualatin Economic Development Strategy will require legislative amendments to the City's Comprehensive Plan and/or Development Code. These actions will be subject to standard notification and hearing procedures. After the economic opportunities analysis is completed, the Planning Commission and City Council will prioritize the actions suggested in this memorandum, along with other actions suggested for Tualatin in 2040. Implementation of high priority actions will begin in 2020, based on City Council direction.

Summary of Actions

The table below summarizes the strategies, actions, and recommendations made by the CAC. The priority shown in the table is based on discussions with the CAC about the actions they view as being in need of prompt attention. Low-priority actions represent actions that the CAC thinks are important but that may be executed later on in the Tualatin 2040 process. At some level, all of the actions in this strategy are a high priority for the CAC.

| Strategy, Action, and Recommendations | Priority |
|--|----------|
| Strategy 1: Ensure an adequate supply of land that is available and serviceable. | |
| Action 1.1. Evaluate opportunities to increase mixed-use development. <ul style="list-style-type: none"> ▪ Recommendation 1.1a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes commercial and residential uses. ▪ Recommendation 1.1b: Evaluate opportunities to develop an employment zone that allows for greater mixture of industrial and commercial uses, limiting retail commercial uses. | High |
| Action 1.2. Identify opportunities to make more efficient use of industrial land. <ul style="list-style-type: none"> ▪ Recommendation 1.2a: Prohibit new development that require substantial amounts of land but result in little employment. ▪ Recommendation 1.2b: Evaluate reducing or eliminating the minimum lot size from 20,000 square feet. | Medium |
| Action 1.3. Identify opportunities to make more efficient use of commercial land. <ul style="list-style-type: none"> ▪ Recommendation 1.3a: Evaluate reducing or eliminating the minimum lot size from 10,000 square feet in commercial zones and allow additional development standards to determine minimum lot size. ▪ Recommendation 1.3b: Evaluate increasing building height limits in commercial development centers, including for retail development. | High |
| Action 1.4. Plan for infrastructure development to support commercial and industrial development. <ul style="list-style-type: none"> ▪ Recommendation 1.4a: Prioritize infrastructure projects, especially transportation projects that are necessary to support employment growth, with the goal of managing and reducing congestion resulting from new growth. ▪ Recommendation 1.4b: Seek support from regional partners for development and improvement of transportation infrastructure that serves employment centers in Tualatin. ▪ Recommendation 1.4c: Identify opportunities to increase transit service between Tualatin and other cities within the Portland region. ▪ Recommendation 1.4d: Identify options to extend transit service within Tualatin to employment centers. | Low |
| Action 1.5. Work with landowners ensure land is development-ready and certified as shovel ready by Business Oregon. <ul style="list-style-type: none"> ▪ Recommendation 1.5a: Encourage and assist landowners to get their sites certified through the Business Oregon Certified Shovel Ready program. ▪ Recommendation 1.5b: Continue to work with landowners to ensure that development sites are listed on Business Oregon’s prospector site. | Low |

| Strategy, Action, and Recommendations | Priority |
|---|----------|
| <p>Action 1.6. Plan for long-term development in Tualatin through 2040 and beyond.</p> <ul style="list-style-type: none"> ▪ Recommendation 1.6a: Actively work with Metro staff to ensure that Tualatin’s population and employment forecasts are planned for similar growth rates and to coordinate Tualatin’s planning with regional plans. ▪ Recommendation 1.6b: Develop and implement a system to monitor the supply of commercial and industrial land every two years. ▪ Recommendation 1.6c: Reevaluate Tualatin’s economic opportunities and land sufficiency every three years. | High |
| Strategy 2: Identify redevelopment opportunities. | |
| <p>Action 2.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.1a: Initiate a process to identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment. | Low |
| <p>Action 2.2. Revise the Tualatin Town Center Plan to focus on opportunities to support redevelopment.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.2a: Develop a community vision and planning for the Town Center, with a focus on redevelopment to support development of housing and employment uses. ▪ Recommendation 2.2b: Evaluate opportunities to redevelop City-owned properties to create catalytic projects that include a mix of housing and retail and office uses. | High |
| <p>Action 2.3. Identify opportunities to redevelop and intensify uses in industrial areas.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.3a: Identify opportunities for industrial redevelopment and work with property owners to support redevelopment, which may require changes to zoning to allow different types of industrial buildings (i.e., vertical buildings) or infrastructure investments to provide additional urban services. | Medium |
| <p>Action 2.4. Develop policies to support redevelopment and mixed-use development.</p> <ul style="list-style-type: none"> ▪ Recommendation 2.4a: Evaluate the redevelopment potential of publicly owned properties, such as parking lots. ▪ Recommendation 2.4b: Continue to evaluate establishing new urban renewal districts to support development of commercial, industrial, and residential businesses, especially mixed-use districts. | High |
| Strategy 3: Support business retention, growth, and attraction. | |
| <p>Action 3.1. Revise the Economic Development Strategy, develop a clear vision for economic development, and create an action plan to implement the vision.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.1a: Establish an Economic Development Commission to guide development of the economic development strategy. ▪ Recommendation 3.1b: Develop an action-oriented five-year economic development action plan that includes a community vision. | Medium |
| <p>Action 3.2 Support growth of existing businesses in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.2a: Continue to identify opportunities to support existing businesses in Tualatin, through working with partners such as the Tualatin Chamber of Commerce to identify and resolve issues that are barriers to the businesses growing and staying in Tualatin. | Low |
| <p>Action 3.3. Support growth of and retain entrepreneurial businesses in Tualatin.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.3a: Continue to identify opportunities to support growth and retention of entrepreneurial businesses in Tualatin. | High |

| Strategy, Action, and Recommendations | Priority |
|--|----------|
| <p>Action 3.4. Identify opportunities to attract or grow businesses with pay at or above Tualatin's average wage.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.4a: Identify partnerships and incentive programs to grow, retain, and attract businesses with wages at or above the City's average wage of \$57,300. | Medium |
| <p>Action 3.5. Evaluate use of incentives to retain, grow, and attract businesses.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.5a: Evaluate the outcomes the City wants to achieve through offering economic development incentives and the incentives the City could offer. | Medium |
| <p>Action 3.6. Ensure that Tualatin has sufficient staff capacity to implement the economic development priorities set by the City Council.</p> <ul style="list-style-type: none"> ▪ Recommendation 3.6a: Council should work with the City Manager, Community Development Director, and Economic Development Manager to determine whether the City will need to add staff to implement the policies in the Economic Development Strategy. ▪ Recommendation 3.6b: City staff should work with City Council members and stakeholders to ensure they understand economic development processes and tools/policies to support economic development. | Low |
| Strategy 4: Ensure there are connections between planning for economic development and other community planning. | |
| <p>Action 4.1. Ensure that updates to the Transportation System Plan coordinate with planning for employment and business growth.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for mixed-use and commercial development, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit). ▪ Recommendation 4.1b: Evaluate opportunities to expand transit and improve transportation connectivity (both capacity and access on I-5 and regional connector roads) for freight and automobiles between Tualatin and other cities within the Portland region. ▪ Recommendation 4.1c: Evaluate opportunities to expand transit and improve transportation connectivity within Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin's Town Center and vital services and out to the neighborhoods. ▪ Recommendation 4.1d: Evaluate opportunities for planning transit-oriented development, as transit becomes more available in Tualatin, consistent for redevelopment planning. ▪ Recommendation 4.1e: Develop a bicycle and pedestrian plan for Tualatin to increase these types of connectivity within Tualatin. | High |
| <p>Action 4.2. Coordinate planning for economic development planning with housing planning.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.2a: Ensure the City plans for housing that is affordable to people who work at businesses in Tualatin. | Low |
| <p>Action 4.3. Develop a design and planning framework for "ten-minute neighborhoods" that include a mixture of uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.3a: Develop a framework for mixed-use neighborhoods that include the elements that residents need for day-to-day life. | Medium |
| <p>Action 4.4. Identify opportunities to support workforce development.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.4a: Work with businesses and partners in education to ensure there are workforce training opportunities in Tualatin. | Medium |
| <p>Action 4.5. Evaluate development of a civic center with a range of uses.</p> <ul style="list-style-type: none"> ▪ Recommendation 4.5a: Evaluate development of a civic center with a range of uses in Tualatin. | Low |

Strategy 1: Ensure an Adequate Supply of Land that is Available and Serviceable

This strategy is about ensuring an adequate land supply, which includes a twenty-year supply and a pipeline of serviced land that is available for immediate development (referred to as a “short-term” supply of employment land). Employment land supply should include sites with a variety of characteristics (e.g., site sizes, locations, visibility, and other characteristics). Efficient use of Tualatin’s employment land is key to ensuring that Tualatin has adequate opportunities to grow from 2020 to 2040, and beyond. In the Portland region, the average size of new development sites for employment is generally between 5 and 15 acres in size.

Issue Statement

Tualatin’s forecast for commercial and industrial employment growth and land demand shows that Tualatin has a deficit of land (74 gross acres) in Industrial Plan Designations and a deficit (175 acres) in Commercial Plan Designations (including retail, office, and other commercial services).

Tualatin is part of the Metro Urban Growth Boundary (UGB) and cannot expand its planning area on its own. Tualatin can, however, increase land use efficiency within its planning area through changing zoning standards (e.g., limiting uses with lower employment density), allowing and encouraging more mixed-use development, and planning for redevelopment (see Strategy 2). This is a common issue and opportunity in Tualatin for both housing and economic development, which provides an opportunity for the City to develop solutions for both.

Tualatin needs land that is vacant but also has urban services that support commercial and industrial development, such as municipal water services, sewer and wastewater services, stormwater management systems, and transportation connections with adequate capacity to accommodate growth. Tualatin can monitor growth to ensure that the City has enough land in the short-term land supply (available for development within one year of application for a building permit) and shovel-ready land (available for development within 180 days of application for a building permit). Tualatin can work with Metro and other regional partners on future expansions of the Metro UGB to accommodate additional employment land development in Tualatin.

Goal

Ensure that sufficient land is designated so that the supply is adequate for commercial and industrial development. Maintain an adequate short-term supply of suitable, shovel-ready commercial and industrial land to respond to economic development opportunities as they arise.

- “Short-term supply” means suitable land that is ready for construction usually within one year of an application for a building permit or request for service extension.

Recommended Actions

Action 1.1: Evaluate opportunities to increase mixed-use development.

Tualatin has a deficit of industrial land (74 gross acres) and commercial land (175 gross acres). In addition, Tualatin has a deficit of residential land in the Medium High Density Residential designation (about 7 gross acres of land) and in the High Density / High-Rise Residential designation (about 4 gross acres of land). One way to address these land deficits is to allow and encourage mixed-use development.

Tualatin can identify additional opportunities for development of commercial and residential mixed-use development (consistent with recommendation Action 1.2 in the Housing Strategy). In identifying opportunities for mixed-use, the City should coordinate planning for new mixed-use areas with Action 5.1 in the Housing Strategy, to identify three to four areas within Tualatin for redevelopment as mixed-use areas (Action 2.1 addresses need for redevelopment). The mixed-use areas could serve multiple purposes in Tualatin; they could function as places to live and/or work, as destinations for residents in other parts of Tualatin, or as recreational experiences for visitors. In addition, feedback from the CAC shows that the community wants rezoning and redevelopment to promote the opportunities for commercial and industrial development, especially mixed-use development.

In addition, Tualatin could develop an employment zone that allows for a greater mixture of industrial and commercial uses, limiting retail commercial uses. Areas for this type of employment zone might include Basalt Creek or the Leveton area. These mixed-use zones should allow for greater density in the form of taller buildings, smaller lot sizes, and other opportunities for increased development capacity.

[Recommendation 1.1a: Identify opportunities to rezone industrial or commercial land for mixed-use that includes commercial and residential uses. The City should exclude industrial sanctuary land \(i.e., land in the Southwest Tualatin Concept Plan area\) from this evaluation, as this land has been identified as regionally significant industrial areas.](#)

[Recommendation 1.1b: Evaluate opportunities to develop an employment zone that allows for greater mixture of industrial and commercial uses, limiting retail commercial uses.](#)

Action 1.2: Identify opportunities to make more efficient use of industrial land.

Tualatin has a deficit of 74 acres of industrial land. One way to make the most efficient use of industrial land in Tualatin is changing the zoning ordinance to focus uses on key target industries and allow for denser development.

The City should consider no longer allowing development of new businesses that require substantial amounts of land but result in little employment and have low employment densities. Such uses include warehouse and distribution, vehicle storage, or self-storage units. Existing businesses of these types should be allowed to continue to operate.

The City should consider reducing or eliminating the minimum lot size from 20,000 square feet, especially in areas that have existing small lots already. These standards may be necessary in regionally significant industrial areas (RSIA).

[Recommendation 1.2a:](#) Prohibit new development that requires substantial amounts of land but results in little employment and has low employment densities, such as warehouse and distribution.

[Recommendation 1.2b:](#) Evaluate reducing or eliminating the minimum lot size from 20,000 square feet, especially in areas that have existing small lots.

Action 1.3: Identify opportunities to make more efficient use of commercial land.

Tualatin has a deficit of 175 acres of commercial land. One way to make the most efficient use of industrial land in Tualatin is by changing the zoning code to make more efficient use of commercial areas. For example, Tualatin could reduce or eliminate the minimum lot size to 10,000 square feet (from the three-acre minimum lot size the Mid-Rise Office Commercial zone). Tualatin could also increase building height limits to allow taller buildings in key commercial development centers (currently most commercial zones allow 35 to 45 feet, with the Mid-Rise Office Commercial zone allowing buildings as tall as 75 feet).

In addition, promoting mixtures of uses (consistent with Action 1.1) that integrate employment and housing can help promote efficient use of land. The large deficit of commercial land, however, will require rezoning land for new commercial uses or redeveloping existing land to allow new commercial uses (consistent with Action 2.1).

[Recommendation 1.3a:](#) Evaluate reducing or eliminating the minimum lot size from 10,000 square feet in commercial zones. Allow additional development standards, such as requirements for parking and circulation or setbacks, to determine minimum lot size.

[Recommendation 1.3b:](#) Evaluate increasing building height limits in commercial development centers, including for retail development.

Action 1.4. Plan for infrastructure development to support commercial and industrial development.

The City already coordinates land use planning with the Capital Improvement Plan to ensure that infrastructure is available to support commercial and industrial development, especially in newly urbanizing areas and areas identified as high priority for development. Some types of infrastructure development, especially transportation and transit infrastructure, have lagged behind growth in Tualatin and in the broader region, resulting in automotive congestion and insufficient transit service, as discussed in Strategy 4 and in Strategy 6 of the Housing Strategy.

[Recommendation 1.4a:](#) Prioritize infrastructure projects, especially transportation projects that are necessary to support employment growth, with the goal of managing and reducing congestion resulting from new growth.

[Recommendation 1.4b](#): Seek regional support for development and improvement of transportation infrastructure by working with Washington County, Metro, adjacent communities, and ODOT, to advocate for and support improvements to key regional transportation facilities that serve employment areas in Tualatin.

[Recommendation 1.4c](#): Identify opportunities to increase transit service between Tualatin and other cities within the Portland region (such as the ongoing planning for the Southwest Corridor) and transit within Tualatin.

[Recommendation 1.4d](#): Identify options to extend transit service to employment centers to expand transportation options for workers in Tualatin, such as a local bus service like Wilsonville's SMART.

Action 1.5: Work with landowners ensure land is development-ready and certified as shovel ready by Business Oregon.

The *Regional Industrial Site Readiness Inventory (2017 update)* identifies large sites (those over 25 buildable acres) and their development-ready status across the Portland Metro Region. The report categorizes sites within the Portland Metro Region based on site size (focusing on sites with 25 or more net buildable acres), development-ready status (based on the status of urban infrastructure provision and brownfield remediation status), and the willingness of the owner to sell or develop the site.

Tier 1 sites are those with at least 25 net buildable acres that are development ready within 180 days (6 months) and have an owner who is willing to sell or develop the site. Tualatin has no Tier 1 sites. There are four sites in Tualatin that qualify for Tier 2 or Tier 3 status, identified as being ready for development between 7 to 30 months (for Tier 2 sites) and more than 30 months (for Tier 3 sites).

In addition, the *Regional Industrial Site Readiness Inventory* also identifies four sites in Tualatin that are smaller than 25 buildable acres. While these smaller sites are not part of the inventory of Tier 1 through Tier 3 sites, they play an important role in providing opportunities for business development in Tualatin. Many of the inquiries to Greater Portland Inc. for development sites for new businesses are for sites smaller than 25 acres.

For areas with existing or planned infrastructure (consistent with Action 1.4), the City can encourage and assist landowners in getting their sites certified as shovel-ready through the Business Oregon Certified Shovel Ready program. A site is shovel-ready if it is specifically zoned for industrial or traded-sector uses, has the infrastructure necessary to support development (or can have it within 180 days), and is available for development within 180 days or less.

Shovel-ready sites and other development sites can be listed on Business Oregon's Oregon Prospector website to market sites to potential developers and businesses. The Oregon Prospector website reports information about site location, size, access to infrastructure, and

other characteristics that developers need to know prior to making locational decisions. There is one site in Tualatin currently listed on Oregon Prospector.

[Recommendation 1.5a:](#) Encourage and assist landowners in getting their sites certified through the Business Oregon Certified Shovel Ready program. The economic developer should work directly with the local landowners on the certification process.

[Recommendation 1.5b:](#) Continue to work with landowners to ensure that development sites are listed on Business Oregon's Oregon Prospector website.

Action 1.6. Plan for long-term development in Tualatin through 2040 and beyond.

The Economic Opportunity Analysis plans for the 2020 to 2040 period. It shows that employment will continue to grow in Tualatin at a substantially faster pace than households over the next twenty years. One of the key issues discussed through the Economic Opportunity Analysis and Housing Needs Analysis is the existing and likely future imbalance of employment and housing, where people who work at businesses in Tualatin have limited opportunities to live in Tualatin.

A key part of long-range planning is working with Metro on regional planning for housing and employment in and around Tualatin. The City would be well-served by having information to share with Metro about new development, the City's planning efforts to provide opportunities for people to work and live in Tualatin, and economic development plans.

[Recommendation 1.6a:](#) Actively work with Metro staff on upcoming Regional Growth Management reports to ensure that Tualatin's population and employment forecasts are planned for similar growth rates and to coordinate Tualatin's planning with regional plans.

[Recommendation 1.6b:](#) Develop and implement a system to monitor the supply of commercial and industrial land every two years. This includes monitoring employment development (through permits) as well as land consumption (e.g., development on vacant or redevelopable lands). The reports resulting from growth monitoring can be used in working with Metro to better understand Tualatin's opportunities for growth and characterize needs for expansion to accommodate employment growth.

[Recommendation 1.6c:](#) Reevaluate Tualatin's economic opportunities and land sufficiency every three years.

Strategy 2: Identify Redevelopment Opportunities

This strategy focuses on actions that are intended to identify redevelopment opportunities in areas where employment growth would be appropriate.

Issue Statement

Tualatin has a deficit of industrial and commercial land that comprises 74 and 175 gross acres, respectively. Some of this deficit could be accommodated through redevelopment of existing areas within Tualatin, where there are opportunities to increase the intensity of land uses. Redevelopment opportunities may also provide opportunities for the development of mixed-use areas that are more walkable, have frequently accessed amenities (e.g., schools, medical facilities, parks, retail, restaurants, and other services), have access to transit, and accommodate new housing, consistent with the actions in Strategy 4.

Redevelopment may require actions from other strategies, such as increasing allowable densities, rezoning, land assembly, tax abatement programs to support employment growth development, and funding support such as urban renewal or local improvement district.

Goal

Redevelop selected areas of Tualatin to create vibrant mixed-use districts that include new employment and housing opportunities.

Recommended Actions

Action 2.1. Identify districts within Tualatin with opportunities for redevelopment for housing and employment uses.

This action is consistent with the Housing Strategy Action 5.1. Tualatin has deficits of land for development of commercial uses, as well as for development of multifamily housing to accommodate new housing in the Medium High Density and High Density / High-Rise Plan Designations.

The City should identify three to four areas within Tualatin for redevelopment into mixed-use areas, with a mixture of higher-density housing and employment uses such as retail, office, and commercial services. For example, some areas that may be appropriate for redevelopment include the Commons, areas near key transit stops, and the area west of 6th Street/east of 90th Street/north of Sagert Street. In selecting areas ripe for redevelopment, the City should consider whether economic conditions support redevelopment, landowner attitudes to redevelopment, and set criteria for selecting redevelopment areas based on considerations such as transportation and transit connections and proximity to existing employment centers.

The City should engage the community in developing a vision for redeveloping the selected areas. The planning to implement this vision could be achieved through a redevelopment plan that shows how the property will be redeveloped into a vibrant area with a mixture of uses, connections with Tualatin's automotive and pedestrian/bicycle transportation networks, and a variety of housing types. The redevelopment plans should include working with landowners to

ensure they are supportive of redevelopment plans, as well as stakeholder and citizen involvement and input into the vision for the district and development of the redevelopment plans.

The City should consider opportunities to support redevelopment, such as use or urban renewal (Action 2.4) to address infrastructure deficiencies, as well as approaches to overcome barriers to redevelopment.

[Recommendation 2.1a: Initiate a process to identify opportunities for redevelopment of mixed-use districts and initiate an area planning process to guide redevelopment.](#)

Action 2.2: Revise the Tualatin Town Center Plan to focus on opportunities to support redevelopment.

The Tualatin Town Center Plan was intended to guide development in Tualatin’s downtown area, which is centered around the Lake of the Commons and includes about 364 acres of land. The existing Town Center Plan was developed in the mid-2000s and was not adopted.

An update of the Town Center Plan could focus on opportunities for redevelopment, including identifying changes to zoning necessary to allow and encourage development of both housing and employment uses. The update should include development of a community vision for the future of Town Center to guide changes to zoning and other policy, as well as City investments in Town Center.

In conjunction with the update to the Tualatin Town Center Plan, the Tualatin Development Commission could act as developer for redevelopment of City-owned properties (such as surface parking lots) to create catalytic projects that include a mix of housing (both market-rate and affordable housing) and retail and office uses.

[Recommendation 2.2a: Develop a community vision and planning for Town Center, with a focus on redevelopment to support development of housing and employment uses.](#)

[Recommendation 2.2b: Evaluate opportunities to redevelop City-owned properties to create catalytic projects that include a mix of housing \(both market-rate and affordable housing\) and retail and office uses.](#)

Action 2.3: Identify opportunities to redevelop and intensify uses in industrial areas.

Redevelopment often focuses on commercial and residential redevelopment. Industrial redevelopment (where industrial land is redeveloped for new industrial uses) is less common in smaller cities like Tualatin because the costs of redevelopment often exceed the value of land for new industrial uses or rents are not high enough to support industrial redevelopment. In the Portland region, however, redevelopment is occurring in industrial areas, possibly as a result of the higher achievable rents and desirability of locations in Portland and other industrial centers.

There may be opportunities for industrial redevelopment for new industrial uses in Tualatin over the twenty-year planning period. These opportunities may include sites with excellent access to I-5 or other regional roads, where redevelopment costs are lower (i.e., brownfield remediation is not required), or at Tigard Sand and Gravel’s gravel mine, once the company is done with mining operations.

[Recommendation 2.3a: Identify opportunities for industrial redevelopment and work with property owners to support redevelopment, which may require changes to zoning to allow different types of industrial buildings \(i.e., vertical buildings\) or infrastructure investments to provide additional urban services. This action is consistent with Action 1.2.](#)

Action 2.4: Develop policies to support redevelopment and mixed-use development.

The costs of redevelopment and of mixed-use development can make these types of development financially infeasible or at least very difficult. Given the deficit of land for commercial and industrial development, Tualatin will need to support redevelopment. Supporting mixed-use development is key to accommodating the need for higher-density multifamily housing and providing opportunities for people to live and work in Tualatin. The City should evaluate opportunities to support redevelopment and mixed-use development within Tualatin. Some examples include:

- Use publicly owned properties, such as parking lots, to assemble land for development of catalytic projects that support additional development and further other community objectives, such as housing affordable to workers with incomes of about \$50,000 (about 60% of the median family income, based on the Housing Needs Analysis) or a business incubator or shared workspace to support growth of small businesses.
- Assist with assembly of land to support redevelopment that includes multiple properties.
- Continue to evaluate establishing new urban renewal districts, consistent with Action 4.2 in the Housing Strategy. For economic development purposes, urban renewal is often used for projects to improve districts (i.e., street beautification or façade programs), providing low-interest loans to businesses (i.e., loans to support expansion of businesses that provide jobs at or above the City average), or infrastructure improvements needed to support commercial or industrial development.

[Recommendation 2.4a: Evaluate the redevelopment potential of publicly owned properties, such as parking lots.](#)

[Recommendation 2.4b: Continue to evaluate establishing new urban renewal districts to support the development of commercial, industrial, and residential businesses, especially mixed-use districts.](#)

Strategy 3: Support Business Retention, Growth, and Attraction

Economic development generally occurs through three broad approaches: retention of existing businesses, growth of existing and small businesses (such as entrepreneurs), and attraction of new businesses from outside of the City. This strategy describes economic development efforts to support growth of economic activity and employment.

Issue Statement

The main focus of economic development is retaining and growing businesses. These businesses both provide employment for people living in Tualatin and the surrounding region and pay property taxes that help balance the City's tax base. Generally speaking, the costs to serve residential lands is often greater than the cost to serve employment lands, because residents use more services (such as schools, police, fire, governance and leadership, infrastructure maintenance, etc.) at a higher rate than employment. As the City works to balance development of housing and employment, the City should consider the long-term fiscal health and sustainability of the City by encouraging continued employment growth while also encouraging additional residential growth to provide opportunities for people to live and work in Tualatin.

This strategy is about actions that support retention and expansion of existing businesses, growth and creation of entrepreneurial businesses, and attraction of new businesses that align with Tualatin's values as a community. The types of businesses the City wants to attract most are non-polluting businesses with wages at or above the Washington County average, focusing on growth of businesses that have sufficient wages for their workers to afford to live and work in Tualatin.

Goal

Support business growth in Tualatin to diversify and expand commercial and industrial development in order to provide employment opportunities with levels of pay that allows workers to live in Tualatin, as well as supporting the City's tax base.

Recommended Actions

Action 3.1: Revise the economic development strategy, develop a clear vision for economic development, and create an action plan to implement the vision.

Tualatin has an existing economic development strategy, last updated in 2014. The City plans to update the Economic Development Strategy, based on the City's new Economic Opportunities Analysis. Discussions with stakeholders suggest it is important that updating the Economic Development Strategy include development of a clear vision for economic development, as the starting place for the Economic Development Strategy. **The vision should identify community aspirations for economic development and the City's role in economic development.**

The revised document should be an action-oriented five-year economic development action plan that includes a community vision for economic growth in Tualatin. The factual basis for the Action Plan is the information gathered about on local and regional economic trends

gathered through the Economic Opportunity Analysis, from policies and objectives established for the Comprehensive Plan (this document) and with feedback and input from stakeholders. The Action Plan would present detailed actions for executing the economic development policies based on the priorities established by the Tualatin City Council.

Development of this strategy could be guided by an Economic Development Committee composed of elected and appointed officials, business owners and managers in Tualatin, people involved in economic development in Tualatin (i.e., the Tualatin Chamber of Commerce) and the Portland region, and residents of Tualatin.

[Recommendation 3.1a: Establish an Economic Development Commission to guide development of the economic development strategy.](#)

[Recommendation 3.1b: Develop an action-oriented five-year economic development action plan that includes a community vision for economic growth in Tualatin.](#)

Action 3.2: Support growth of existing businesses in Tualatin.

Business retention is a key part of successful economic development. Working with partners such as the Tualatin Chamber of Commerce and the Tualatin Commercial Citizen Involvement Organization, the City should continue to reach out to businesses in Tualatin to identify and resolve issues related to growing their business and remaining in Tualatin. Issues that businesses in Tualatin have already identified include difficulties retaining workforce (given potentially long commutes and difficulty in finding qualified workers), increasing concerns about transportation and freight access and congestion, and a lack of incentives to support development. Issues related to transportation (commuting and freight access) are discussed in Action 4.1 and incentives to support development are discussed in Action 3.5. This document does not propose actions related to workforce quality, but this is likely an issue that would be addressed in the Economic Development Action Plan in Action 3.1b.

City staff can also support existing businesses by sharing technical resources, maintaining open communications with local businesspeople, and providing available staff support for economic development projects initiated by the business community.

[Recommendation 3.2a: Continue to identify opportunities to support existing businesses in Tualatin through working with partners such as the Tualatin Chamber of Commerce to identify and resolve issues that are barriers to the businesses growing and staying in Tualatin.](#)

Action 3.3: Support growth of and retain entrepreneurial businesses in Tualatin.

Small businesses, many of which are entrepreneurial, account for the majority of businesses in Tualatin. Businesses with five or fewer employees in Tualatin account for 64% of private employment and businesses with fewer than twenty employees account for 89% of private employment. The City should identify opportunities to support small and entrepreneurial businesses to grow and retain them in Tualatin. Some approaches to this include:

-
- Form partnerships with organizations that assist entrepreneurial businesses, such as Tualatin Chamber of Commerce, Tualatin Commercial Citizen Involvement Organization, Westside Economic Alliance, Greater Portland Inc., Business Oregon, and Federal agencies such as the Economic Development Administration. These partnerships can help Tualatin identify resources to assist businesses and find solutions.
 - Identify opportunities to support growth of small businesses and entrepreneurs, such as business incubators or buildings with co-working space for small businesses.
 - Support and encourage home-based businesses and identify barriers in the City's policies to growth of home-based businesses.
 - Support or organize community events that involve local businesses, such as revitalization of the farmer's market or organizing events like Portland's Sunday Parkway.

[Recommendation 3.3a: Continue to identify opportunities to support growth and retention of entrepreneurial businesses in Tualatin.](#)

Action 3.4: Identify opportunities to attract or grow businesses with pay at or above Tualatin's average wage.

Tualatin's average wage was \$57,300 in 2017, compared with the Washington County average of \$70,300 in 2018. One of the areas of significant concern in development of the Economic Opportunities Analysis and Housing Needs Analysis was ensuring that workers in Tualatin can afford to both live and work in Tualatin. A worker earning the average wage in Tualatin can afford rents of about \$1,400 per month, which is above the average multifamily rent of \$1,200 in 2018. Affording the median housing sale price in Tualatin (about \$480,000 as of February 2019) requires a household income between \$120,000 and \$160,000, which will most frequently require a household with two full-time workers.

Attracting businesses that pay wages at or above the City's average wage will require deliberate effort on the City's part, such as developing incentive programs that attract or retain businesses (e.g., low-interest loans, fee waivers, and other incentives). The City will need to work with organizations that support business growth, retention, and attraction, such as Tualatin Chamber of Commerce, Tualatin Commercial Citizen Involvement Organization, Westside Economic Alliance, Greater Portland Inc., Business Oregon, and federal agencies (e.g., the Economic Development Administration). These partnership may include marketing Tualatin to attract new businesses.

Examples of these businesses that often pay above average wages include those identified as target industries in Tualatin's Economic Opportunities Analysis, such as advanced manufacturing, food processing, plastics manufacturing, information technology and analytical systems, and business services.

[Recommendation 3.4a: Identify partnerships and incentive programs to grow, retain, and attract businesses with wages at or above the City's average wage of \\$57,300.](#)

Action 3.5: Evaluate use of incentives to retain, grow, and attract businesses.

Cities often offer incentives to retain, grow, and attract businesses. In addition to having businesses stay in the community, cities use incentives to achieve goals such as attracting higher paying jobs, increasing the diversity of jobs or businesses, attracting businesses that pay high property taxes (such as manufacturers or data centers), or other desirable attributes. In Action 3.4, this memorandum identifies a goal of attracting businesses with higher paying jobs. Through the development of the Economic Development Action Plan (Action 3.1), the City may identify other business attributes or economic development goals it wants to achieve through offering incentives.

The City should evaluate use of incentives to achieve these goals, such as:

- Expedited entitlement and permitting process (e.g., 66-day review process for industrial projects).
- Financial assistance for business expansion or attraction, such as low-interest loans or grants.
- Public/private partnerships to support redevelopment of mixed-use development.
- Assist with assembly of land to support redevelopment that includes multiple properties.
- Property tax exemption, such as the Strategic Investment Program, which grants a fifteen-year property tax exemption for large capital-intensive facilities.
- Systems development charge (SDC) financing opportunities (consistent with Action 3.5 in the Housing Strategy).
- Development of or participation in a business incubator, shared workspace, start-up accelerators, or other forms of business mentoring.
- Work with partners (such as Tualatin Chamber of Commerce, Westside Economic Alliance, Greater Portland Inc., and Business Oregon) to market Tualatin's businesses and their product, across the state, nationally, and internationally.
- Street improvements and beautification.

[Recommendation 3.5a: Evaluate the outcomes the City wants to achieve through offering economic development incentives and the incentives the City could offer. This evaluation should be part of the development of the Economic Development Action Plan in Action 3.1.](#)

Action 3.6. Ensure that Tualatin has sufficient staff capacity to implement the economic development priorities set by the City Council.

The Economic Development Strategy presented in this memorandum, and especially the actions presented in Strategy 2 and Strategy 3, will take substantial staff time to evaluate and implement. The City may need additional staffing to implement the Economic Development Strategy.

Recommendation 3.6a: As the City Council allocates resources toward economic development efforts and sets priorities for implementation of the Economic Development Strategy, the Council should work with the City Manager, Community Development Director, and Economic Development Manager to determine whether the City will need to add staff to implement the policies in the Economic Development Strategy.

Recommendation 3.6b: City staff should work with City Council members and stakeholders to ensure they understand economic development processes and tools/policies to support economic development.

Strategy 4: Ensure there are Connections between Planning for Economic Development and Other Community Planning

This strategy focuses on actions that are intended to ensure coordination between planning for economic development and other community planning, such as housing, transportation planning, or other urban infrastructure planning (such as water or wastewater systems), and natural resources and parks planning.

Issue Statement

Discussions of economic development lead to discussions of transportation issues in Tualatin and a desire to ensure a job-housing balance in Tualatin. Transportation issues include heavy congestion on Tualatin's roadways, including access to I-5, arterial roads connecting Tualatin within the region, and local roadways. In addition, Tualatin is not well served with transit. Tualatin is served with the West Side Express Service (WES) train and two TriMet bus lines. The Max line is expected to extend to Bridgeport Village.

In addition, Tualatin has more employees than residents. Between 2007 and 2017, the population grew by about 0.35% per year, compared with employment growth of 2.9% per year. The forecast for population growth over the next twenty years is substantially lower than employment growth, with a household growth forecast of about 0.4% per year and an employment forecast growth about 1.4% per year. The Housing Needs Analysis shows that Tualatin has opportunities for residential growth beyond the forecast for growth. Success in housing development as a part of redevelopment and mixed-use development (Strategy 2) will further increase the amount of housing that could be developed in Tualatin beyond the forecast for new growth.

Jobs with at least average wages pay enough to live in rental housing in Tualatin. The average wage for employment in Tualatin in 2017 was over \$57,000, which is sufficient to afford a monthly rent of about \$1,425. The average multifamily rent in Tualatin was nearly \$1,200 in 2017. As a result, a person earning around the average wage can afford rent of about \$1,425 and the average multifamily rent in Tualatin.

However, the average sale price for a unit in Tualatin in early 2019 was \$480,000, which would require a wage between \$120,000 and \$160,000 to afford homeownership. None of the industries in Tualatin have an average pay this high, and only one-quarter of households in Tualatin and Washington County have household incomes high enough to afford the average sale price. As a result, people who work in Tualatin can own a newly purchased home in Tualatin if they have substantially higher-than-average wages or if there is more than one worker per household, which is common with an average of 1.4 jobs per household in Tualatin.

Reasons for working in Tualatin and living outside the city likely extend beyond housing affordability. People choose to commute for a variety of reasons: preference for another community, family and friends living in another community, choosing a location that allows the other worker(s) in the household an easier commute, long-term homeownership in another community, and other reasons.

The result of so much commuting is congestion on Tualatin's roads and the region's highways. Planning for new employment growth will require coordination with transportation planning. It will also require coordination with water, waste-water, and storm-water planning. Through this project and the Housing Needs Analysis, it requires coordination with planning for housing and neighborhood growth.

Goal

Ensure that Tualatin develops as a walkable and complete community with a range of amenities that are easily accessible to people who live in Tualatin.

Recommended Actions

Action 4.1. Ensure that updates to the Transportation System Plan coordinate with planning for employment and business growth.

The next update to the Tualatin Transportation System Plan (TSP) should coordinate planning for employment and business growth with transportation planning, providing opportunities for more intensive employment development (or redevelopment) where there is sufficient capacity for automotive and transit capacity. The redevelopment areas (Action 2.1) should be planned for in areas where there is higher capacity for freight access, automotive and transit access, and with connections to pedestrian and bicycle trails.

The update to the TSP should ensure there are additional opportunities to decrease dependence on automotive transportation, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit). The TSP update should also identify opportunities to address

capacity issues on Tualatin's roads to ease congestion and make traveling by car within Tualatin and to areas outside of Tualatin easier. This action and the recommendations below are consistent with those in the Housing Strategy Action 6.1.

Recommendation 4.1a: Evaluate opportunities to decrease dependence on automotive transportation in areas planned for mixed-use and commercial development, such as increased focus on development in walkable and bikeable areas and increases in transit service (amount and frequency of transit, as well as increased destinations for transit).

Recommendation 4.1b: Evaluate opportunities to expand transit and improve transportation connectivity (both capacity and access on I-5 and regional connector roads) for freight and automobiles between Tualatin and other cities within the Portland region.

Recommendation 4.1c: Evaluate opportunities to expand transit and improve transportation connectivity within Tualatin, particularly from the future Southwest Corridor station in Bridgeport to the Tualatin's Town Center and vital services and out to the neighborhoods.

Recommendation 4.1d: Evaluate opportunities for planning transit-oriented development, as transit becomes more available in Tualatin, consistent for redevelopment planning.

Recommendation 4.1e: Develop a bicycle and pedestrian plan for Tualatin to increase these types of connectivity within Tualatin.

Action 4.2. Coordinate planning for economic development planning with housing planning.

Tualatin has a job-housing imbalance, with more jobs than residents in Tualatin. The other strategies in this memorandum are intended to support development of housing that is affordable to people who work at businesses in Tualatin (the average wage was \$57,300 in 2017), such as Action 3.4. This action and the recommendation below are consistent with those in the Housing Strategy Action 6.2.

Recommendation 4.2a: Ensure the City plans for housing that is affordable to people who work at businesses in Tualatin.

Action 4.3. Develop a design and planning framework for “ten-minute neighborhoods” that include a mixture of uses.

The City should develop a framework for development of mixed-use neighborhoods that results in neighborhoods where residents have easy, convenient access to many of the places and services they use daily without relying heavily on a car. The framework would include the following elements: walkable neighborhoods with access to transit, nearby parks (i.e., within one-quarter mile), neighborhood retail and restaurants, and nearby schools. The neighborhood would have higher concentrations of people and would be complete with the sidewalks, bike lanes, and bus routes that support a variety of transportation options. The design of the neighborhood should integrate design standards that promote public safety. In larger cities, these are referred to as “twenty-minute neighborhoods,” but given Tualatin’s smaller size, the scale might be more like ten-minute neighborhoods. This action and the recommendation below are consistent with those in the Housing Strategy Action 6.2.

[Recommendation 4.3a: Develop a framework for mixed-use neighborhoods that includes the elements that residents need for day-to-day life.](#)

Action 4.4. Identify opportunities to support workforce development.

Ability to attract and retain qualified and trained workers is one of the key barriers to development identified by existing businesses in Tualatin. These partners could include Tualatin High School, Portland Community College, Portland State University, and WorkSource Oregon. The City could play a convening role to work with businesses to understand their workforce training needs, then work with these partners to offer classes in Tualatin to provide this training. This training could be offered in existing facilities (such as at the high school) or in newly built facilities that are part of one or more mixed-use areas.

[Recommendation 4.4a: Work with businesses and partners in education to ensure there are workforce training opportunities in Tualatin, identifying opportunities to integrate workforce training in mixed-use areas.](#)

Action 4.5. Evaluate development of a civic center with a range of uses.

Evaluate development of a civic center with a range of uses, include a performing arts center, convention center, historic museum, welcome center for visitors, and other uses to enhance life and business in Tualatin.

[Recommendation 4.5a: Evaluate development of a civic center with a range of uses in Tualatin.](#)

Appendix A: Tualatin's Existing Comprehensive Plan Policies

Section 4.050 General Growth Objectives.

The following are general objectives used as a guide to formulate the Plan. The objectives are positive statements to describe the Plan's intent to:

- (1) Provide a plan that will accommodate a population range of 22,000 to 29,000 people.
- (2) Cooperate with the Metropolitan Service District to reach regional consensus on population growth projections within the Tualatin area.
- (3) Conform to Metropolitan Service District (Metro) procedures for initiating amendments to the Metro Urban Growth Boundary.
- (4) Provide a plan that will create an environment for the orderly and efficient transition from rural to urban land uses.
- (5) Convert agricultural land only if needed for urban uses.
- (6) Arrange the various land uses so as to minimize land use conflicts and maximize the use of public facilities as growth occurs.
- (7) Prepare a balanced plan meeting, as closely as possible, the specific objectives and assumptions of each individual plan element.
- (8) Define the urban growth boundary.
- (9) Prepare a plan providing a variety of living and working environments.
- (10) Encourage the highest quality physical design for future development.
- (11) Coordinate development plans with regional, state, and federal agencies to assure consistency with statutes, rules, and standards concerning air, noise, water quality, and solid waste. Cooperate with the U.S. Fish and Wildlife Service to minimize adverse impacts to the Tualatin River National Wildlife Refuge from development in adjacent areas of Tualatin.
- (12) Adopt measures protecting life and property from natural hazards such as flooding, high groundwater, weak foundation soils and steep slopes.
- (13) Develop regulations to control sedimentation of creeks and streams caused by erosion during development of property.
- (14) Develop a separate growth program that controls the rate of community growth and is acceptable to the Land Conservation and Development Commission.
- (15) Arrange the various land uses in a manner that is energy efficient.

-
- (16) Encourage energy conservation by arranging land uses in a manner compatible with public transportation objectives.
- (17) Maintain for as long a period as possible a physical separation of non-urban land around the City so as to maintain its physical and emotional identity within urban areas of the region.
- (18) Fully develop the industrial area located in Washington County west of the City only when adequate transportation facilities are available and the area has been annexed to the City and served with water and sewer services.
- (19) Cooperate with Washington County to study the methods available for providing transportation, water and sewer service to the industrial area west of the City, designating this area as a special study area.
- (20) Initiate annexation of property within the Urban Growth Boundary planned for residential development only when petitioned to do so by owners of the affected property, including cases involving unincorporated "islands" of property surrounded by land annexed previously.
- (21) Territories to be annexed shall be in the Metro Urban Growth Boundary.
- (22) Address Metro's Urban Growth Management Functional Plan, Title 13, Nature in Neighborhoods, through the conservation, protection and restoration of fish and wildlife habitat, including Metro's Regionally Significant Fish and Wildlife Habitat, through the Tualatin Basin Natural Resource Coordinating Committee and the Tualatin Basin Program.

(a) Support and implement the elements of the Tualatin Basin Program to:

- (i) Develop and adopt local policies and regulations to implement the provisions of the Tualatin Basin Program.
- (ii) Adopt low impact development (LID) provisions to reduce environmental impacts of new development and remove barriers to their utilization.
- (iii) Coordinate with Clean Water Services (CWS) to implement their Healthy Streams Action Plan and other programs such as their Stormwater Management Plan and Design and Construction Standards.
- (iv) Coordinate with CWS, Metro and others to develop and support the funding, voluntary and educational components of the Tualatin Basin Program.

(v) Coordinate with CWS, Metro and others to develop and support the monitoring and adaptive management components of the Tualatin Basin Program.

(b) Continue active participation in the Tualatin Basin Natural Resources Coordinating Committee and the Steering Committee to support and implement the Tualatin Basin Program.

(c) Coordinate with CWS and Metro to update Metro's Regionally Significant Fish and Wildlife Habitat Inventory Map. Changes to the Inventory Map will be on-going as on-site inventories are conducted as part of private and public construction projects.

(d) Support and implement provisions allowing public access to planned public facilities.

Section 6.030 Objectives.

The following are general objectives used to guide the development of this Plan:

- (1) Encourage commercial development.
- (2) Provide increased employment opportunities.
- (3) Provide shopping opportunities for surrounding communities.
- (4) Locate and design commercial areas to minimize traffic congestion and maximize access.
- (5) Continue to utilize specific and enforceable architectural and landscape design standards for commercial development.
- (6) Encourage developers to consider solar access when designing commercial development projects.
- (7) Provide for limited and carefully designed neighborhood commercial centers.
- (8) Provide for the continued development of major medical services facilities in the City of Tualatin, especially at the Meridian Park Hospital site. The Medical Center Planning District shall be applied only to a property, or a group of contiguous properties, of no less than 25 acres and shall have frontage on an arterial as designated in TDC Chapter 11, Tualatin Community Plan.
- (9) To work with the applicable jurisdictions and agencies to develop the Durham Quarry Site and Durham Quarry Area with high quality development. It is appropriate to apply an overlay district on the Durham Quarry Site and Durham Quarry Area to allow mixed commercial/residential uses. It is appropriate to enter into an intergovernmental

agreement with the City of Tigard and Washington County to allow the City of Tualatin to review and decide land use applications and building permit applications for the portion of the Durham Quarry Site in the City of Tigard.

Section 7.030 Objectives.

The following are general objectives used to guide development of the Plan and that should guide implementation of the Plan's recommendations:

- (1) Encourage new industrial development.
- (2) Provide increased local employment opportunity, moving from 12 percent local employment to 25 percent, while at the same time making the City, and in particular the Western Industrial District, a major regional employment center.
- (3) Improve the financial capability of the City, through an increase in the tax base and the use of creative financing tools.
- (4) Preserve and protect, with limited exceptions, the City's existing industrial land.
- (5) Cooperate with Washington County, Metro, and the State of Oregon to study the methods available for providing transportation, water, and sewer services to the Western Industrial District.
- (6) Fully develop the Western Industrial District and the Southwest Tualatin Concept Plan Area (SWCP), providing full transportation, sewer, and water services prior to or as development occurs.
- (7) Improve traffic access to the Western Industrial District and SWCP area from the Interstate 5 freeway and State Highway 99W through regional improvements identified in the 2035 Regional Transportation Plan.
- (8) Cooperate with the Department of Environmental Quality and Metro to meet applicable air quality standards by 1987.
- (9) Construct a north/south major arterial street between Tualatin Road and Tualatin-Sherwood Road and SW Tonquin Road in the 124th Avenue alignment to serve the industrial area.
- (10) Rebuild the Tualatin Road/Pacific Highway intersection to allow for substantially greater traffic flows.
- (11) Provide truck routes for industrial traffic that provide for efficient movement of goods while protecting the quality of residential areas.
- (12) Protect residential, commercial, and sensitive industrial uses from the adverse environmental impacts of industrial use.

-
- (13) Protect adjacent land uses from noise impacts by adopting industrial noise standards.
- (14) Continue to protect the Hedges Creek Wetland and Tonquin Scablands from adverse impacts of adjacent development.
- (15) Continue to administer specific and enforceable architectural and landscape design standards for industrial development.
- (16) Encourage industrial firms to use co-generation as a means to utilize waste heat from industrial processes and consider solar access when designing industrial facilities.
- (17) Protect wooded areas identified on the Natural Features Map found in the Technical Memorandum by requiring their preservation in a natural state or by integrating the major trees into the design of the parking lots, buildings, or more formal landscaping areas of an industrial development. If it is necessary to remove a portion or all of the trees, the replacement landscape features shall be subject to approval through the Architectural Review process.

Appendix B: Potential Economic Development Actions

This appendix presents potential economic development actions that cities take to increase economic activities. The purpose of this appendix is to provide information and ideas to Tualatin staff and stakeholders, as they develop economic development policies and actions to implement those policies. This appendix is not intended to be adopted into the Tualatin Comprehensive Plan.

A wide range of economic development policies and actions are available to cities for influencing the level and type of economic development. It is useful to make a distinction between economic development policies, which are typically adopted by ordinance into local comprehensive land use plans, and a local economic development strategy. While policies and economic development strategies should be aiming to achieve the same outcomes, they are not the same thing. The key differences are: (1) economic development strategies are typically presented in the form of a strategic plan that covers a five-year time horizon while policies use the longer 20-year horizon in most comprehensive plans; (2) strategies are more broad reaching and may identify actions that extend outside the capacity of local government while policies focus on land use and infrastructure; and (3) strategies are more agile in the sense that they provide a framework rather than legal guidance.

While many of the actions identified in this appendix could be included either as policies or strategies, the focus is primarily on policies and actions that implement those policies.

Local economic development policy usually has a fundamental goal of supporting businesses that align with a jurisdiction's long-term vision for the community.¹¹ Economic development broadly focuses on three strategies: (1) business recruitment; (2) business retention and expansion (BRE); and (3) innovation and entrepreneurship. Historically, many cities focused on recruitment as their foundational strategy; however, many cities and economic development are rethinking this approach and local governments are increasingly implementing policies that focus on support for entrepreneurs, especially those starting new businesses.¹²

Recent research on the effectiveness of local economic development efforts support this focus on innovation and entrepreneurship to attract new, young businesses. Providing support for institutions and firms where innovation happens allows for businesses to grow and new

¹¹ Based on Leigh and Blakley's definition for sustainable economic development as follows, "Local economic development is achieved when a community's standard of living can be preserved and increased through a process of human and physical development that is based on principles of equity and sustainability. There are three essential elements in this definition, detailed below: First economic development establishes a minimum standard of living for all and increases the standard over time. Second, economic development reduces inequality. Third, economic development promotes and encourages sustainable resource use and production." Leigh, N. and Blakeley, E. *Planning Local Economic Development: Theory and Practice*. 2013.

¹² Kauffman Foundation. "Entrepreneurship's Role in Economic Development." Entrepreneurship Policy Digest. June 2014.

businesses to form as industries evolve. Local jurisdictions can specifically provide support for accelerators and incubators, especially those that provide connections between research institutions, established firms, and entrepreneurs. Entrepreneurs are also increasingly mobile with improved access to high-speed internet. Local jurisdictions can promote quality of life and access to amenities as a way to attract these new businesses.¹³ Moreover, every start up is also a BRE opportunity.

Economic development is also about collaboration and identifying partnerships that can make the most of the resources available for economic development activities. Local jurisdictions should focus on their role in economic development, as there are factors that the jurisdiction can and cannot control. As identified in a 2017 University of Oregon report on the “Perceptions and Needs of Economic Development Programs in Oregon,” organizations and jurisdictions involved in economic development activity supported the importance of coordination between entities, but that implementation of coordinating efforts is difficult due to lack of capacity, unbalanced effort, or trust issues.¹⁴ To help overcome these barriers to coordinating economic development efforts, a key component to developing local economic development policies is identifying which policies and actions that the City is well-suited to be a lead partner, and those better suited for a partner organization to lead. It is important to develop policies and actions that identify other organizations as the lead partner. Successful implementation of these policies and actions will depend on an understanding of an organization’s capacity and access to resources.

The focus of the actions listed in this Appendix is primarily on the City’s role: what resources can the City commit to economic development and what roles are most appropriate for the City. Following are foundational assumptions about the City’s role:

- The City plays a limited role in economic and business development.
- The City is one of several organizations that provide and maintain infrastructure.
- The City has limited staff and financial resources that can be invested in appropriate economic development activities.
- The City has an obligation to adopt an economic development strategy, policies to manage employment lands, and maintain a 20-year supply of commercial and industrial sites under Goal 9 and OAR 660-009.
- The City could be an ideal organization to coordinate BRE and entrepreneurship activities or to house staff that are coordinating BRE and entrepreneurship activities.

¹³ Leigh, N. and Blakeley, E. *Planning Local Economic Development: Theory and Practice*. 2013.

¹⁴ University of Oregon, Department of Planning, Public Policy & Management, Community Services Center. “Perceptions and Needs of Economic Development Programs in Oregon.” Final Report. December 2017.

The policy and action examples provided in this appendix are organized by broad policy categories, with cross-references to the factors of production that influence business location and expansion. The factors of production are discussed in detail the EOA document. While it is important to understand how the factors of production influence economic development activity, it is more useful to group policies and actions in broad categories such as, Land Use, Public Facilities, Business Assistance, etc.

The effectiveness of any individual actions or combination of actions depends on local circumstances and desired outcomes. Local strategies should be customized not only to meet locally defined objectives, but also to recognize economic opportunities and limitations (as defined in the Economic Opportunity Analysis). Positive outcomes are not guaranteed: even good programs can result in limited or modest results. It is important to remember that effective economic development requires a long-term view—immediate results are not guaranteed. Thus, maintaining a focus on implementation is essential.

Economic development is a team activity—no single entity can implement all the activities that are necessary for a robust economic development program. Many municipal economic development strategies include actions that rely on other entities to implement. For example, many municipal strategies we have reviewed include strategies and actions around workforce development. Workforce development is not a municipal service, so cities must coordinate with external entities for this function. The main points here are (1) be deliberate about policies / strategies /actions that rely on external partners, and (2) if these are included in the plan, be sure that resources are committed to execute them—understanding that coordination is time-consuming and challenging.

Table B-1 identifies a range of potential economic development strategies that the Tualatin could consider implementing. These strategies range from those closely associated with the basic functions of government (provision of buildable land and public services) to those sometimes viewed as outside the primary functions of government (such as financial incentives and business assistance). The primary action categories in Table B-1 are Land Use, Public Facilities, Business Assistance, Workforce, and Other. As stated above, it is important for Tualatin to identify the policies and actions they are well-suited to lead, and where collaboration with, and leadership from, partner organizations is necessary. Table B-1 also includes suggestions for potential partners and whether Tualatin should take on a lead or support role.

Table B-1. Potential economic development actions

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|---|---|---|----------------------------------|---|
| Land Use | Policies regarding the amount and location of available land and allowed uses. | | | |
| Provide adequate supply of land | Provide an adequate supply of development sites to accommodate anticipated employment growth with the public and private services, sizes, zoning, and other characteristics needed by firms likely to locate in Tualatin. | County, adjacent cities, State, landowners, and key stakeholders | Lead | Land, infrastructure |
| Zoning Code | Conduct an audit of the city's zoning code and a review of other development regulations to ensure that the regulations support the goals of economic development | County, if they manage land within the city's planning area but outside of the city limits | Lead | Land, Regulation |
| Increase the efficiency of the permitting process and simplify city land-use policies | Take actions to reduce costs and time for development permits. Adopt development codes and land use plans that are clear and concise. | County, if they assist with the permitting or building inspection process | Lead | Regulation, taxes, financial incentives |
| Public Facilities | Policies regarding the level and quality of public and private infrastructure and services. | | | |
| Provide adequate infrastructure to support employment growth | Provide adequate public services (i.e. roads, transportation, water, and sewer) and take action to assure adequate private utilities (i.e. electricity and communications) are provided to existing businesses and development sites. One way to pay for adequate infrastructure is through use of urban renewal, shown in the table below. | Public works department, special service districts, utilities, State and Federal partners who may provide grants, developers and landowners | Lead | Local infrastructure, Access to markets, suitable land to serve |
| Focused public investment | Provide public and private infrastructure to identified development or redevelopment sites. | Public works department, special service districts, utilities, State and Federal partners who may provide grants, developers and landowners | Lead | Regulation, taxes |
| Communications infrastructure | Actions to provide high-speed communication infrastructure, such as developing a local fiber optic network. | Communication utilities and public works department | Lead/Support | Local infrastructure, Access to markets |

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|---|---|--|---------------------------|--|
| Business Assistance | Policies to assist existing businesses and attract new businesses. | | | |
| Business retention and growth | Targeted assistance to businesses facing financial difficulty or thinking of moving out of the community. Assistance would vary depending on a given business' problems and could range from business loans to upgrades in infrastructure to assistance in finding a new location within the community. | Chamber of Commerce, Business Oregon, Regional ED Corporation An agent of the City of Tualatin should be direction involved in BRE efforts to highlight the city's issues and provide accountability. | Support | Local infrastructure, Access to markets, Materials, Regulation, Taxes, Financial incentives, Industry clusters |
| Recruitment and marketing | Establish a program to market the community as a location for business in general, and target relocating firms to diversify and strengthen the local economy. Take steps to provide readily available development sites, an efficient permitting process, well-trained workforce, and perception of high quality of life. | Chamber of Commerce, Business Oregon, Regional ED Corporation | Support | Labor, Land, Local infrastructure, Regulation, Taxes, Industry clusters, Quality of life |
| Development districts (enterprise zones, renewal districts, etc.) | Establish districts with tax abatements, loans, assist with infrastructure, reduced regulation, or other incentives available to businesses in the district that meet specified criteria and help achieve community goals. | Taxing districts, special districts, and the county Business Oregon can play a secondary role | Lead | Local infrastructure, Regulation, Taxes, Financial incentives, Quality of life |
| Business clusters | Help develop business clusters through business recruitment and business retention policies. Encourage siting of businesses to provide shared services to the business clusters, businesses that support the prison and hospital and agricultural industry, including retail and commercial services. | Business Oregon, Educational/research institutions Because clusters are regional, regional institutions such as GPI, the Columbia-Willamette Workforce Collaborative, and the Technology Association of Oregon should lead this approach. | Support | Industry clusters, Innovative capacity |

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|--------------------------------|---|--|---------------------------|--|
| Public/private partnerships | Make public land or facilities available, public lease commitment in proposed development, provide parking, and other support services. | Developers, businesses, and landowners | Lead and/or Support | Land, Financial incentives |
| Financial assistance | Tax abatement, waivers, loans, grants, and financing for firms meeting specified criteria. Can be targeted as desired to support goal such as recruitment, retention, expansion, family-wage jobs, or sustainable industry. | County, special service districts, other taxing districts | Lead | Regulation, Taxes, Financial incentives |
| Business incubators | Help develop low-cost space for use by new and expanding firms with shared office services, access to equipment, networking opportunities, and business development information. Designate land for live-work opportunities. | Education/research institutions, Chamber of Commerce, Small Business Administration (Federal) | Support | Entrepreneurship, Innovative capacity, Access to markets |
| Business/start-up accelerators | Provide similar services and opportunities as a business incubator but using a specific timeframe for businesses to meet certain benchmarks. Help connect businesses with funding at the end of the time period of the program to continue product development. | Education/research institutions, Chamber of Commerce, Small Business Administration (Federal), venture capitalists | Support | Entrepreneurship, Innovative capacity, Access to markets |
| Mentoring and advice | Provide low-cost mentors and advice for local small businesses in the area of management, marketing, accounting, financing, and other business skills. | Chamber of Commerce, local businesses, and other potential mentors | Support | Entrepreneurship, Innovative capacity |
| Export promotion | Assist businesses in identifying and expanding into new products and export markets; represent local firms at trade shows and missions. | State, Chamber of Commerce, regional economic development partners | Support | Entrepreneurship, Innovative capacity, Access to markets |

| Category/Policy Examples | Description and Examples | Potential Partners | City Lead or Support Role | Relevant Factors of Production |
|---|--|--|---|--|
| Workforce | | | | |
| Policies to improve the quality of the workforce available to local firms. | | | | |
| Job training | Create opportunities for training in general or implement training programs for specific jobs or specific population groups (i.e. dislocated workers). | School districts, education/research institutions, businesses | Support | Labor |
| Job access | Provide transit/shuttle service to bring workers to job sites. | Businesses, transit agency | Lead | Labor, Local infrastructure |
| Jobs/housing balance | Make land available for a variety of low-cost housing types for lower income households, ranging from single-family housing types to multifamily housing. | Developers, landowners, businesses, affordable housing developers, other housing agencies or developers | Support Lead, if urban renewal or other tools are at the City's disposal | Land, Labor, Quality of life |
| Other | | | | |
| Regional collaboration | Coordinate economic development efforts with the County, the State, and local jurisdictions, utilities, and agencies so that clear and consistent policies and objectives are developed. | Regional economic development partners, county, nearby cities, Business Oregon | Lead initiation of the coordination, participatory in the coordination process | Innovative capacity |
| Quality of life | Maintain and enhance quality of life through good schools, cultural programs, recreational opportunities, adequate health care facilities, affordable housing, neighborhood protection, and environmental amenities. | School district, recreational districts, hospitals and medical providers, affordable housing providers, and other stakeholders | Lead on city programs, support on other programs | Local infrastructure, Labor, Land, Quality of life |

Source: ECONorthwest.